MEMORANDUM TO THE CHILDREN'S HOSPITAL FOUNDATION BOARD OF DIRECTORS

INTRODUCTION

The purpose of this memorandum is to provide a discussion platform for the Board to analyze two fundamental issues and formulate a strategy as to both. Those issues are stated as follows:

Given the recent formation of OU Medicine Inc. (OUMI) as a non-profit entity supporting the University Hospital System, what relationship, if any, should Children's Hospital Foundation (CHF) have with OUMI. To answer this question, it is submitted that CHF first examine and determine its own priorities in light of the significant changes in the fundraising landscape.

In preparation of this memorandum, conversations were held with all available voting members of the CHF board of directors, its officers, and executive director. Additionally, all available endowed chair holders were interviewed, inclusive of the Chairman of the Department of Pediatrics. Gene Hopper of the Mettise Group was also consulted. The history of the CHF endowed chair program itself was reviewed along with organizational and numerous other documents related to OUMI, and the University Hospital Trust Authority (UHAT) including the OUMI Bond offering prospectus, financial statements, and pro forma. Numerous conversations were held with a number of CHF Past Presidents and current members

of the National Advisory Board (NAB). The NAB report to CHF was received and reviewed.

To facilitate discussion of both issues, it is instructive to consider the following abbreviated history of the Children's Hospital, and CHF hopefully placing in context the issues expected to be before the Board at the special board meeting now set for December 13, 2018.

THE HOSPITAL

Ten years after statehood, in 1917, the Oklahoma Legislature passed a bill providing $200,000 to construct the University Hospital to be used as a teaching institution for the medical school. The hospital was constructed in the area we now know as N.W. 13th and Stonewall and was opened for patients in 1919. The hospital was to be operated by the State. There is no recorded history found evidencing the existence of a children's hospital as part of the university system until sometime in the late 1920's. Lew Wentz, multi-millionaire oil and gas magnate from Ponca City is thought to have first conceived the idea of a children's hospital in connection with the treatment of crippled children. This component of the hospital is believed to have been completed in the 1930's. The significant historical relevance here is that the original idea of a children's hospital was supported and implemented by the private philanthropy of those who felt a community and moral commitment to provide care for sick and diseased children. This same sense of community and

commitment survives eight decades later, and indeed provides the foundation for CHF.

In the following decades, the University Hospitals were operated by the State through the Oklahoma State Department of Human Services (DHS). In the early years, the children's hospital carried the label "Crippled Children's Hospital." In 1957, the State Legislature renamed the "Crippled Children's Hospital" the Oklahoma Memorial Children's Hospital. While accomplishing much good, DHS's reign of operational management was often marred in controversy largely of course over money and operating deficits that sopped the state treasury. While private philanthropical efforts were made to support the University Hospital, fundraising was hamstrung by the perception that management, operations, and care within the hospitals was the responsibility of the State only. Additionally, there were issues of the tax deductibility of contributions to a state operated entity that threw a cloud over philanthropy. Through 1980, no evidence is found of any community based commitment by any organization dedicated specifically to pediatric research and care.

The children's hospital component of the University Hospital was housed mostly in the Nicholson, Garrison and Bilstein buildings at N.W. 13th and Stonewall. Many claimed this facility dysfunctional, near impossible to navigate without a map and a guide. It was easy to get lost amongst the endless hallways that seemed to lead

nowhere. As will be later discussed, the history of these conditions are, in part, what motivated the formation of Children's Medical Research, Inc. the legal name of the organization now doing business as CHF.

Through the mid-1990's, the DHS's operation and management of the University Hospital continued to pile-up massive deficits threatening the survival of the hospitals. Some feared a shutdown of the entire University medical system inclusive of the Children's Hospital. Then a seismic change in the University Hospital landscape occurred. In 1993, the Oklahoma legislature passed the University Hospital Authority Act, creating the University Hospital Authority and the University Hospital Trust, both arms of the State. The purpose of the legislation was to transfer management and control of the University Hospitals, inclusive of Children's, from the DHS to the University Hospital Trust through the University Hospital Authority Trust, often now referred to as "UHAT."

