MINUTES
Foundation Planning Task Force
Communications Sub-Committee
November 28, 2017, 6:00 p.m.
Mayor’s Conference Room

The meeting began at approximately 6:00 p.m.

Sub-Committee Members Present
Michael Bentley, Katie Collin, Phyllis Dykes, Erin Murphy, Laura Rodriguez-Carbone and Vicki Smigelski

Others Present
Shannon Strachan, Executive Assistant to Mayor
Kevin Butler, Law Director

1. The Chair, Michael Bentley opened the meeting and welcomed Kevin Butler, Law Director to the meeting and thanked him for being willing to attend the meeting.
2. Mike provided copies of fifty questions that had been gathered from various individuals and venues in the community. After each question were recorded responses from the subcommittee. Kevin Butler distributed a copy of his answers to the same questions.
3. A general discussion was had about the questions and the goal to consolidate the list of questions. The Chair advised Kevin that the subcommittee would specifically like Kevin to address questions Nos. 1-4, 14, 17-20, 25-28 and 34.
4. A general discussion was held about these questions and how the terms of the Master Agreement applied or provided direction in answering the questions.
5. Action items for follow up:
   a. Mike would like to combine similar questions dealing with similar issues into a reduced number of questions. He would also put together answers for the consolidated questions. The subcommittee agreed that grouping the questions by topic would also help efficiency.
   b. Subcommittee members to be ready to provide comment prior to the full task force meeting so a draft copy of the FAQs could be distributed to the full task force for review and comment prior to posting on the website
6. A discussion took place about the most helpful way to present to the public the table discussion notes from the community meeting. It was decided that the list of comments that had been compiled by the task force consultant would be put on the task force website, and that no summary would be included since there aren't a sufficient number of comments to substantiate with surety any specific conclusions.
7. Meeting was adjourned at approximately 7:45 p.m.

Shannon Strachan, Secretary

November 30, 2017

____________________________________
__________________________
Shannon Strachan, Secretary Date

November 28, 2017 Meeting Minutes
Documents Attached

1. Draft of Community questions and sample answers.
2. Draft of Community question answers from Kevin Butler
*1. Who will appoint the board members?
   -TBD x 3
   - The initial board should be selected by the Task Force. Thereafter, the by-laws should outline
     the process. An advisory committee could do that work.

*2. What will the process be for the appointment of board members?
   -TBD x 3
   - Applications, like there were for the Task Force.

*3. Will board members be required to be Lakewood residents?
   -TBD x 3
   - Yes, but only a percentage. 75-80%?

*4. Will board members be forced to resign if they move out of Lakewood?
   -TBD x 3
   - No

*5. Will board members be term limited?
   -TBD x 3
   - Yes. Two three year terms.

*6. How will the New Foundation ensure the integrity and independence of board members?
   -TBD x 3
   - Application process.

*7. Have pro forma financial documents been modeled for future revenue and expenditures?
   -Yes. See Structure presentation from 10/19 (**Link**) x 3
   -TBD

*8. If not, when do you expect to be able to provide them to the public?
   -Already done
   -TBD
9. How much will the New Foundation spend on charitable purposes? (Estimated)
   - See Structure presentation from 10/19 (**Link**)
   - Bulk, minus any staff salaries and annual operational costs
   - TBD

10. How much will the New Foundation spend on legal expenses? (Estimated)
    - See Structure presentation from 10/19 (**Link**)
    - TBD x 2

11. How much will the New Foundation spend on Investment expenses? (Estimated)
    - See Structure presentation from 10/19 (**Link**)
    - TBD x 2

12. How much will the New Foundation spend on salaries? (Estimated)
    - Ultimately dependent on size of staff & responsibilities. See Structure presentation from
      10/19 for total expense estimates (**Link**).
    - TBD x 2

13. How much will the New Foundation spend on benefits? (Estimated)
    - Ultimately dependent on size of staff & responsibilities. See Structure presentation from
      10/19 for total expense estimates (**Link**).
    - TBD x 2

