

"Newco" Board Retreat
Minutes
December 5, 2007

Present: Kevin Cichocki, D.C., David Dunn, M.D., Evan Evans, M.D., James Evans, M.D., Robert Gioia, Mary Gresham, Sharon L. Hanson, James Kaskie, Jody Lomeo, Brenda McDuffie, Judge James McLeod, Sundra Ryce, Irene Snow, M.D., Edward Walsh, Jr., Robert Zak, David Zebro, Robert Wild, Michael Young, Anthony Colucci, III, Robert Nolan, Betsy Baumler.

Absent: John Simpson

The meeting was called to order at 8:15 a.m. by the Chair, Robert Gioia. Mr. Gioia welcomed the attorneys to the meeting, Anthony Colucci and Robert Nolan.

Dr. Cichocki expressed concern over the principles for the memorandum of understanding distributed with the Board packet. Discussion followed.

Kurt Salmon

Jim Berarducci from Kurt Salmon and Associates outlined what a pre-eminent health system would look like from their perspective highlighting case studies and the Western New York market. The Board discussed their vision of system integration, how to get there, challenges and the pros and cons of both full integration and a loose affiliation model.

Mercer

Len Gray and Kathie Lamb of Mercer presented preliminary findings of their due diligence comparing the ECMCC and Kaleida Health including a workforce profile, a summary of employee programs, considerations during the transition, and possible next steps.

Due Diligence

Mr. Zebro, Chair of the Due Diligence Committee, outlined the current status of the due diligence process. Sue McCarthy, Chief Financial Officer of ECMCC, and Jon Swiatkowski, Interim Chief Financial Officer of Kaleida Health, along with their respective auditors, outlined preliminary findings from the due diligence process on the financial condition of each organization. It was requested that a lead be named for the main areas of follow-up:

County: Robert Gioia
Labor: Jim Kaskie/Mike Young
Government: Robert Gioia
HUD: Jim Kaskie/Jon Swiatkowski

Governance Issues

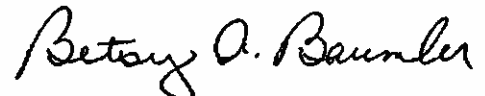
Mr. Walsh, Chair of the Governance Committee, highlighted recent discussions from the last Governance Committee meeting regarding By-law guidelines and the development of principles for an MOU.

Mr. Walsh distributed a sample model set of by-laws forwarded to him by Mr. Wild to serve as a framework when drafting the By-laws and requested the Board individually discuss each item. Representatives from ECMCC expressed concern over their lack of involvement in the development of the principles for the MOU. In response to the question of Newco's role, Mr. Wild stated the ultimate responsibility of Newco was to make this transaction happen. At the request of Mr. Gioia, each Board member expressed their opinions/concerns.

After discussion, Mr. Gioia asked Messrs. Colucci and Nolan to work with Mr. Wild to draft a Memorandum of Understanding to be submitted to the Governance Committee for approval at their next meeting, and then to the entire Newco Board for approval at the December 19th Board of Directors' meeting.

The meeting was adjourned at 2:55 p.m.

Respectfully submitted,



Betsy A. Baumler