

CH: LRGHealthcare Resolution

WHEREAS, the Board of Trustees (The Board) of Concord Hospital has reviewed the recommendation of the Executive Committee and Management to acquire certain assets of LRGHealthcare together with certain contracts and liabilities in a bankruptcy proceeding (“Potential Acquisition”) in support of Concord Hospital’s charitable mission and to assure that needed not-for-profit community healthcare is and remains accessible in and around the Lakes Region.

WHEREAS, it is anticipated that the Potential Acquisition would include the creation of two new not-for-profit subsidiary corporations of Concord Hospital.

WHEREAS, the expected purchase price for the Potential Acquisition will be within the range as discussed at this meeting duly convened and held March 16, 2020, and Concord Hospital intends to be the stalking horse bidder in the bankruptcy, subject to a purchase agreement with LRGHealthcare.

WHEREAS, the Potential Acquisition is in the best interests of the mission and goals for Concord Hospital to enhance its long-term position as a regional healthcare system serving the communities and residents of Central New Hampshire.

NOW THEREFORE, the Board of Concord Hospital adopts the following resolutions:

RESOLVED, that the Board hereby authorizes and approves entering into a Purchase Agreement with LRGHealthcare on substantially such terms as reviewed at this meeting; and

FURTHER RESOLVED, that the Board hereby authorizes management to take any and all action in furtherance of effectuating the Potential Acquisition; and

FURTHER RESOLVED, that the Board hereby recommends to Capital Region Health Care Corporation approval of the action taken by this Board.

CRHC: LRGHealthcare Resolution

WHEREAS, the Board of Trustees (the “Board”) of Capital Region Health Care Corporation (“CRHC”) has reviewed the action and recommendation of the Board of Trustees of Concord Hospital to acquire certain assets of LRGHealthcare together with certain contracts and liabilities in a bankruptcy proceeding (“Potential Acquisition”) in support of Concord Hospital’s charitable mission and to assure that needed not-for-profit community healthcare is and remains accessible in and around the Lakes Region.

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WHEREAS, the Potential Acquisition is in the best interests of the mission and goals for Concord Hospital to enhance its long-term position as a regional healthcare system serving the communities and residents of Central New Hampshire.

NOW THEREFORE, the Board of CRHC adopts the following resolutions:

RESOLVED, that the Board hereby authorizes and approves Concord Hospital entering into a Purchase Agreement with LRGHealthcare on substantially such terms as reviewed at this meeting; and

FURTHER RESOLVED, that the Board hereby authorizes management to take any and all action in furtherance of effectuating the Potential Acquisition.

Joint Concord Hospital and Capital Region Health Care Boards of Trustees Meeting – March 16, 2020

Present in Person: S. Asmar, CH Chair and M. Miller, CRHC Chair; V. Acres, T. Brehio, MD, F. Briccetti, MD, W. Chapman, P. Emma, BJ Entwisle, MD, M. Patel, DDS, D. Ruedig, M. Schadee, R. Segal, M. Severance, R. Steigmeyer, D. Stevenson, MD, J. Towle, T. Vanderlinde, MD, L. Walker; M. Gibb, MD, T. Jones, D. Morrison, P. Puleo, S. Sloane

Present Via Conference Phone: M. Dufort, R. Heard, L. Karl, P. Noordsij, MD; B. Slepian; Attorneys H. Franklin & R. Lapowsky

Excused: L. Hodder, A. Dumont

COVID-19

Mr. Steigmeyer provided an update on the Coronavirus noting that the CH Incident Command Center has been fully operational since March 2 and has been following guidelines from the Centers for Disease Control and the State of NH. There are 175,000 positive cases globally (has increased by 25,000 in the past 24 hours); 6,700 deaths world-wide with 67 being in the US. The virus seems to be spreading mostly in dense populations such as Seattle, Los Angeles, NY City, Boston. There are 13 confirmed cases in NH with 95 tests currently pending. Testing is being done through public health, but conversations are taking place with private firms (such as Quest and Lab Corp.) about doing testing. There are no confirmed cases in Merrimack County at this time. Social distancing is being encouraged, as well as canceling large gatherings.

The Command Center provides daily updates, FAQ's are on The Bridge, and starting today a daily bulletin will go out to the media. A primary care central phone triage process has been instituted. A NEHC (Neighborhood Emergency Health Center) has been set up at the Penacook Family Physicians site for referred Concord Hospital Medical Group patients for "drive by" testing in a tented area of the parking lot. Penacook patients are being seen at other practice locations. Work is taking place on a revised visitor policy for the hospital, elective surgeries/procedures are being delayed to help conserve PPE (Personal Protective Equipment), and tele-medicine appointments are being put in place. Steps are being taken to set up a labor pool; workforce is being carefully monitored especially now that schools are closed. Non-clinical staff are being encouraged to work from home. A decision was made last week to restrict all non-essential travel. All students are restricted from the campus through March, all classes have been canceled through March, and all volunteers have been restricted from campus. Meetings are being minimized as much as possible and we are leveraging video technology and conference calls. This is a rapidly evolving situation that is constantly changing.