In 1996-1997, "UHAT" negotiated and reached a historical, epic agreement with mega-conglomerate HCA Holdings, Inc., with corporate headquarters in Nashville, Tennessee, and its Oklahoma subsidiary HCA Health Services of Oklahoma, Inc. ("HCA" collectively). Summarily, this agreement called for a lease of the University Hospital from UHAT to HCA for a twenty-five year period. For this, "UHAT" was to receive $19 million and the University of Oklahoma $10 million, together with $9 million yearly plus a percentage of profits. The agreement

breathed new life into the Oklahoma University Medical System saving it from feared extinction.

Various HCA related agreements obligated HCA to operate the University Hospitals consistent with the industry standards of an "academic medical center." This term was specific to not only educational programs, but research programs as well. Initially, HCA'S operation brought the University Hospital out of the financial doldrums and the relationship while not perfect, at least satisfactory. Reaching into 2008, the so-called "adult side" of the University Hospital became desperate. The building itself known as the Presbyterian Hospital was in critical need of major renovation. Much of the physical facility had become non-functional and antiquated. In 2008-2009, through negotiations between the University of Oklahoma and UHAT, HCA agreed to build a new adult tower for the University. Recognizing that its lease would end near the end or shortly before termination of the joint operating agreement, HCA began to waffle on its commitment to build the new medical tower. Through this same period of time HCA also defaulted on its obligation to operate the hospital system as an academic medical center. Much of the financial support promised to support the hospitals as an academic medical center, inclusive of major research dollars and programs, over-time evaporated. As a result, the relationship with HCA became contentious and unsustainable. In fairness, HCA would probably see its history with the "UHAT" and the University

differently. On October 16, 2016, it was announced that the relationship would end with a "buy-out" of HCA. Initially it was believed that the St. Louis based SSM Health, owner of Oklahoma City's St. Anthony Hospital, would become the new operating partner. However, after almost a year of negotiations, this agreement fell through. As a result, the University and UHAT caused the formation of OU Medicine, Inc. ("OUMI"), in the spring of 2017, a non-profit 501(c)(3) entity charged with the mission of operating the University hospitals. It is reported that UHAT is the "sole member" of OUMI.

Recognizing the need for improvement of facilities on the Children's side, the Children's Hospital moved into newly renovated space in 2007. Later, with the incredible and generous $120 million support of UHAT, the complex as we now know it was completed in 2011, with the addition of the atrium and the Samis Education Center.

THE CHILDREN'S HOSPITAL FOUNDATION

The first organizational meeting for what originally was known as Children's Medical Research, Inc. (CMR), predecessor to CHF, was on December 2, 1982. This initial meeting was chaired by Dr. Clayton Rich, Provost of the Oklahoma University Health Sciences Center, and attended by well-known and influential community leaders including Jean Gumerson, Dannie Bea Hightower, and Dr. Geoffrey Altshuler, father of our own current board member Brooks Altshuler. The

minutes of this meeting reflect that with the approval of the Provost, the Health Sciences Center supported a proposed mission "that would raise funds for children's medical research." As Dannie Bea Hightower noted in this first meeting, the "funds raised . . . would be exclusively for research for children." Oral history passed on through the ages evidences that this then unique concept of a community based volunteer group centered on pediatric research was originated by Dr. Altshuler and Jean Gumerson who recruited others to the cause. The historical lesson is clear. With the support of the Health Sciences Center, pediatric research would be the mission of the to be formed entity. There is no known history of any organization in the United States similar to that of CMR.