14. Are Lakewood residents being left with paying for the former Hospital’s role in delivering charity care?
    - The foundation will be focused on wellness, not healthcare
    - Is there even a mechanism for this?
    - No they are not. CCF still has a large portfolio of charity care for the enterprise – it will be
      rolled in through the Lakewood Family Health Center
15. Will North Coast Health be represented on the new Board?
   -TBD x 4

16. Will North Coast Health be eligible to receive funding from the New Foundation?
   -TBD x 4

17. Why do we need a new Foundation to distribute public funds? Why can’t the City of Lakewood just do this on its own?
   -Required by Master Agreement x 2
   -The city is not in the business of distributing these type of funds

18. Why is the Cleveland Clinic Foundation continuing to hold these public funds?
   -Per Master Agreement x 2
   -Need a good response here – not sure how to frame because there is so much misconception just in the question itself....

19. Why are these distributions both timed and delayed?
   -Required by Master Agreement x3

20. Why aren’t all the payments to be made to the New Foundation payable upon incorporation?
   -Required by Master Agreement x 3

21. Have estimated earnings projections been made on the revenue due the New Foundation?
   -See Structure presentation from 10/19 (**Link**) x 3

22. When will those projections be made public?
   -Already are. See Structure presentation from 10/19 (**Link**) x 3

23. Will the bylaws include ethics and conflict of interest provisions?
   -TBD. Answer is likely yes.
   -Yes
24. How will the board maintain its independence from its primary contributor?
   - Board x 2
   - TBD

25. Which Ohio statute or Lakewood Charter provision permits the City of Lakewood to form this non-profit entity?
   - Required by Master Agreement x 2
   - ?

26. Does the city council possess rights either by statute or charter that will permit it to vote on task force recommendations or New Foundation formation?
   - Yes?
   - ? X 2

27. If so, how do those rights affect the Master Agreement, if at all?
   - They would play city’s role per Master Agreement
   - ? X 2

28. Will (can) the New Foundation Task Force recommend that funds from the Master Agreement be distributed on a faster time-table?
   - No. Master Agreement draws out funding timetable x 3

29. Will the New Foundation attempt to raise funds other than the funds due from the Master Agreement? Seek other donors?
   - TBD x 3

30. Will the New Foundation seek other or additional taxpayer financial support?
   - TBD. Maybe fundraising, don’t see “taxpayer support” x 4
^31. Will the new foundation seek matching funds from the Lakewood Hospital Foundation? For example; if the new foundation wants to spend one million dollars for equipment at the YMCA will the new foundation insist on a matching donation from the LHF?
   - Collaboration will be encouraged, but not duplication of services. X 2
   - We have no control over LHF.
   - TBD

#32. What will the final work-product of the task force consist of?
   - Structure, bylaws, and application to IRS
   - By-laws and board for new Foundation
   - Recommendations to be approved by city council for mission, vision, initial board of new foundation
   - The Foundation Planning Task Force is working together to determine the structure of a new health and wellness foundation that will serve the residents of Lakewood. <insert some pieces here from FPTF member job description>

#33. When do you expect it to be issued to the public?
   - 1Q or 2Q 2018
   - Mid to late 2018.
   - 2018

34. In previous meetings of the Task Force, questions were asked regarding the terms of the master agreement. Would it not be proper to request Michael Meehan, legal counsel to the CCF or Kevin Butler legal counsel for the city of Lakewood to provide an interpretation in WRITING of any ambiguous term(s), instead of leaving the question(s) unanswered?

   - We will get with these sides regarding this
   - ?
   - TBD
   - The Foundation Planning Task Force is in constant communication with city staff, including the law department. Questions that the task force is unable to answer on their own are shared with city staff for clarification.

