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# Board of Directors Meeting Minutes

## April 26-27, 2019

**Directors Present:** Bryan Thompson, Chair, Carmen Hooker Odom, Vice-Chair, Jean Andersen, Dr. Richard Blanks, Dan Brummitt, Bob Byrd, Dr. Christopher Colenda, Scott Craver, Devon Cornett, Keith Duncan, Thomas Lane, Layton Long, Tchernavia Montgomery, Beverly Morrow, Gordon Powell, Dr. Jennifer Richards, Marcelle Smith and Dana Weston

**Directors Absent:** Terry Cox, George Dunlap, and Judy Klusman

**Staff Present:** Trey Suttan, Chuck Hollowell, Steve Ermish, Mary Hamilton, Ashley Conger, Rudy Dimmling, Steve Martin, Robert Grasty, Callan Skinner, Melissa Bunker, Laurie Whitson, Reid Thornburg, Elliot Clark, and Ric Bruton

**Guests:** Janet Breeding

**Location:** 201 Sage Road, Suite 100A, Chapel Hill, NC 27514

### 1. Welcome and Call to Order

- i. Bryan Thompson, Chair, called the meeting to order at 6:18 p.m.

### 2. Consent Agenda

Mr. Thompson presented the Consent Agenda items to the Board for approval.

**A motion was made and seconded to approve the Consent Agenda items as presented, consisting of: (i) the meeting minutes from the February 22, 2019 Board of Directors Meeting, and (ii) the March 2019 Executive Report.**

**All in favor. Motion approved.**

### 3. Executive Committee Report

- i. Mr. Thompson, Chair, briefly updated the Board on the Executive Committee Meeting that was held on April 25, 2019. In his remarks, Mr. Thompson noted that the meeting was used yesterday to preview the April Board agenda to help ensure that items are addressed appropriately.
- ii. Next, Mr. Thompson briefly reviewed the results of the Committee Self-Assessment. In doing so, Mr. Thompson explained that, as part of the Spring 2019 Board Self-Evaluation, the committee members completed a self-assessment regarding their participation on the Executive Committee this year.

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- iii. In reviewing the results, Mr. Thompson explained that the feedback was largely positive. In fact, one committee member commented on the composition of the Executive Committee and noted that it was beneficial to have the Board Chair, Vice Chair, and the Chairs of each standing committee serve on the Executive Committee.
  - iv. Mr. Thompson then noted that, in terms of priorities, the Executive Committee viewed Medicaid Transformation, and the ability of Cardinal to make the transition to a Tailored Plan as the number one priority for the organization.

#### 4. CEO Report

- i. Trey Suttan, CEO, presented the CEO Report. In his remarks, Mr. Suttan began by providing an update on the FY 2019 CEO Goals, which are comprised of organizational goals that are aligned with Cardinal's 5-Pillar Strategy. Overall, Mr. Suttan noted that Cardinal has achieved 73% completion to date with respect to the organizational goals.
- ii. In particular, with respect to Operational Readiness, Mr. Suttan explained that Cardinal has achieved 75% completion regarding the following goals: (i) implementing and scaling tools and processes across the organization to enable continuous process improvement and streamlined workflows, and (ii) reviewing organizational financial health to ensure financial solvency.
- iii. Mr. Suttan then discussed the pillar devoted to Member-focused Clinical Operations. In his remarks, he noted that Cardinal has achieved 91% completion as it relates to exploring and piloting tools and programs to enhance Cardinal's ability to better serve its members.
- iv. Next, regarding the Providers as Allies pillar, Mr. Suttan commented on the fact that Cardinal has achieved 84% completion with respect to reviewing and revising Cardinal's rate models for critical service categories. In addition, he explained that Cardinal is 60% complete in redesigning Cardinal's provider-facing processes to reduce administrative burdens.
- v. After providing an update on the FY 2019 CEO Goals, Mr. Suttan explained that staff will provide the Board with documents to evidence Cardinal's performance in achieving the FY 2019 CEO Goals in August.
- vi. Next, Mr. Suttan opened the floor to Rudy Dimmling, Interim COO, to provide an update on the development of the Executive Concerns Forum. In his comments, Mr. Dimmling stated that the purpose of this forum is to provide a place for analyzing data and developing strategies to resolve critical, systemic concerns (such as provider staffing) that are brought to the attention of Cardinal through member and family outreach.
- vii. As a related matter, Mr. Dimmling then discussed recent issues related to provider back-up staffing. In doing so, Mr. Dimmling stated that Cardinal has sought input from providers to get a better idea of the barriers that providers face in recruiting, hiring for and providing back-up staffing coverage.