Seeded with a gift of $250,000 from James Paul and Ann Linn in 1983, the first Articles of Association for Children's Medical Research, Inc. were formed with Linn as President, and Jean Gumerson as administrative vice-president. In October, 1999, Linn, Gumerson and Altshuler would be honored as Founders of our organization. By today's standards, the initial wave of fundraising was modest but historically significant. By 1984, CMR had established its relationship with the Children's Miracle Network (CMN) and in the first telethon, $294,957 was raised. This was followed by a gift from the C. R. Anthony Company of $100,000 to begin the establishment of an endowed chair in pediatric pulmonology. This gift was the beginning of the endowed chair program that still exists today. The historical lore

is that the endowed chair program for pediatrics was the brainchild of a Altshuler/Gumerson collaboration. As fostered by Altshuler/Gumerson, the intent of the endowed chair program was to create a nationally recognized pediatric department within the Oklahoma University Medical System by recruiting the "best and the brightest," nationally known and recognized doctors/researchers/clinicians to the State of Oklahoma providing a platform for pediatric research by way of an endowment. In short, CMR's Founders believed that research was the critical tool for the improvement of pediatric care and by building endowed research opportunities, "they will come." As our history shows, they did.

In 1988, CMR set a goal to endow four $1 million chairs by the end of 1993. In 1989, the Hobbs-Recknagel Chair was funded followed by the Kimberly V. Talley Chair in Genetics, and the C. R. Anthony Chair. In 1989, CMR took its first advantage of the Oklahoma State Matching Funds Program that allowed the State to "match" contributions made by CMR. Matching fund program dollars were leveraged four-fold by CMR's strategy of soliciting major donors with CMR itself matching the donor-contributed dollars. Thereafter, the State would match the sum of CMR's match and donor contribution. Fundraising skyrocketed with this strategy. With these additional funds, CMR reordered its priorities announcing a goal of enhancing the chair endowment from $1 million to $2 million.

In 1997, the CMR board voted to re-name CMR to the Children's Medical Research Institute (CMRI). This was seen as necessary to elevate "the brand" and the primary mission of research, especially since the endowed chair program was achieving remarkable success with the recruitment of Dr. William Meyer, Dr. James Royall, and Dr. Terry Stull. Attached hereto is a bullet point presentation chronicling the development, funding, and recruitment of each of the thirty-three chairs along with a more detailed history of the organization. It is a history of significant achievement.

In 2011, the newly constructed Children's Hospital opened its doors for patients. In 2016, again intended to elevate the mission's brand and identify with the new Children's Hospital, CMRI filed bylaws with a new moniker "Children's Medical Research, Inc., d/b/a Children's Hospital Foundation," known generically as "CHF."

As of 2018, CHF and its predecessor organizations have raised over $129 million and endowed and funded 36 chairs, many with associated programs, for the research and care of children. Today, the Children's Hospital sits on the edge of regional if not national prominence.

PRIORITIES

Establishing the organization's priorities, however, is not intended to exclude any project or program determined by the Board to further the cause. CHF and its

predecessor entities have always been open to considering any project or proposal that advances the cause of children's health and care. There are many examples of this in the CHF history. In the early 1990's there was board debate, even disagreement, over whether CMRI should fund "programs" proposed by endowed chair holders because some proposed programs were not technically research oriented. Nonetheless, the Board approved funding of these proposed programs to give needed support to CMRI chair holders. Indeed, in the past there were many examples of CMRI's funding equipment purchases and non-research endeavors seen as necessary to support not only the endowed chair holder, but the Department of Pediatrics in general.

1984 to present: Children's Hospital-$387,712 and OUHSC Department of Pediatrics-$23,785,495

- Research/Equipment/Bridge Funding/Program Grants - $24,173,207

Equipment Purchase Examples: DNA Sequencer-$635,566/Diabetes Equipment-$1,032,011/NICU-$70,450/ ECMO-$20,789/Sedation Equipment-$25,171

- Pediatric Program Support - $2,356,085
- Establish Research Programs and Fellowships - $1,000,842
- Scholarships - $270,500
- CHF Chair Funding - $32,556,950
- State Chair Match - $27,981,391

- State Pending Match - $6,025,440

It should also be noted that establishing priorities at this time is not intended to eliminate any other projects or works previously prioritized or emphasized. This would only be an injustice to previous commitments.