35. Sharing information is very important so that health improvement efforts are not duplicated in our community. How will that happen?
   - Encourage collaboration & not duplication of services within community
   - Up to new Foundation board.
   - TBD
   - The goal of the task force is to set up the foundation to succeed in serving the needs of residents, and maximizing other local resources that lead to the greatest impact
*36. What will be the checks and balances built into the organization of the Health Foundation so that the citizens of Lakewood have accountable board members? Approximately half of the board members in Health Foundation should be drawn from voters who opposed the closing of the hospital.
   - TBD. Fair structure of determining board members will be considered x 2
   - Board composition will not be dictated in this way

37. Transparency about the grant making process is essential. How will that be accomplished? How will the foundation disperse information beyond the required IRS990 form?
   - TBD. Ultimately board determination x 2
   - The future foundation board will determine how they disperse information to the public. However, the foundation planning task force is trying to set a standard of transparency. Task force meeting are public, and all documents, including minutes and other handouts are posted on the website.
   -?

38. Will the new health foundation be classified as a Grant Making PUBLIC Charity as opposed to a private foundation?
   - TBD x 4

39. The Health Foundation should hold public meetings on a regular basis? Will there be a website? Quarterly reports should be prepared & communicated to the public via the PD, Sun Post, Lakewood Observer & the water bill.
   - TBD x 4

40. Goal & strategies need to be clearly stated in order to gauge success. How will assessment and evaluation of the grants be conducted? Will that process be open to the public?
   - TBD. Board question, but transparency will be key element of bylaws x 3
   - Structure issue.

*41. How will the new Health Foundation should limit the power of the Cleveland Clinic to appoint board members & make decisions regarding fund disbursements?
   - TBD. It has been noted in community interviews & forum that CCF board exposure needs to be limited.
   - Master Agreement
   - Per master agreement, CCF gets two board seats
42. How can formation of the Health Foundation be done in a way to prevent the use of the “Easy Button” and absorption by the Cleveland Foundation?
   - Task Force will carefully consider all options. X 4

43. What percentage of funds dispersed will be used to improve health outcomes in Lakewood vs. the “region”?
   - Focus will be on Lakewood per Master Agreement x 2
   - TBD x 2

44. Are you Lakewood Hospital Foundation?
   - No x 2
     - No. LHF is a separate nonprofit entity, that was originally created to support Lakewood Hospital. They are going through a process to determine their next steps now that the hospital no longer exists.
     - No, the task force is a volunteer group that will be determining the structure and mission of a new wellness foundation, separate from the Lakewood Hospital Foundation. The task force is not the new foundation board.

45. Are you making the decisions for the development of the Lakewood Hospital property?
   - No x 3
     - No, the foundation planning task force is not involved at all with development of the Lakewood Hospital property.

46. Are you part of the Cleveland Clinic? How much are they paying you to be on the task force?
   - No. We are volunteers appointed by city council and the mayor after an open application process. X 4

47. Why did you close the hospital?
   - The task force was not involved in the decision making process of closing the hospital. We’re tasked with determining the future structure of funds left over x 2
   - ?

48. Can you explain a timeline of how we got to this point?
   - TBD. Maybe we should?
     - See city website.
     - ?
49. Will you be opening a rec center or building a building with this money?
   - TBD x 3
   - Probably Not x 2

50. Why can't the money just be returned to the city?

   - Per Master Agreement, funds are being put into new foundation focused on wellness x 3
[Relevant provisions of the master agreement:]

ARTICLE IV
Health and Wellness Foundation

4.1 Creation of New Foundation. Within twelve (12) months following the Effective Date, the City and LHA will (i) jointly agree upon a process for the creation of a new Ohio nonprofit corporation that is formed for the purpose of addressing community health and wellness needs in the City of Lakewood ("New Foundation"); (ii) develop New Foundation's governing documents; (iii) file articles of incorporation for New Foundation with the Ohio Secretary of State; (iv) select New Foundation's initial board; and (v) cause New Foundation to apply for federal tax-exempt status with the Internal Revenue Service.

