

MINUTES OF THE PUBLIC SESSION OF THE NUHEALTH BOARD OF DIRECTORS' SPECIAL MEETING HELD ON OCTOBER 4, 2010

Directors Present

* Craig Vincent Rizzo, Esq., Chair
Stephen A. Antaki, CPA
Stephen H. Ashinoff, OD
Joseph Capobianco, Esq.
*Bradley L. Gerstman, Esq.
*Rosemarie Guercia, MD
*Neal S. Kaplan, Esq.
*George W. Miner, MD, MBA
Asif M. Rehman, MD

Non-Voting Directors Present

Hospital Administration

Reginald Bullock, Esq., General Counsel
Joan A. Soffel, Assistant to the Board/CEO

Not Present

Arthur A. Gianelli, President/CEO
Leonard A. Benedict, MD, MPH
Steven Cohn, Esq.
*Lawrence E. Elovich, Esq.
Louisa Mae Fennell
Jemma Marie-Hanson, RN
Greg-Patric Martello, Esq.
Tierre Jeanne-Porter, Esq.
*Frank J. Saracino, EdD

*Executive Committee Members

1. Craig Vincent Rizzo, Chair, Board of Directors of the Nassau Health Care Corporation, noted the presence of a quorum. The special meeting was opened at 9:00 a.m. for the purpose of discussing and approving a consultant to review the North Shore/LIJ Affiliation and Management Agreements.
2. **Report of the Chairman.** Mr. Rizzo reported that the Subcommittee on Clinical Affiliation have been meeting and had sent out a Request for Proposal (RFP) for a consultant and received four responses, three were very good. The Subcommittee had a tough time determining which one to go with. Members made phone calls checking references, all returned as exceptional for Health Strategies and Solutions. They were involved with the Lenox Hill and North Shore LIJ agreement. Senior Partner, Alan Zuckerman has written 9 books on mergers and acquisitions, and teaches and conducts seminars throughout the Country. They have a tremendous amount of independence and knowledge in this area and are aware of all the major players in this area. They gave us an in depth insight on how they would go about this review, Alan and his partner, Kathy McCarthy would be here everyday interviewing Board members and all levels of senior management. They will perform an in depth analysis in order to go forward in the six week time period given them. They were chosen based on references coming from places such as the second largest health systems in Boston and another reference with 72 hospitals in 19 States. All of the Senior Staff and CEO's gave glowing responses and ranked Health Strategies and Solutions as one of the top consultants they have hired. Therefore, it is the recommendation of the Subcommittee to hire Health Strategies and Solutions to put forward an independent analysis of the clinical and management agreements. Dr. Ashinoff asked how much this would cost and Mr. Rizzo said that all were in the same ballpark around \$200 thousand \$372/hour. For each group, some went a little lower in price but added things in terms of expenses; but all were basically the same price. Health Strategies and Solutions have a six week time period and feel confident that they will be able to have a recommendation on time. Mr. Rizzo noted that Mr. Martello spoke with one reference and they gave unbelievable references because the situation was challenging with a small timeframe and they got it done. Mr. Antaki noted that

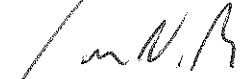
they must have good resources available for that type of response. Mr. Gerstman asked when they are beginning and the answer was this week if chosen. Mr. Gerstman asked if they are located in New York. Mr. Rizzo responded that Ms. McCarthy comes from Upstate New York; the home office is in Philadelphia with offices in New York, Virginia, Florida, Michigan and Chicago. Mr. Gerstman asked if the consulting firm has a preliminary insight to understand some of the players in the area. Mr. Rizzo said that they are familiar with SUNY Stony Brook, Mercy, and Columbia Presbyterian. One of the partners worked with Jeff Kraut at North Shore years ago and then joined the consulting firm. Mr. Gerstman said this is for the consultant and a law firm. Mr. Bullock noted that the RFP did not ask for a law firm, it just so happened they came to the table with a law firm to assist in the analysis. Mr. Gerstman asked if this includes the deal or just the analysis for the protection of the Board. Mr. Rizzo said it includes up to their recommendation and the contract could be tweaked if the Board felt that they needed to be included in the agreement going forward. The Subcommittee was unanimous in choosing this group and feels very comfortable with them. Dr. Miner asked if Lenox Hill thought they had a good deal, and Mr. Rizzo noted that they were not privy to that information. However, the consultant did receive references from Tri Health a 1.3 billion health system, the Catholic Health System and Care Group Health System (second largest system in Boston). Dr. Rehman noted that they have knowledge of Long Island and can tap into the City. Mercy was happy with their work, but they were brought in to take the hospital out of a deficit, by cutting services, they were not doing what we are asking them to do. Dr. Rehman said that they appeared to be more independent in their analysis compared to the other firms and one big firm that would give a more superficial look into the matter, compared to a more in depth review. **Upon a motion made, seconded and unanimously approved, the Board of Directors accepted the recommendation of the Affiliation Sub-Committee to hire Health Strategies and Solutions. Resolution No. 235-2010.**

Mr. Gerstman asked for an update since he had missed a couple of board meetings prior to the most recent. He asked where do we stand with the consultant coming in, are they providing guidance on whether or not to engage and what kind of agreement, if any and where is North Shore on this. Mr. Rizzo said that North Shore is doing their own due diligence with their Board and understand that we are doing ours and understand why we are doing what we are doing. Mr. Bullock said that they are still very much interested in doing this arrangement as they were back in July/August when we made our own decision to have an independent analysis. They remain committed with the overall relationship, but it is at a stand still right now with nothing going on. Mr. Gerstman asked if there is an outline of what this might look like in terms of an agreement shared by the two organizations. Mr. Bullock said it is basically a two pronged approach to continue down the road of clinical affiliation (which has been ongoing for the last five years). The organizations will work more diligently to incorporate more departments into clinically integrated system and on top of that work on the management service agreement which would bring management in for NUMC provided by North Shore. The likelihood was that Mr. Gianelli would go on the North Shore payroll and continue as CEO here. It was felt that the management service agreement gave North Shore sufficient control for managed care purposes to negotiate on our behalf with the managed care services.

3. Adjournment

There being no further business to discuss, upon a motion made, duly seconded and
unanimously approved, the meeting was adjourned at 9:30 a.m.

Approved:



Craig Vincent Rizzo, Chair
Board of Directors
NuHealth