In the past, fundraising for the Pediatric Department and the hospital in general was seen as impeded by the fact that the University's operating partner was a "for profit" nationally known conglomerate, HCA, that managed and operated hospitals nationwide. Many prospective donors simply did not want to make and could not make a tax-deductible contribution to entities owned by the state and operated by a publically traded "for profit" organization. Other donors were not interested in making a gift "to the state" as income taxes collected by the state could be appropriated for pediatric health care needs if the legislature was so inclined. These notions became even more problematic when HCA fundamentally floundered on its promise to operate the University Hospital System as an academic medical center. The funding of some projects not precisely within the strict interpretation or meaning of CMRI's mission were deemed by the Board necessary to this end, and pediatric care and health. CHF and its predecessors were a perfect vehicle for prospective donor concerns. Contributions and gifts to CHF were and are tax deductible, and in many instances, CHF was willing to step-up and fill the void.

Now, the fund raising landscape has dramatically changed with the formation of OUMI. The University's new operating partner is a non-profit 501(c)(3) entity to which contributions will be tax deductible. Many believe major fundraising efforts will not be seen as impeded or limited as once was the case with a "for profit" entity operating the hospital.

This memorandum is not intended to be a proposal of "negotiating strategy." However, it is anticipated that possibly by the Spring of 2019, if not before, discussions will be held with OUMI concerning a potential relationship with CHF. Such need for discussion is understandable. CHF has a history of remarkable fundraising success supported by an extremely competent Executive Director, staff, and a well-developed and loyal donor base. CHF has a demonstrated track record and capability of successful outreach to the local and state community for support of the pediatric cause.

To initially evaluate the issue of a relationship with OUMI, President Chip Keating and Past President Joe Lewallen convened a meeting with the past Presidents of the organization on May 17, 2018. The meeting, attended by all past Presidents living, was lengthy and as expected spirited with a wide variety of views expressed. A few presidents wanted no relationship with any state affiliated entity, new 501(c)(3) or not. These Presidents saw beauracratic entanglement and politics as possibly suffocating the CHF mission and compromising our independence.

Others questioned the University commitment to pediatrics especially with the announcement of construction and renovation of a new "adult tower" at such great cost. Several favored CHF expanding its mission to include the building of a children's hospital with St. Jude as the model. Still others favored establishing some form of a relationship if only to preserve what CHF has worked so hard to achieve for 35 years. We should keep in mind that UHAT stepped-up with $120 Million to build a new Children's Hospital complex which is a gem, and through OUMI, $28 Million was provided to establish a Pediatric Intensive Care Unit. In the end however, the past presidents concluded that (1) these matters were for the current board's decision and (2) CHF should at least have an open ear toward a relationship with OUMI.

To hold any meaningful discussion with OUMI it is only appropriate that CHF at least preliminarily determine its own priorities if CHF is to forge a bond with OUMI. Simply put, what specifically does CHF want to accomplish through any relationship with OUMI. Without intending to limit any consideration of the issue, perhaps the CHF history is instructive as to CHF priorities.

After interviewing 17 of the endowed chair holders, the board, our consultant Gene Hopper of the Mettise Group, and past presidents there is an emerging consensus that the Endowed Chair Program is in urgent need of attention. Granted while there appears no need at this time to establish additional endowed chairs, there

are however compelling facts evidencing that the CHF chairs are in legitimate danger of at least compromise, perhaps extinction. Troublesome is the fact that of the fully funded thirty-six (36) chairs, 15 chairs are unfilled. Retirements and departure of endowed chair holders is concerning. Over the course of the year, 10 of our doctors have either retired or left the department, notably Drs. Stull, Mulvihill, Copeland, Escobedo, Tuggle, Wierenga, Turman, Royall, Wolraich, and Bonner. According to Dr. Gessouroun's report to the NAB, possible other retirements within the next five (5) years include Drs. Chernausek, Darden, and Meyer.