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- viii. As an initial step, Mr. Dimmling explained that Cardinal introduced back-up staffing as an option in the Provider Concerns Module to learn more about the barriers that providers face when providing back-up staffing coverage. In addition, Mr. Dimmling explained that Cardinal will conduct further data analysis, including geo-mapping of providers, to determine the significance that geography may play in the ability of providers to provide back-up staffing coverage.
  - ix. Once Cardinal completes its diligence and data analysis, Mr. Dimmling stated that Cardinal will develop a multi-prong approach to identify and implement the best practices of providers across its network who are successful in workforce management and maintaining back-up staffing coverage.
  - x. Lastly, as part of this multi-prong approach, Mr. Dimmling explained that Cardinal will explore the use of enhanced rates to reward providers who are successful in implementing member-driven best practices to overcome barriers related to back-up staffing coverage.

**After Mr. Dimmling's update, Mr. Thompson adjourned the meeting for a quick break and then called the meeting back to order to allow members of the public an opportunity to address the Board before continuing with the CEO Report.**

## **5. Public Comment**

- i. To begin the public comment portion of the meeting, Ashley Conger, Chief Communications Officer, read a prepared statement on behalf of Judy Lewis. Ms. Lewis's comments primarily focused on the provider barriers project.
- ii. Next, Keith Fishburne, President and CEO, Special Olympics North Carolina ("SONC"), addressed the Board and discussed the partnership between Cardinal and the SONC. In doing so, Mr. Fishburne spoke to the collaborative work engaged in by Cardinal and the SONC to serve members with developmental disabilities.
- iii. Specifically, Mr. Fishburne stated that the SONC and Cardinal have held four Healthy Athletes screening events and three wellness programs in the Five County service area. According to Mr. Fishburne, more than 400 SONC athletes participated in these screenings and trainings.
- iv. After discussing the collaborative partnership between SONC and Cardinal, Mr. Fishburne presented the 2018 Chairman's Award to Mr. Thompson and Mr. Suttan on behalf of the SONC.
- v. Next, Heather Johnson addressed the Board and discussed the self-directed program known as Individual and Family Directed Supports. This program allows individuals to direct some or all of the services that are paid through NC Innovations funding. In speaking to the benefits of this program, Ms. Johnson asked the Board to continue to provide further advocacy for self-directed services.

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- vi. After Ms. Johnson's comments, Kathy Hotelling addressed the topic of fetal alcohol spectrum disorders and the effects that can occur in individuals who are prenatally exposed to alcohol, including physical, mental, behavioral, and/or learning disabilities. In doing so, Ms. Hotelling discussed the importance of rates to help providers maintain quality staff who are knowledgeable and experienced in the area of fetal alcohol spectrum disorders.
  - vii. Karen Dunn, Executive Director, Club Nova, provided an update on Club Nova's capital campaign and expansion project. In her remarks, Ms. Dunn asked the Board to accelerate payment of its pledge to support Club Nova's capital campaign.

## 6. CEO Report (continued)

- i. After public comment, Mr. Thompson opened the floor to Mr. Dimmling to provide an update on the provider maturity model. In his remarks, Mr. Dimmling noted that, as Cardinal transitions to a value-based contract model, it will be necessary to measure provider maturity based on quality, rather than quantity of care.
- ii. In discussing this model, Mr. Dimmling noted that value-based contracting focuses on six categories to measure quality, including: (i) accountability, (ii) financial practices, (iii) clinical quality, (iv) cost, utilization, and outcomes, (v) population health, and (vi) provider/client engagement.
- iii. Mr. Dimmling explained that measuring provider quality will highlight top performers, as well as drive improvement to create better outcomes for Cardinal's members.
- iv. Next, Mr. Suten provided an update on the External Quality Review. In his remarks, he stated that Cardinal participates annually in an External Quality Review, which is a federally mandated audit designed to ensure that Cardinal meets or exceeds national standards for behavioral healthcare.
- v. According to Mr. Suten, Cardinal received an EQR score of 81 in 2016. However, after much work, Mr. Suten stated that Cardinal received an EQR score of 94 in 2017 and an EQR score of 96 in 2018.