4.2 Representation on Governing Board. The Clinic will have the right to appoint two (2) voting members on the governing board of New Foundation, which shall have not less than five (5) nor more than twenty-one (21) members. The Clinic's rights under this Section 4.2 will survive until the later of (i) one (1) year after the final Clinic's Annual Contribution payment described in Section 6.1 (b), and (ii) the period during which the Clinic owns and operates the FHC.

4.3 Funding of New Foundation. In connection with the transactions contemplated by the Transition and in support of the health and wellness activities supported by New Foundation, the Clinic will provide funding for the activities of New Foundation through (i) the payments described in Section 6.1(a), and (ii) the Clinic's Annual Contribution payments described in Section 6.1(b). New Foundation will place the Clinic's Annual Contribution amount, and any interest thereon, into a segregated fund within New Foundation to address the rights described in Section 4.4.

4.4 Use of New Foundation Funds.

(a) Use of the funds contributed to the New Foundation, including, without limitation, any contributions governed by this Master Agreement, shall be at the discretion of the New Foundation and subject to (i) the New Foundations' articles of incorporation and other governing documents created pursuant to Section 4.1 and (ii) Section 4.4(b).

(b) In recognition of the Clinic's Annual Contributions, 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. The New Foundation and the Clinic agree that the naming opportunities will apply to New Foundation's programs, not the name of New Foundation's corporate entity. The Clinic's naming and right of first refusal rights under this Section 4.4 will survive until the earlier of (i) one (1) year after the final Clinic's Annual Contribution payment described in Section 6.1 (b), and (ii) the period during which the Clinic owns and operates the FHC.

ARTICLE VI
Financial Obligations

6.1 Funding of the New Foundation.
(a) Initial $24.4 Million Cash Payment to New Foundation. The parties agree and acknowledge that the payments under this Section 6.1 constitute (i) an exchange for the right to receive LHA's assets upon its dissolution (as described in Section 3.3(d)), and (ii) to the extent the value of such assets is less than the payment amount, a contribution to the New Foundation to be used in the furtherance of New Foundation's tax-exempt purposes. In recognition of the parties' intention that these payments be used for the benefit of the Lakewood community and its residents and to support New Foundation's tax-exempt purposes, the Clinic and/or LHA will transfer or contribute a total of Twenty-Four Million Four Hundred Thousand Dollars ($24,400,000) to New Foundation (using LHA funds to the extent available as contemplated in Section 3.3(b)) as follows:

(1) Transfer/contribute Two Hundred Thousand Dollars ($200,000) to New Foundation in immediately available funds on or before March 1, 2016;

(2) Transfer/contribute Seven Million Six Hundred Thousand Dollars ($7,600,000) to New Foundation in immediately available funds on the date of the commencement of operations and provision of patient care at the FHC (the "FHC Commencement Date").

(3) Transfer/contribute Four Million Three Hundred Thousand Dollars ($4,300,000) to New Foundation in immediately available funds on the second anniversary of the FHC Commencement Date;

(4) Transfer/contribute Four Million, One Hundred Thousand Dollars ($4,100,000) to New Foundation in immediately available funds on the fourth anniversary of the FHC Commencement Date;

(5) Transfer/contribute Four Million, One Hundred Thousand Dollars ($4,100,000) to New Foundation in immediately available funds on the sixth anniversary of the FHC Commencement Date; and

(6) Transfer/contribute Four Million, One Hundred Thousand Dollars ($4,100,000) to New Foundation in immediately available funds on the eighth anniversary the FHC Commencement Date.

(b) Annual Contributions to New Foundation Totaling $8 Million. In support of the furtherance of the purposes of New Foundation, the Clinic will make sixteen (16) annual payments to New Foundation of Five Hundred Thousand Dollars ($500,000) each, with the first payment being made on the FHC Commencement Date and subsequent payments being made on each anniversary of the FHC Commencement Date for fifteen (15) consecutive years (each, a "Clinic's Annual Contribution").