Problematic is the specialty of Hematology/Oncology. Within the foreseeable future Dr. William Meyer, who holds the Ben Johnson Chair will most likely seek retirement. There is no succession plan known to replace this valued doctor who has taken the Jimmy Everest Cancer Center to extraordinary heights. Of the five fully funded Hematology/Oncology chairs, only two are filled, Dr. Meyer, and Dr. Kimble Frazer who holds the E.L. and Thelma Gaylord Chair. The Bobby Mercer Family Chair, the Tripp Lewallen Chair, and the Inasmuch Foundation Chair all remain unfilled. Stated another way, the total CHF funded research endowment is over $10 million in Hematology/Oncology with only approximately $4 million in the hands of doctors.

Across the board, there are 13 specialties fully funded but with no doctor to conduct any pediatric research.

There is an expressed level of frustration by many of the chair holders as to the commitment of the University, College of Medicine, the Department of Pediatrics, and the State in general to the Endowed Chair Program and pediatric research. Some of this of course started in 2008 when the Oklahoma Legislature ended the matching funds program. This was a significant blow to CHF fund raising. It was widely known that a former Dean of the Medical School was openly less than enthusiastic as to the Endowed Chair Program, and that even the former President of the University was not a "fan" of the program as CHF was seen as competing with the University for donor dollars. The on-going transition to OUMI as the new operating partner is taking its toll. One of the CHF chair holders now describes himself as being so immersed in administrative red tape that he has little time to take advantage of the CHF endowment. This same chair holder expresses frustration with the lack of recruiting commitment on the part of the College of Medicine or any real desire to compete in the market place for the "super stars" of pediatric research. In August, 2016, a funding partnership was announced between the Tobacco Settlement Endowed Trust, and the University with a combined investment of $2.2 million to recruit three externally funded pediatric cancer research physicians. This partnership would have directly benefited the Jimmy Everest Center cancer research program. This effort was foiled. Circumstances such as the above do little to elevate the morale of CHF chair holders. Further

complicating the equation is the fact that OUMI is faced with retiring a debt slightly over $1 billion. In this regard, another shadow was cast over the endowed chair program at the recent October 1 meeting of the National Advisory Committee. At this meeting, Jon Hayes, Chief Executive Officer of Children's Hospital, and CHF Board member stated that future strategy called for OUMI to drive revenue to retire debt through focused increases in clinical practice revenue. Hayes went on to state that future profitability would hopefully fund research. Hayes candidly advised that it would be five years before hospital operations would be sufficiently profitable to fund research. Understandably, the debt deserves high priority, the ultimate expense of which is felt by many to be the Endowed Chair Program, at least as it presently exists.

Over the past 35 years, CHF has enjoyed a close relationship with the Department of Pediatrics. Nonetheless, CHF does not ultimately control the business plan or strategies of the Department, the College of Medicine, UHAT, OUMI, or the University. Having so observed, most board members believe that "doing nothing" is not an option.

Out of all of this, a simply stated course emerges. The CHF board should consider as its immediate priority the support of its Endowed Chair Program, and its chair holders. Additionally, most all believe discussions should be had with OUMI

to explore a pathway to preserve the program and explore the terms and conditions of a relationship in some form with OUMI.

There is good reason to this approach. Our history and mission, indeed CHF's legacy, has always been to prioritize in some form the Endowed Chair Program. By Board resolution, prioritizing support of the Endowed Chair Program is consistent with our thirty-five year history.