**After Mr. Suten's update on the External Quality Review, Mr. Thompson informed the Board that the final portion of the CEO Report will be held in closed session at the conclusion of the NCACC/Tailored Plan Regions Report.**

## 7. NCACC/Tailored Plan Regions Report

- i. For this agenda item, Mr. Thompson stated that DHHS recently requested the help of the NCACC with establishing the regions for Tailored Plans. In his comments, he noted that the NCACC appointed a committee of county commissioners from across the State to develop recommendations for these regions and requested that the Board Chairs of each LME/MCO appoint a county commissioner to serve on this committee.

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- ii. Mr. Thompson informed the Board that, as the Chair of the Board's Finance and Audit Committee and a member of the Board's Executive Committee, he appointed Mr. Brummitt to represent Cardinal on this committee.
  - iii. Next, Mr. Thompson opened the floor to Mr. Brummitt to provide an update on the committee's work to date. In his remarks, Mr. Brummitt noted that President-Elect Kevin Austin appointed Moore County Commissioner Catherine Graham and Macon County Commissioner Ronnie Beale to co-chair this committee.
  - iv. Mr. Brummitt noted that the committee held its first meeting on April 8<sup>th</sup>, and that the meeting focused on several matters, including an informational discussion on the background and history of LME/MCOs in North Carolina.
  - v. Mr. Brummitt indicated that the committee likely will submit its recommendations on the Tailored Plan Regions to DHHS in June.

**A motion was made and seconded to go into closed session pursuant to the following: (i) § 143-318.11 and § 122C-126.1 of the General Statutes to discuss competitive health care information, and (ii) § 143-318.11(a)(1) of the General Statutes and 45 C.F.R. § 164.502(a) of the HIPAA Privacy Rule to discuss confidential matters involving protected health information.**

**All in favor. Motion approved.**

#### **8. CEO Report (continued)**

#### **9. Member Update**

**The meeting returned to open session.**

**A motion was made and seconded to recess and continue the meeting on Saturday, April 27, 2019 at 9:00 a.m.**

**All in favor. Motion approved.**

**Mr. Thompson called the meeting to order on Saturday, April 27, 2019 at 9:00 a.m.**

#### **10. Finance and Audit Committee Report**

- i. Dan Brummitt, Chair, updated the Board on the Finance and Audit Committee Meetings that were held on April 9<sup>th</sup> and April 26<sup>th</sup>, 2019. In his remarks, Mr. Brummitt began by providing an update on the independent auditor that was selected by the Committee to review Cardinal's FY 2019 financial statements.
- ii. To begin the selection process, Mr. Brummitt explained that staff sent out a Request for Proposal ("RFP") in February seeking qualified organizations to serve as Cardinal's independent auditor.