[Questions and K. Butler’s responses:]

1. **Who will appoint the board members?**
   The City and LHA under Section 4.1

2. **What will the process be for the appointment of board members?**
   Discretionary by City and LHA pursuant to governing documents

3. **Will board members be required to be Lakewood residents?**
   Discretionary by City and LHA pursuant to governing documents

4. **Will board members be forced to resign if they move out of Lakewood?**
Discretionary by City and LHA pursuant to governing documents

5. Will board members be term limited?
Discretionary by City and LHA pursuant to governing documents

6. How will the New Foundation ensure the integrity and independence of board members?
Discretionary by City and LHA pursuant to governing documents

7. Have pro forma financial documents been modeled for future revenue and expenditures?
I’m not knowledgeable about this. Discretionary by new foundation

8. If not, when do you expect to be able to provide them to the public?
I’m not knowledgeable about this. Discretionary by new foundation

9. How much will the New Foundation spend on charitable purposes? (Estimated)
Discretionary by new foundation

10. How much will the New Foundation spend on legal expenses? (Estimated)
Discretionary by new foundation

11. How much will the New Foundation spend on Investment expenses? (Estimated)
Discretionary by new foundation

12. How much will the New Foundation spend on salaries? (Estimated)
Discretionary by new foundation

13. How much will the New Foundation spend on benefits? (Estimated)
Discretionary by new foundation

14. Are Lakewood residents being left with paying for the former Hospital’s role in delivering charity care?
I’m not certain that’s a question for this task force

15. Will North Coast Health be represented on the new Board?
Discretionary by City and LHA

16. Will North Coast Health be eligible to receive funding from the New Foundation?
Discretionary by new foundation

17. Why do we need a new Foundation to distribute public funds? Why can’t the City of Lakewood just do this on its own?
Not a question for this task force; nor do I agree these are public funds (see Article VI)
18. Why is the Cleveland Clinic Foundation continuing to hold these public funds?
Not a question for this task force; nor do I agree these are public funds (see Article VI)

19. Why are these distributions both timed and delayed?
Not a question for this task force. The master agreement doesn’t call for those funds to be distributed all at once (see Section 6.1). That the Clinic would make payments over time was a heavily negotiated point within the master agreement, and it had to do with net present value calculations each of the parties made in order to reach, finally, a meeting of the minds at the conclusion of the parties’ negotiations in 2015.

20. Why aren’t all the payments to be made to the New Foundation payable upon incorporation?
Not a question for this task force. The master agreement doesn’t call for those funds to be distributed all at once (see Section 6.1). That the Clinic would make payments over time was a heavily negotiated point within the master agreement, and it had to do with net present value calculations each of the parties made in order to reach, finally, a meeting of the minds at the conclusion of the parties’ negotiations in 2015.

21. Have estimated earnings projections been made on the revenue due the New Foundation?
I’m not knowledgeable about this. Discretionary by the new foundation.

22. When will those projections be made public?
I’m not knowledgeable about this. Discretionary by the new foundation.

23. Will the bylaws include ethics and conflict of interest provisions?
Discretionary by the new foundation.

24. How will the board maintain its independence from its primary contributor?
Discretionary by the new foundation, but the master agreement contemplates the board remains independent of the Cleveland Clinic (see Sections 4.2 and 4.4).

25. Which Ohio statute or Lakewood Charter provision permits the City of Lakewood to form this non-profit entity?
I would respectfully disagree with this characterization. The charter permits Lakewood, an Ohio municipal corporation, enter into agreements as one of the many things cities may do under Ohio law (see, for example, Ohio Const. Sec. 18.01; R.C. 715.01). As part of the master agreement, the city is not “forming a non-profit entity” as one of its members or incorporators; it is obligated to do only those things found in Section 4.1 — namely, to work with LHA in formulating the initial governance and governing documents of the new foundation.

26. Does the city council possess rights either by statute or charter that will permit it to vote on task force recommendations or New Foundation formation?
Ohio Const. Secs. 18.01 and 18.03; R.C. 715.01. Nothing in the general law of Ohio prohibits this activity.
27. If so, how do those rights affect the Master Agreement, if at all?

Anything the city does will have to abide by the terms of the master agreement.