There are other compelling reasons supportive of this view. CHF has a commitment to its donors. Many good Oklahomans have spent decades and millions of dollars supporting pediatric research through the Endowed Chair Program. Many have very personal reasons for this generous philanthropic support. To now step away from the program is a disservice to donor commitment and CHF's own obligation to support the chairs. CHF has a commitment to the chair holders. CHF and the University have a written contract with each of the chairholders pledging our support for their chair and research program. Moreover, these "super-stars" of their respective specialties were recruited to this state and school with the promise of our support for their own particularized efforts – Dr. Bill Meyer from Tennessee, Dr. James Royall from Texas, Dr. Terry Stull from Seattle, Dr. John Mulvihill from Pennsylvania, Dr. Ken Copeland from Texas, and on and on. In prioritizing support of the Endowed Chair Program, CHF only restores its commitment to its history, its mission, its donors, and its chairs.

Prioritization of the Endowed Chair Program is consistent with statements made by the new President of the University of Oklahoma concerning his vision of the future of research at the University. On September 18, 2018, President Gallogly in speaking to a breakfast hosted by the Oklahoma University Health Sciences Center stated that his goal is to double research investment in the next five (5) years with the objective being to bring the best and the brightest to the University. This mission was only later affirmed by Kyle Harper, University Provost, on September 26, 2018 in remarks to the OU Center for Intelligence and National Security. The statement by both the President and his Provost is aligned with the apparent philosophical consensus of the CHF board.

The question is fairly asked – in what form does this prioritization take, how is this prioritization put into action. This admittedly is not an easy question to answer and is one that in the end requires Board action.

One observation has surfaced in reviewing the Endowed Chair Program – there is no one "silver bullet" that provides a quick fix for all problems. Unfilled chairs exist in some specialties, not in others. Some believe that chairholder endowments need to be increased in some specialties, but are adequate in others. Recruiting in some specialties is problematic but not so much in others. In charting the CHF path forward, attention should be given to each chair and respective specialty. It would seem that the most efficient way to address these issues is

through the formation of an ad hoc committee consisting of board members, others deemed necessary and volunteers to convene to analyze the issues and make recommendations to the Board. Not to the exclusion of any are the following topics raised by many that could be utilized to implement their prioritization.

1. Recruiting.

Recruiting is justifiably considered difficult and complex for numerous reasons. A confluence of unfortunate events have hampered recruiting efforts. The State Legislature slashed budgets for higher education. The after effect was felt by the entire University community. There was among many the perception of a lack of institutional commitment and support for research that trickled down from the past President to the Department itself. So-called 'start-up packages" and salary levels in some specialties were seen as non-competitive hindering recruitment. The rift between HCA and the University was seen as a negative in the marketplace and the HCA buy-out created further uncertainty in the marketplace as to what entities would operate the hospital system. Additionally, the market for the top doctors in some specialties is perceived as shrinking. There are simply fewer candidates to recruit. Dr. Stull's departure, the retirement of Dr. Dwayne Andrews as Provost, and the absence of a Dean for the Medical School were all events seen as disruptive to the recruiting efforts.

Many believe recruiting to the chairs unfilled is of immediate importance. Thirteen chairs are fully funded, and unfilled. The board consensus is that this deficiency deserves to be promptly addressed and remedied. Many believe that, as recommended by the 2014 and 2018 NAB that a Vice-Chair of Research be established and recruited with the principal mission to ensure that the highest quality, nationally recognized researchers are recruited to the CHF chairs. This has been echoed by the OUHSC Provost as well as the Chariman of the Department of Pediatrics. Drs. Mulvihill, Copeland, Escobedo, Meyers, and Stull are the gold standard for chair candidates. There is a view expressed by some that it is not necessary to have such "star quality" as chair holders and that the principle consideration should be given to doctors that can immediately drive revenue. This issue needs discussion and resolution.

Subsumed within recruiting is the corollary issue of succession planning. The chair ranks have been disseminated by retirements and departures. Dr. Gessouroun expects a number of other retirements within the next five years. Notably among the expected retirees is Dr. Bill Meyer. Succession planning and recruiting needs to be considered for the Ben Johnson Chair as well as others.