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- iii. Mr. Brummitt stated that Cardinal received two submissions in response to the RFP. The firms that submitted responses include BDO USA, LLP (“BDO”) and CliftonLarsonAllen LLP (“CLA”).
  - iv. Next, Mr. Brummitt reviewed the criteria that was utilized by the Committee to evaluate the responses submitted by BDO and CLA. According to Mr. Brummitt, several of the metrics evaluated include: (i) whether the audit firm is licensed to practice public accounting in the State of North Carolina, (ii) whether the audit firm has sufficient governmental accounting and auditing experience, (iii) whether the audit firm has an actuarial department, and (iv) whether the audit firm has experience with managed care organizations and claims processing.
  - v. After evaluating the RFP submissions, Mr. Brummitt noted that BDO scored higher than CLA overall, including in the areas of actuarial experience and claims processing. As a result, Mr. Brummitt explained that the Committee selected BDO to serve as Cardinal’s independent auditor for FY 2019.
  - vi. Next, Mr. Brummitt opened the floor to Mary Hamilton, CFO, to review the February 2019 Financial Results. In her remarks, Ms. Hamilton presented the Executive Summary and then reviewed the following financial reports: (i) the Statement of Net Position as of 2/28/19, (ii) the Statement of Cash Flows as of 2/28/19, and (iii) the Statement of Revenues, Expenses and Changes in Net Position as of 2/28/19.
  - vii. Ms. Hamilton then reviewed the YTD 2019 Sources and Uses of Funds, which includes Medicaid B, Medicaid B3, Medicaid C, and Single Stream funding, among others. In doing so, she noted that the change in net position for the fiscal year-to-date is a deficit of \$19.1M.
  - viii. Ms. Hamilton then reviewed several highlights related to Cardinal’s Medicaid funding. In particular, she noted that membership has declined by 3.9%, and that outpatient care costs have increased, primarily with respect to the AFDC and Blind/Disabled (ages 3-20) populations.
  - ix. Next, Ms. Hamilton provided an update on Cardinal’s compliance with the solvency range as of 2/28/19. In doing so, she explained that Cardinal’s current cash balance falls within the middle of the allowable range.
  - x. After discussing solvency, Ms. Hamilton updated the Board on management’s action plans. She explained, among other things, that management continues to focus on provider reimbursement strategies and pay for performance, particularly as it relates to meeting the super measure requirements.
  - xi. Next, Ms. Hamilton provided several updates on matters discussed at the February 2019 Board of Directors Meeting. In her remarks, Ms. Hamilton noted that Cardinal moved a portion of its restricted risk reserve balance on deposit at Uwharrie Bank to an account at Wells Fargo.
  - xii. As for other updates from February, Ms. Hamilton noted that Cardinal finalized a sublease in principle for the 17<sup>th</sup> floor at NASCAR Plaza.

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- xiii. Ms. Hamilton then provided an update on Medicaid Reform. In her discussion, she reviewed the eligibility requirements and anticipated membership for Standard Plans and Tailored Plans, as well as the projected Medicaid care costs for each.
  - xiv. Next, Ms. Hamilton provided an update on the proposed Relocation Benefit Policy. In her comments, she noted that management's recommendations are intended to accomplish the following objectives: (i) address Cardinal's increasing need to source talent from out-of-state, (ii) help Cardinal be more in line with the increasingly competitive labor market for recruitment of talent, and (iii) address changes enacted by the Tax Cuts and Jobs Act, which repealed the tax exclusion of moving expenses from wages.
  - xv. In developing its recommendations, Ms. Hamilton explained that management, consistent with the Committee's feedback in February, consulted with a third party expert in an effort to obtain data points on what is considered industry standard for relocation benefits.
  - xvi. After Ms. Hamilton's update, Mr. Brummitt explained that the Committee decided to postpone making a decision on the proposed relocation benefit policy and noted that it is important to take into account Cardinal's public nature when designing such a benefit plan.

#### **11. Performance Evaluation and Compensation Committee Report**

- i. Tchernavia Montgomery and Dr. Christopher Colenda, Co-Chairs, updated the Board on the Performance Evaluation and Compensation Committee Meetings that were held on March 18th and April 18th, 2019.
- ii. Dr. Colenda began by providing an update on the CEO Assessment Form. In doing so, he explained that this form will be used to assist the Committee in carrying out its responsibility to evaluate the CEO's competencies for leadership development, as set forth in the revised CEO performance evaluation policy that was approved by the Board in February.
- iii. Dr. Colenda explained that this evaluation occurs near the end of each fiscal year, and that the process is initiated by the VP of Human Resources and the Chair(s) of the Performance Evaluation and Compensation Committee.
- iv. According to Dr. Colenda, this evaluation process is not a performance review and is not a part of the CEO incentive plan. Rather, Dr. Colenda explained that this evaluation is intended to ensure that Cardinal has a leadership development plan in place for the CEO.
- v. Dr. Colenda further explained that an independent third party will be used to administer the process, with the VP of Human Resources and the Committee Chair(s) maintaining ultimate responsibility for sending out the evaluations and compiling the results.
- vi. After discussion, the Board agreed to move forward, upon the recommendation of the Performance Evaluation and Compensation Committee, to approve the CEO Assessment Form.