28. Will (can) the New Foundation Task Force recommend that funds from the Master Agreement be distributed on a faster time-table?

Discretionary by the new foundation, although the master agreement controls (see Section 6.1).

29. Will the New Foundation attempt to raise funds other than the funds due from the Master Agreement? Seek other donors?

Discretionary by the new foundation

30. Will the New Foundation seek other or additional taxpayer financial support?

I would respectfully disagree that any taxpayer financial support has gone into the new foundation under the master agreement. Otherwise, discretionary by the new foundation.

31. Will the new foundation seek matching funds from the Lakewood Hospital Foundation? For example; if the new foundation wants to spend one million dollars for equipment at the YMCA will the new foundation insist on a matching donation from the LHF?

Discretionary by the new foundation

32. What will the final work-product of the task force consist of?

Recommendations to the city on how to fulfill its obligations under Section 4.1 of the master agreement

33. When do you expect it to be issued to the public?

Discretionary by the task force; there is no fixed date in the resolution creating the task force, although the master agreement contemplates the city and LHA would have already completed its work under Section 4.1 of the master agreement and the first major payment is scheduled to be made to the new foundation in approximately the summer of 2018

34. In previous meetings of the Task Force, questions were asked regarding the terms of the master agreement. Would it not be proper to request Michael Meehan, legal counsel to the CCF or Kevin Butler legal counsel for the city of Lakewood to provide an interpretation in WRITING of any ambiguous term(s), instead of leaving the question(s) unanswered?

I am happy to provide any responses in writing bearing my thoughts. I'm not certain what questions were asked that weren't answered or were answered with ambiguity.

35. Sharing information is very important so that health improvement efforts are not duplicated in our community. How will that happen?

This is already occurring (by the task force). How the new foundation shares information is up to the new foundation.
36. What will be the checks and balances built into the organization of the Health Foundation so that the citizens of Lakewood have accountable board members? Approximately half of the board members in Health Foundation should be drawn from voters who opposed the closing of the hospital. Discretionary by the city and LHA (as to initial board members); otherwise, discretionary by the new foundation

37. Transparency about the grant making process is essential. How will that be accomplished? How will the foundation disperse information beyond the required IRS990 form? Discretionary by the new foundation

38. Will the new health foundation be classified as a Grant Making PUBLIC Charity as opposed to a private foundation? Discretionary by the new foundation

39. The Health Foundation should hold public meetings on a regular basis? Will there be a website? Quarterly reports should be prepared & communicated to the public via the PD, Sun Post, Lakewood Observer & the water bill. Discretionary by the new foundation

40. Goal & strategies need to be clearly stated in order to gauge success. How will assessment and evaluation of the grants be conducted? Will that process be open to the public? Discretionary by the new foundation

41. How will the new Health Foundation should limit the power of the Cleveland Clinic to appoint board members & make decisions regarding fund disbursements? Other than as provided in the master agreement, this is discretionary by the new foundation.

42. How can formation of the Health Foundation be done in a way to prevent the use of the “Easy Button” and absorption by the Cleveland Foundation? The master agreement would prevent the new foundation from being an already existing foundation. It is required to be new.

43. What percentage of funds dispersed will be used to improve health outcomes in Lakewood vs. the “region”? Discretionary by the new foundation.

44. Are you Lakewood Hospital Foundation? No.
45. Are you making the decisions for the development of the Lakewood Hospital property?

No.

46. Are you part of the Cleveland Clinic? How much are they paying you to be on the task force?

No and nothing.

47. Why did you close the hospital?

Neither the task force nor the new foundation closed the hospital. The hospital was closed following CCF’s, the city’s and LHA’s entry into the master agreement.

48. Can you explain a timeline of how we got to this point?


49. Will you be opening a rec center or building a building with this money?

I have never heard of these as possibilities, but this is up to the new foundation.

50. Why can’t the money just be returned to the city?

The money going to the foundation that’s identified in Article VI is not the city’s money and never was.