

Tab 2:

1. Tab 2 - Article 4.2: Can we ensure in the board guidelines that clinic representatives on the board will be required to recuse themselves from voting/core deliberations where a conflict of interest might arise due in order to avoid undue influence?

Answer: The bylaws should reflect how any trustee acknowledges and addresses a conflict of interest.

2. Tab 2 - When will the next Fairview Hospital Community Health Needs Assessment be conducted and will we have access to it?

Answer: CCF agreed to perform a Lakewood Community Healthcare Needs assessment in 2016. This assessment is being presented to the Lakewood Hospital Association Trustees tomorrow. It should be available to the community at the conclusion of this meeting.

3. Tab 2 - What does the following mean in Section 4.4(b)? "The New Foundation will provide the Clinic with suitable naming opportunities and a right of first refusal with respect to programming or activities funded using the Clinic's annual contributions or partial distributions of such funds."

Answer: We should ask CCF what they have in mind. I can only speculate at this point, but I am guessing that if CCF's contribution is used to fund, for example, an education series, the Clinic could ask that it be named the "CCF Education Series" or something of the like.

4. Tab 2 - Are there expectations, requirements or prohibitions with regard to the foundation board of trustees and Lakewood city officials (mayor, city council members)?

Answer: The master agreement does not make any provision for city officials serving on the foundation board of trustees, leaving the question open-ended. Cities are permitted, under limited circumstances, to send officials to private foundation boards in order to represent the citizens' interests – but that kind of arrangement can open up a whole host of issues that may be advantageous or disadvantageous to the board, so great care must be put into that conversation.

Other than the city's role as a regulator to approve the final work product of this task force, I have no expectations for our oversight. I recommend the task force think through a scenario where a "rogue" group of trustees or a "rogue" city council attempts to hijack the intent or viability of the foundation. What safeguards might be built in to prevent this?

5. Tab 2 -

1. Article 4.4 of the Master Agreement confuses me. 4.4.a seems to indicate that the use of these funds will be free of interference from

Cleveland Clinic, while 4.4.b indicates they will have significant influence over funding decisions, particularly with the \$8 million they're donating. I'm not sure how to resolve this seeming conflict. Specifically, the term "right of first refusal" is confusing. Who does this refusing? Will they be on the board? Does this affect funding decisions or only if the board sets us specific programs? This seems problematic and confusing.

Answer: 4.4(b) is a limit on the wide-ranging discretion afforded to the board by 4.4(a). We know that CCF gets two seats on the foundation board and has an opportunity to weigh in on how CCF's \$500,000 annual contribution is put to use. The new bylaws should determine how many actual board seats there will be (I might guess there will be 12-21, although the master agreement permits as few as 5 members), and of course the board should be directing the foundation's investments, whether with the Clinic's input or not. Two seats alone cannot achieve undue influence, in my view, over a board that size with that kind of discretion.

2. Did the community lose any of the \$24,400,000 due to EBIDA costs?

Answer: No. It is a firm element of the master agreement that the \$24.4 million will be paid by CCF. Thus far, only \$200,000 has been paid. These monies reside in a specially created account on the city's books until they can be transferred to the foundation bank account (which will be created by the work of this task force).

Tab 4:

1. As we determine our funding priorities, can we consider social/economic determinants of health as potential target areas in addition to the more traditional health measures?

Answer: Anything that is consistent with the mission, as created by this task force is appropriate for consideration.

2. Tab 4 - Does the city already have to mission statements, data, outcomes and metrics from those conversion foundations highlighted in the Subsidium Healthcare report dated 4/18/2014? If not, may we as committee members request them, and would we collect that information ourselves?

Answer: Information on the following organizations referenced by Subsidium in Tab 4 has been obtained and will be passed out at the meeting:

- Community Health Endowment of Lincoln (NE)
- First Hospital Foundation (PA)
- The Colorado Health Foundation (CO)
- Camden Coalition Healthcare Providers (NJ)

The information on Resolute Health (TX) was not obtained. It is part of Tenet Healthcare. Cape Fear Memorial Foundation (NC) is already in Tab 8 of your binder. All organizations have the website link where further information from their Annual Reports, Grants Awarded with data and metrics required may be obtained.

As the task force breaks out into subcommittees further research will probably be required and pursued as necessary.

Tab 5:

1. Tab 5 - The guidelines for conversion foundations articulated in this document state that "people affiliated with the former nonprofit should not receive priority consideration for board seats," yet the Master Agreement stipulates that 2 members of the Board of Trustees will be appointed by the Cleveland Clinic. Why was this agreed upon with the Clinic?

Answer: The governing body of the hospital is the Lakewood Hospital Association, not CCF. CCF should be considered as a donor.

2. Tab 5, page 13 - are we in conflict with the advice given here since 4.2 of the Master Agreement grants 2 seats on the Board to CCF?

Answer: See above.

3. Tab 5 - re: clarifying role of taskforce

Is it our function on the taskforce to determine both: (1) whether this FDN is grant-making vs. operating; and (2) whether this FDN functions as a spenddown for a term of years vs. perpetual endowment?