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**A motion was made, upon the recommendation of the Performance Evaluation and Compensation Committee, to approve the CEO Assessment Form.**

**All in favor. Motion approved.**

- vii. Next, Dr. Colenda provided an update on the weighting scale for the FY 2019 CEO Goals. In his remarks, he noted that the Committee and Board in February approved Sullivan Cotter's recommendations regarding the FY 2019 CEO incentive plan.
- viii. Dr. Colenda then explained that Sullivan Cotter recommended for FY 2019 that Cardinal use the existing organizational goals that were agreed to by the Board but develop a clear methodology by which the achievement of such goals can be translated into an incentive award.
- ix. More specifically, Dr. Colenda explained that Sullivan Cotter recommended that Cardinal consider an approach for FY 2019 that places a weighting to each of the five main categories of organizational goals, with the sum of the weightings totaling 100%.
- x. In discussing the possible weighting scale in March, Dr. Colenda noted that the Committee asked staff to give additional weight to the Member-Focused Clinical Operations pillar, given that Cardinal's mission is to improve the health and wellness of its members.
- xi. After discussion, the Board agreed to move forward, upon the recommendation of the Performance Evaluation and Compensation Committee, to approve the following weighting scale for the FY 2019 Organizational Goals: (i) Member-Focused Clinical Operations – 30%, (ii) Employees as Change Agents – 20%, (iii) Providers as Allies – 20%, (iv) Operational Readiness – 15%, and (v) Community-Based Governance – 15%.

**A motion was made, upon the recommendation of the Performance Evaluation and Compensation Committee, to approve the following weighting scale for the FY 2019 Organizational Goals: (i) Member-Focused Clinical Operations – 30%, (ii) Employees as Change Agents – 20%, (iii) Providers as Allies – 20%, (iv) Operational Readiness – 15%, and (v) Community-Based Governance – 15%.**

**All in favor. Motion approved.**

- xii. Next, Dr. Colenda provided an update on the proposed FY 2019 incentive payout structure that was recommended by Sullivan Cotter. In doing so, he noted that the proposed payout structure assumes a five point scale and is based on the CEO's current incentive opportunity, which includes a target range of 25% to 40% of base salary.
- xiii. After discussion, the Board agreed to move forward, upon the recommendation of the Performance Evaluation and Compensation Committee, to approve the proposed FY 2019 incentive payout structure that was recommended by Sullivan Cotter.



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A motion was made, upon the recommendation of the Performance Evaluation and Compensation Committee, to approve the proposed FY 2019 incentive payout structure that was recommended by Sullivan Cotter.

All in favor. Motion approved.

- xiv. Next, Dr. Colenda provided an update on the FY 2020 CEO incentive plan. In his remarks, he noted that Sullivan Cotter recommended that the Board develop 5 to 7 goals that align with Cardinal's business objectives and strategic plan. In addition, he noted that the goals should look to the future and support both short-term and long-term objectives.
- xv. For FY 2020, Dr. Colenda noted that Sullivan Cotter recommended that Cardinal transition the CEO incentive plan to a "balanced scorecard" to allow for a more objective determination of incentive payout.
- xvi. According to Dr. Colenda, the "balanced scorecard" design uses incentive payout levels of threshold, target and maximum performance, and the payout levels correspond to the performance achieved as judged by the goals that are set for the fiscal year.
- xvii. Dr. Colenda noted that the Committee had a good discussion on the FY 2020 CEO incentive plan earlier this month and will hold another meeting, likely in May, to review the draft goals and set the CEO incentive plan for FY 2020 in advance of the Committee's final meeting of the fiscal year in June.
- xviii. Lastly, Dr. Colenda provided an update on the Interim CEO Succession Assessment. In his comments, Dr. Colenda noted that the Board adopted the CEO Interim Succession Plan in August to help facilitate the transition to interim leadership in the event of an unplanned vacancy in the CEO position.
- xix. Dr. Colenda explained that the CEO Interim Succession Plan delegates the following tasks to the Committee, including: (i) developing and recommending the CEO Interim Succession Plan to the Board for approval, (ii) reviewing interim successor candidates periodically with the CEO, and (iii) annually recommending to the Board an interim successor to the CEO.
- xx. According to Dr. Colenda, the CEO Interim Succession Plan requires the CEO to have ongoing discussion with the Committee regarding potential interim successors, and to annually provide the Committee with an assessment of senior executives, along with their potential to succeed the CEO on an interim basis.
- xxi. Dr. Colenda then explained that the Committee discussed with Mr. Suttan potential candidates to fill the role of interim successor in the case of an unplanned vacancy in the CEO position. Mr. Suttan recommended, and the Committee agreed, that Mr. Hollowell should continue to be designated as the interim successor to the CEO.
- xxii. After discussion, the Board agreed to move forward, upon the recommendation of the Performance Evaluation and Compensation Committee, to approve Chuck Hollowell as the interim successor to the CEO.