CHF can have a significant impact on recruiting. Historically, CHF's financial support of the chair program has been toward the research component of the program desired by the chair holder. The University took on the responsibility

of funding the chair holder's salary and hard costs of the chair holder's so-called "start-up package," i.e., space, labs, equipment and the like. With CHF resources and fundraising capacity, the ad hoc committee could consider financial support of not only the expenses of recruiting, but enhancing the "start-up package" and salaries offered to the candidate to make offers competitive on a national scale. The ad hoc committee could also consider collaboration with UHAT, and donors to further elevate support for the recruitment package aimed at attracting the "Meyers, Copelands and Mulivhills" to the University. This was done once, it can be done again.

In prior years, CHF and its predecessor organizations focused on "research" as a means to further its mission. "Research" is a term that has been rather loosely used through the years but is broken down essentially into two components:

a. CHF has recruited nationally prominent "clinician/researcher" physicians who provide both clinical practice and the more traditional "bench" or "laboratory" physician investigation. Examples of successfully recruited clinicians/researchers are Doctors Stull and Meyer.

b. CHF has also successfully recruited the more traditional "research physician" excellent examples being Drs. Sanjay Bidichandi, David Bard, and Ted Wagener.

There is a view amongst some chairholders that with the successful recruitment of prominent clinician/researcher physicians, the nationally recognized researchers will be attracted to the program or specialty section. CHF has the tract record proving this strategy works. The Board may want to give attention to an initial strategy of increased recruitment of clinicians/researchers as this strategy may be more compatible with the anticipated revenue driven goals of the newly formed entity.

2. Increase the Chair Endowment.

There are widely differing views on the topic of increasing the endowment of the chairs, which have historically ranged between one (1) to three (3) million dollars. Some advocate a "mega-chair" in each specialty. Others say the chair size should meet nationally competitive standards, whatever that might be. Still others advance the position that it is not necessarily the size of the chair endowment that attracts the "super-stars" but rather the opportunity to design and implement their own research programs in an independent creative fashion.

CHF has the capability of supporting all of the above if it so choses.

3. Chair Consolidation and Realignment.

Several are of the view that unfilled chairs should be consolidated in some fashion. Reasons supporting such a consolidation are that the chairs endowment is increased and it eases recruitment. Others are strongly opposed to consolidation

arguing it may be contrary to donor intent and purpose, and is seen as a step backwards in building quality depth in the major specialties.

Still others suggest unfilled chairs should be re-aligned or shifted into specialties not originally donor designated. This path involves serious issues of donor intent and institutional needs. There are some specialties, pediatric cardiac surgery being a prime example, that are outside the Department of Pediatrics, but which nonetheless provide significant care and research for children. Dr. Harold Burkhart has recruited and built a remarkable team of pediatric surgeons that is the number one revenue generator at Childrens. There is only one CHF chair in this specialty which lies outside the Department of Pediatrics. Perhaps the Board should consider shifting or establishing chairs outside the Department of Pediatrics.

4. Legislative Initiative.

From the State Matching Funds Program, the State owes CHF some $6 Million. While Board member Jason Nelson concedes it is a long-shot, he proposes an effort to retrieve these monies through legislative/lobby efforts. This initiative would be worth analysis and consideration by the ad hoc committee.

These are but four topics the ad hoc committee could discuss in directing a strategy of implementing prioritization of the CHF chair program. There may well be others.

One last observation should be made from discussions had with all. There is an element of concern that the CHF prioritization of the chair program would be at odds with OUMI's need to drive revenue to retire a debt of $1 Billion. The ad hoc committee could address this issue evidencing the case that both objectives are not mutually exclusive and can in effect be harmonious.

On November 1, 2018, the NAB issued its report to the CHF Board, a copy of which is attached. Each of the recommendations of the NAB need careful attention by the ad hoc committee.