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blountmemorial.org

June 20, 2022

Clint Abbott, Mayor
City of Alcoa
223 Associates Boulevard
Alcoa, TN 37701

Ed Mitchell, Mayor
Blount County
341 Court Street
Maryville, TN 37804

Andy White, Mayor
City of Maryville
400 West Broadway
Maryville, TN 37801

Re: Blount Memorial Hospital, Incorporated – CEO Appointment

Gentlemen:

This letter responds to your correspondence dated June 13, 2022 with questions you raised regarding the appointment of a new Chief Executive Officer by the Blount Memorial Hospital Board of Directors. Your letter raises two main concerns: (1) whether proper public notice was given for a special called meeting of the Board of Directors, and (2) whether the Board's selection process complied with the Bylaws of Blount Memorial Hospital.

As you may be aware, Blount Memorial Hospital currently faces significant strategic and financial challenges. These challenges have resulted from the effects of the pandemic and other factors affecting the hospital industry. For the past several months, the Board of Directors has evaluated these challenges and what Blount Memorial Hospital's strategic plan should be to address these circumstances. Part of Blount Memorial Hospital's strategic evaluation has included succession planning. In considering the appropriate strategic plan going forward, the Board has been mindful of the need for a CEO who will be able to oversee the successful execution of a strategic plan over the next several years. The appointment of a new CEO became a critical part of the Board of Directors overall strategic analysis. Under the Tennessee Open Meetings Act, these types of strategy sessions of the governing body of an entity covered by the Act are exempt from the open meeting requirements.

The Bylaws of Blount Memorial Hospital set out the criteria for the selection of the Chief Executive Officer. The selection process used for the appointment of Mr. Heinemann's successor substantially complied with the substantive provisions contained in the Bylaws for the selection of a new CEO including interviews with potential in-house candidates. The Executive Committee of the Board of Directors (myself and David Pesterfield) interviewed various members of Blount Memorial's senior management including Jonathan Smith, Chief Financial Officer, Cory Everett, Assistant Administrator, Clay Puckett, Chief Information Officer, Joe Newsome, Chief Nursing Officer, and Dr. Harold Naramore, Chief Medical Officer and Chief Legal Officer.

Robert Redwine
President of the Board

David Pesterfield
Vice President of the Board

Dr. G. Harold Naramore
Chief Executive Officer

Medical Staff

Dr. Daniel Hunter
Chief of Staff

Dr. Daniel Dorgan
Vice Chief of Staff

The Board of Directors in executive session met on five different occasions during the CEO selection process. In evaluating the recommendations made by multiple members of senior management endorsing Dr. Naramore, the Board valued the fact that he has been employed by Blount Memorial Hospital since 2009 and has served as both the hospital's Chief Medical Officer and Chief Legal Officer. The Board valued Dr. Naramore's deep familiarity with the hospital's business operations and policies, his knowledge of the hospital medical staff, and his knowledge of the regulatory environment in which the hospital operates. The Executive Committee also assessed the need for a CEO whose anticipated tenure would be consistent with the time horizon expected for the development and execution of a strategic plan. The Executive Committee determined that Dr. Naramore was the best candidate and made this recommendation to the Board of Directors. Given the Executive Committee's comfort level with Dr. Naramore, external candidates were not solicited or considered nor was a search firm engaged.

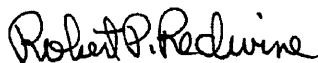
An open meeting of the Board of Directors was held on June 9, 2022 to consider the recommendation. A notice of that meeting was sent to *The Daily Times* for publication but, for reasons not known at the moment, the notice was not published. After considering the Committee's recommendation, the Board voted to offer the CEO position to Dr. Naramore. Dr. Naramore's compensation arrangements as CEO do not become effective until July 1. Given that the public notice was not published in the *The Daily Times* the Board will vote at its regularly scheduled Tuesday, June 28, 2022 meeting to re-affirm Dr. Naramore's selection as Blount Hospital's CEO.

Although Blount Memorial Hospital faces immediate financial and operational challenges, the strategy for dealing with those challenges goes far beyond the hospital's balance sheet and income statement. The adjustments which are likely to be necessary will involve a comprehensive level of planning, strategy and oversight. Dr. Naramore's broad experience with virtually all facets of the hospital's operations provides the best background for the strategic plan to be successfully developed and implemented. Dr. Naramore's proven ability to execute plans and directives will be a critical asset as the hospital moves forward.

I trust that this letter addresses the questions posed in your June 13, 2022 correspondence. As you no doubt will understand, the context in which the new CEO appointment has been made involves sensitive information which must be handled accordingly. Certainly, the last thing that any of us would want to see is any action which undermines the public's confidence in the quality of medical care provided by Blount Memorial Hospital and its staff.

Very truly yours,

BLOUNT MEMORIAL HOSPITAL, INCORPORATED



Robert P. Redwine
President of the Board
(on behalf of an unanimous Board)

cc: City of Alcoa Board of Commissioners
Blount County Board of Commissioners
City of Maryville Council Members
President Bryan Coker, Maryville College