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**A motion was made, upon the recommendation of the Performance Evaluation and Compensation Committee, to approve Chuck Hollowell as the interim successor to the CEO.**

**All in favor. Motion approved.**

- xxiii. Lastly, Dr. Colenda noted that the Committee is responsible for reviewing the CEO Interim Succession Plan at least once per year. During its review earlier this month, Dr. Colenda noted that the Committee asked staff to add language to the policy that prohibits more than two senior-level executives from traveling together at the same time.
- xxiv. After discussion, the Board agreed to move forward, upon the recommendation of the Performance Evaluation and Compensation Committee, to approve the CEO Interim Succession Plan as revised.

**A motion was made, upon the recommendation of the Performance Evaluation and Compensation Committee, to approve the CEO Interim Succession Plan as revised.**

**All in favor. Motion approved.**

## **12. Governance Committee Report**

- i. Dr. Jennifer Richards, Chair, updated the Board on the Governance Committee Meetings that were held on April 11th and April 27th, 2019. In her remarks, Dr. Richards began by providing an update on the nominations for Board Chair and Vice Chair.
- ii. In April 2018, Dr. Richards noted that the Board approved to extend the terms of the Board Chair and Vice Chair to the end of FY 2019 (i.e., June 30), with the Chair and Vice Chair being elected annually on a fiscal year basis thereafter.
- iii. Dr. Richards explained that, consistent with its charter, the Committee is responsible for evaluating the qualifications of and nominating one or more directors to serve as Chair and Vice Chair of the Board of Directors on an annual basis.
- iv. For FY 2020, Dr. Richards stated that Bryan Thompson, Carmen Hooker Odom, and Bob Byrd have been nominated to serve as Chair, and that Carmen Hooker Odom, Dan Brummitt, and Bob Byrd have been nominated to serve as Vice Chair. In addition, Dr. Richards noted that George Dunlap and Layton Long received nominations, but will not be able to fulfill these roles due to other commitments.
- v. According to Dr. Richards, the Committee interviewed the candidates earlier this morning, and then met to finalize the Committee's nominations for Chair and Vice Chair for FY 2020.
- vi. Dr. Richards informed the Board that the Committee is recommending that the Board re-elect Bryan Thompson to serve as Chair and Carmen Hooker Odom to serve as Vice-Chair for FY 2020.

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- vii. After discussion, the Board agreed, upon the recommendation of the Governance Committee, to re-elect Bryan Thompson to serve as Chair and Carmen Hooker Odom to serve as Vice Chair for FY 2020.

**A motion was made, upon the recommendation of the Governance Committee, to re-elect Bryan Thompson to serve as Chair and Carmen Hooker Odom to serve as Vice Chair for FY 2020.**

**All in favor. Motion approved.**

- viii. Next, Dr. Richards provided an update on Board Professional Development. In her remarks, she noted that the Committee asked staff to send out a survey to determine the topics that are of particular interest to the Board, as well as to determine how the directors prefer to participate in the trainings, whether via third-party webinars, conferences or in-person trainings at Cardinal.
- ix. According to Dr. Richards, the survey results indicated that the directors are particularly interested in learning more about Medicaid Transformation and Tailored Plans. In addition, she noted that the survey results indicated that the directors prefer to participate in the trainings via on-demand videos from their own computer or other device.
- x. While on the topic of trainings, Dr. Richards explained that Cardinal is working on the development of a micro-site that will serve as a central repository for trainings and may be utilized to support orientation and training for new directors.
- xi. Next, Dr. Richards noted that Cardinal is working on budgets for FY 2020. In her remarks, she explained that the Board set a budget of \$50,000 for professional development in FY 2019, but has only spent \$12,000 to date. As a result, Dr. Richards stated that the Committee is recommending that the Board set a budget of \$25,000 for professional development in FY 2020.
- xii. After discussion, the Board agreed, upon the recommendation of the Governance Committee, to set a budget of \$25,000 for professional development in FY 2020.

