

# Legacy DMC

April 15, 2015

Mr. William R. Bloomfield  
Michigan Department of Attorney General  
Corporate Oversight Division  
Charitable Trust Attorney

Dear Mr. Bloomfield:

The purpose of this letter is to confirm compliance with Article 4 of the Monitoring and Compliance Agreement among the Department of Attorney General, Legacy DMC, VHS of Michigan, Inc. and Vanguard Health Systems, Inc. This agreement supplements the Purchase and Sales Agreement (PSA) and defines various requirements relating to the Post-Closing Covenants contained in the PSA. (Tenet Healthcare Corp. acquired Vanguard Health Systems, Inc. in 2013; VHS of Michigan is now a wholly-owned subsidiary of Tenet.)

#### ARTICLE 4 – “Legacy DMC Corporate Structure”

This article contains eight specific governance requirements as discussed below:

**Items A and C** require Legacy DMC to submit its Articles of Incorporation and Bylaws to the Attorney General promptly before closing after making appropriate changes to reflect its obligations under the Monitoring Agreement. Legacy DMC made the necessary modifications, submitted its documents, and received the approval of the Attorney General before closing. A procedural issue associated with the Articles was subsequently identified and the necessary revision submitted for consideration.

**Item D** stipulates that the Attorney General must approve all changes in Legacy DMC's Articles of Incorporation or Bylaws for 10 years after closing. During 2014, no changes were proposed.

**Item E** establishes certain governance criteria, including the number of trustees (at least 11 and not more than 20), provision for appointment of three trustees (one each by the Mayor of the City of Detroit, the Wayne County Executive, and the Attorney General of the State of Michigan), and staggered three-year trustee terms starting in 2017. Legacy DMC presently has 19 trustees (see Attachment) including the appointees representing Detroit (Ms. Patti Kukula), Wayne County (Mr. Marcus Ivery) and the State (Ms. Candyce Abbatt). Legacy DMC's Nominating Committee will identify candidates who meet the criteria contained in this item to fill open positions, if necessary.

**Item F** states that the President and Chair of Legacy DMC will oversee Vanguard's capital expenditure and hospital commitments. Legacy DMC's Chair, Mr. Richard Widgren, and President, Mr. Joe Walsh, provided this oversight.

**Item H** establishes certain requirements relating to Legacy DMC representation on the VHS of Michigan Advisory Board, the individual DMC hospital advisory boards, and the Vanguard Health System, Inc. Board. It also stipulated procedures relating to potential conflict of interest situations and compensation. The status of these matters is as follows:

*i.* At its December 2010 meeting, the DMC Board appointed six representatives to the VHS of Michigan Advisory Board and the hospital Advisory Boards; these representatives receive no compensation. At the same time, the DMC Board nominated a representative to the Board of Vanguard Health Systems, Inc. This representative served as a director until September 2013, when Tenet Healthcare Corp. completed its acquisition of Vanguard. Requirements relating to the compensation related to this position have been met.


*ii.* No matters considered by the Legacy DMC Board have required a recusal of these members relating to a potential conflict between the interests of Legacy DMC and other entities.

**Conclusion**

Legacy DMC believes the requirements of Article 4 have been met for 2014, the fourth year of the Agreement. Previous reports have provided a final status on Items B, G and H iii. Subsequent annual reports will provide updates on the open requirements.

Sincerely,

  
Joe Walsh  
President

  
Richard Widgren  
Chair

Cc: Mr. Trevor Fetter  
Mr. Joseph Mullany

# Legacy DMC

## BOARD ROSTER

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Life Beyond Barriers  
(Subsidiary of Urban Science)

**Candyce Abbatt**

Department of Attorney General

**John M. Barnwell MD**

Chief of Surgery and Surgical Services  
Sinai – Grace Hospital

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Vice Chair  
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