CRVNA

Mr. Severance, Chair of the CRVNA Board, confidentially announced that CRVNA's Board and Central NH VNA's Board have signed a Letter of Intent to study the potential merger of the two organizations over the next several months. A public announcement will be made on Thursday, March 19. The Franklin VNA has not been part of the discussions, but once public they will be contacted.

LRGHealthcare

The remainder of the meeting focused on detailed discussion regarding LRGHealthcare which has struggled for sustainability for many years and is now experiencing imminent financial risk and will fail as an independent organization in the near future. LRGH's efforts to find a buyer during 2018 failed and since last summer has been working exclusively and confidentially with CH on filing bankruptcy Chapter 11 through a 363 Sale Process to CH. CH has been conducting extensive due diligence over the past eight months and sharing results with the CH Board's Executive Committee. Extensive financial analyses have been reviewed with the Executive Committee including terms for acquisition if approval from both the CH and CRHC Boards is obtained, as well as draft organizational and governance structures. If Board approval to move forward with negotiating a Purchase Agreement is granted and the Agreement is accepted, the plan would be for LRGH to file bankruptcy with the Purchase Agreement appended to it.

The matter would then need to go through Federal bankruptcy court and the regulatory approval process.

Lengthy discussion ensued with many questions from Trustees surrounding the details of due diligence, acquisition and post-acquisition. The plan would be to continue operating both Lakes Region and Franklin hospitals provided they maintain a reasonable operating margin after a stabilization phase.

Members of the CH Executive Committee expressed endorsement of the plan stating the crucial need for maintaining health services in the Lakes Region community and how proceeding forward fits with CH's strategic direction and fulfills CH's mission. Discussion also included the purchase price to be included in the Purchase Agreement.

*The motion was made, seconded, and the **CH Board** voted unanimously as follows:*

***Whereas**, the Board of Trustees (The Board) of Concord Hospital has reviewed the recommendation of the Executive Committee and Management to acquire certain assets of LRGHealthcare together with certain contracts and liabilities in a bankruptcy proceeding ("Potential Acquisition") in support of Concord Hospital's charitable mission and to assure that needed not-for-profit community healthcare is and remains accessible in and around the Lakes Region.*

***Whereas**, it is anticipated that the Potential Acquisition would include the creation of two new not-for-profit subsidiary corporations of Concord Hospital.*

***Whereas**, the expected purchase price for the Potential Acquisition will be within the range as discussed at this meeting duly convened and held March 16, 2020, and Concord Hospital intends to be the stalking horse bidder in the bankruptcy, subject to a purchase agreement with LRGHealthcare.*

***Whereas**, the Potential Acquisition is in the best interests of the mission and goals for Concord Hospital to enhance its long-term position as a regional healthcare system serving the communities and residents of Central New Hampshire.*

***Now Therefore**, the Board of Concord Hospital adopts the following resolutions:*

***Resolved**, that the Board hereby authorizes and approves entering into a Purchase Agreement with LRGHealthcare on substantially such terms as reviewed at this meeting; and*

***Further Resolved**, that the Board hereby authorizes management to take any and all action in furtherance of effectuating the Potential Acquisition; and*

***Further Resolved**, that the Board hereby recommends to Capital Region Health Care Corporation approval of the action taken by this Board.*

*The motion was made, seconded, and the **CRHC Board** voted unanimously as followings:*

***Whereas**, the Board of Trustees (The Board) of Capital Region Health Care Corporation ("CRHC") has reviewed the action and recommendation of the Board of Trustees of Concord Hospital to acquire certain assets of LRGHealthcare together with certain contracts and liabilities in a bankruptcy proceeding ("Potential Acquisition") in support of Concord Hospital's charitable mission and to assure that needed not-for-profit community healthcare is and remains accessible in and around the Lakes Region.*

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Whereas, the Potential Acquisition is in the best interests of the mission and goals for Concord Hospital to enhance its long-term position as a regional healthcare system serving the communities and residents of Central New Hampshire.

Now Therefore, the Board of CRHC adopts the following resolutions:

Resolved, that the Board hereby authorizes and approves Concord Hospital entering into a Purchase Agreement with LRGHealthcare on substantially such terms as reviewed at this meeting; and

Further Resolved, that the Board hereby authorizes management to take any and all action in furtherance of effectuating the Potential Acquisition.



Respectfully submitted,

William Chapman
Secretary, Concord Hospital

Valerie Acres
Secretary, Capital Region Health Care

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