**A motion was made, upon the recommendation of the Governance Committee, to set a budget of \$25,000 for professional development in FY 2020.**

**All in favor. Motion approved.**

- xiii. Dr. Richards then noted that, as part of the Korn Ferry engagement to assist with board development, Dr. Tim Fitzsimons will hold a professional development session with the Board on May 16<sup>th</sup> at Cardinal's Highland Avenue office in Winston-Salem. In addition, she explained that this session will focus on professional development and will not be an official meeting of the Board.
- xiv. Next, Dr. Richards provided an update on the Spring 2019 Board Self-Evaluation Results. In doing so, she noted that the results of the initial self-evaluation were presented to the Board in December. Of the twenty-one directors, only twelve completed the initial self-evaluation. Dr. Richards noted that participation improved this Spring, with nineteen of the twenty-one directors completing the Board Self-Evaluation.

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- xv. Dr. Richards then provided an update on the Board of Directors Meeting Schedule for FY 2020. In her discussion, Dr. Richards explained that the Committee, per its charter, is responsible for establishing the annual meeting schedule for the Board of Directors.
  - xvi. Dr. Richards noted that the Board was evenly split between the two-day meetings and the single-day meetings per the Board's feedback. As a result, Dr. Richards explained that the proposed annual meeting schedule for FY 2020 reflects this preference and contains an equal number of two-day meetings and single-day meetings.
  - xvii. After discussion, the Board agreed, upon the recommendation of the Governance Committee, to approve the Board of Directors Meeting Schedule for FY 2020.

**A motion was made, upon the recommendation of the Governance Committee, to approve the Board of Directors Meeting Schedule for FY 2020.**

**All in favor. Motion approved.**

- xviii. Lastly, Dr. Richards provided an update on Cardinal's governance documents and procedures. In doing so, she noted that the Committee, per its charter, is responsible for overseeing Cardinal's governance practices and procedures, which includes Cardinal's Governance Guidelines and Bylaws.
- xix. Dr. Richards explained that the Committee is not recommending any changes to the Bylaws at this time, but the Committee is recommending one minor change to the Governance Guidelines.
- xx. In reviewing the proposed change, Dr. Richards explained that the revision provides the Finance and Audit Committee with the authority to select and approve the accounting firm that will serve as Cardinal's independent auditor on an annual basis. Dr. Richards noted that this delegation of authority is consistent with the charter of the Finance and Audit Committee.
- xxi. After discussion, the Board agreed, upon the recommendation of the Governance Committee, to approve Cardinal's Governance Guidelines as revised.

**A motion was made, upon the recommendation of the Governance Committee, to approve Cardinal's Governance Guidelines as revised.**

**All in favor. Motion approved.**

### **13. County Commissioner Advisory Board ("CCAB") Report**

- i. Dan Brummitt updated the Board on the CCAB Meeting that was held on March 19th. In his remarks, Mr. Brummitt noted that, with respect to the director vacancy, the CCAB adopted the Board's recommendation to move himself from the county commissioner slot on the Board to the financial expertise slot previously held by Mr. Pilkington.
- ii. For the last agenda item, Mr. Brummitt referenced the ongoing litigation between DHHS and Richard Topping, a portion of which concerns the CCAB's appointment of Cardinal's new Board of Directors.

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- iii. Lastly, Mr. Brummitt opened the floor to Mr. Hollowell to provide an update on the litigation resolution that was adopted by the CCAB in connection with this matter.

**14. Board Member Comment**

- i. The directors were provided an opportunity to address the Board.

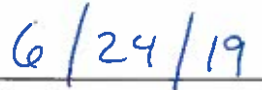
**A motion was made and seconded to adjourn the meeting.**

**All in favor. Motion approved.**

**Meeting adjourned at 10:55 a.m.**



Callan Skinner, Clerk



Date