Answer: This task force should consider the merits of each. The regulators (LHA, City Council, and mayor) may want to help sort this out. It would be helpful to understand the practical ramification of each option.

4. Tab 5 - How often are current health needs assessments completed that would cover Lakewood and the proposed footprint for the FDN? Are current and past assessments readily available somewhere for review?

Answer:

- a. The 2013 survey is on the city's website.
- b. The 2016 survey will be available this week.
- c. Future assessments will likely have to be funded and directed by this foundation, or choose to fall under the Fairview Hospital umbrella.

5. Tab 5 - Are there known examples of well-structured and well-functioning CACs that we as a taskforce can review? They are recommended in the Tab 5 outline, but if I am remembering correctly of the 165+ foundation conversions, only 7 have CACs?

Answer: Let's all look for them.

Tab 6:

1. Tab 6 - 1. Among options presented, is it possible to have a structure similar to option 2, but with the board handling most of the appointing of future board members by itself?

Answer: All options should be considered, including this one.

2. The document in tab 5 from Consumers Union seems to indicate that another structure not outlined here is for a Community Advisory Committee to exist along with a Board of Directors, and in addition to advising and/or deciding on funding decisions; it could also be a feeder for the board up to and including nominating new board members. Why wasn't this considered?

Answer: All options should be considered, including this one as well. We should identify all types of leadership and how they might come to this new foundation.

3. In option 3, I could see us initially having someone like the Cleveland Foundation manage the foundation, given the smaller amount of dollars available initially. Is it theoretically possible that this could be set up as a temporary arrangement, with a clause to revisit the possibility of a more independent foundation once most/all funds are received?

Answer: We can invite the Cleveland Foundation to meet with this task force to explore these options. I feel certain they would be interested in meeting with you.

4. Tab 6 - Could one option for the Code of Regulations be a structure for the Foundation with no Members and with Directors as the sole governing body without the provision that City of Lakewood officials would appoint a majority of Directors? (Debbie Read does not explicitly list this as one of the options.)

Answer: The pathway to foundation trusteeship is totally undefined at this point. All options should be considered. I do not believe the regulators have a preconceived idea that they would appoint a majority of the trustees.

General Questions

1. The mission, or purpose, of the Wellness Foundation should provide the framework for all decisions we make. Am I correct in assuming therefore that a draft mission statement should be the first thing we tackle? What is the group's initial thinking regarding the Foundation's mission, or purpose? A sub-question I have regarding the mission is how closely does it have to adhere to the purposes of Lakewood Hospital? Is it enough to say LWF will focus on health issues, or does the mission have to be more specific than that in order to meet the adherence requirement?

Answer: The mission should create boundaries around the work of the foundation: Who it serves, the nature of its work, a declaration of direction (improves, advances, etc.). We should spend some time discussion the rudiments of a good mission statement.

2. Is it permissible and or desirable for the Wellness Foundation to seek or accept funding in addition to the money from the Cleveland clinic?

Answer: This is a major question that will determine the legal structure of the foundation. Advisors should guide and help on this subject. As a reminder: \$24.4 million comes to the new foundation from the Lakewood Hospital Association and \$8 million comes to the new foundation from CCF.

3. While our task force will no doubt be working on several things at once, what is the general order in which "products" must be completed? For example, if the mission statement is the first step, what comes after that, and after that? As examples, what do we need to have in place before we create a website? What do we need in order to hold the first public meeting?

Answer: My advice is to work on mission, then a structure (legal and strategic), and to use your collective judgment, experience and talents.

4. The Wellness Foundation and the Lakewood Hospital Foundation could encounter – or create – some thorny issues if the presence of two separate health foundations within the community isn't handled well. To name just a few issues, we could wind up duplicating services, we could confuse the community (short and long-term) about the purpose of each foundation, and we possibly could wind up causing community members to wonder why the Wellness Foundation was even created. How is this situation best handled, and when do we need to address it?

Answer: Invite the leadership of the Lakewood Hospital Foundation (LHF) to your April meeting to hear their strategic journey and address joint issues of opportunity and overlap.

5. Do we need to take some time to examine the assumptions each task force member is bringing to this project? Doing so would probably save time down the road, surface issues or questions that should be addressed, and hopefully avoid unpleasant surprises and even contention down the road. We're all making assumptions, even if we haven't thought about them yet. What are they? A simple example: I'm assuming that LWF won't fund individual consumers, for example to help with emergency health care costs. But others may be assuming the Foundation will accept requests from individual consumers.

Answer: Great suggestion.

6. General (not specific to any one tab) -- Is it true/already established that the population of interest to the new Foundation is limited to residents of Lakewood -- or does the

population of interest include Rocky River and the other 2 Cleveland zip codes (44102 & 44111) that comprised the Lakewood Hospital service area?

Answer: The master agreement, Article IV, Section 4.1 indicates that “the new Ohio nonprofit corporation ... is [to be] formed for the purpose of addressing community health and wellness needs *in the City of Lakewood.*” Additionally, I suggest you listen to the LHF trustees’ strategic journey. Use this information to discuss any difference and/or similarities between the two foundations and who they serve.