

**REPORT OF THE ATTORNEY GENERAL,
CHARITABLE TRUSTS UNIT
REGARDING NORTH COUNTRY HEALTHCARE, INC.**

May 28, 2026

**OVERVIEW OF CHARITABLE TRUSTS UNIT'S REVIEW AND
FINDINGS**

During the past two years, North Country Healthcare, Inc. (NCH) made a series of significant operational and board governance decisions which raised stakeholder scrutiny including from the Weeks Medical Center (WMC) board and NCH community at large.¹ In November 2025, the Charitable Trusts Unit (CTU) informed NCH that it was conducting a review into five areas: (1) the accuracy of information NCH provided CTU, and the community, regarding NCH's notice to patients about the termination of NCH's relationship with Dr. Elizabeth Cooley and NCH's recruitment efforts for primary care healthcare providers; (2) NCH's compliance with governing documents relative to proposed changes to the composition of affiliated hospital boards; (3) NCH's contracting process for revenue cycle management services and, in particular, claims that NCH fiduciaries had undisclosed conflicts of interest; (4) the substantial turnover on the WMC board; and (5) the NCH board's process in determining compensation for executive officers.

CTU conducted more than 20 stakeholder interviews, including past and present board members and executive leadership. In October 2025, CTU met with a group of approximately eight NCH patients (concerned patient group), Senator David Rochefort, and NCH executives at WMC in Lancaster and, in January and February of 2025, CTU attended two listening sessions conducted by NCH in Berlin and Lancaster. CTU also issued requests for information to which

¹ NCH is a § 501(c)(3) tax-exempt charitable healthcare system comprised of three affiliated hospitals and one home health and hospice agency. Per RSA 7:21, II(a), NCH is subject to the oversight of the New Hampshire Attorney General, acting through the Director of Charitable Trusts.

NCH provided written responses in a timely manner and produced over 2,000 pages of responsive documents.

In short, CTU has found that NCH's governing board and management breached their fiduciary duties insofar as they failed to follow the appropriate bylaw process for terminating the employment of former WMC Affiliate President Mike Lee and in failing to recruit and appoint a full-time, permanent replacement WMC Affiliate President. These actions directly led to a substantial number of resignations by WMC's board thereby calling into question the validity of a WMC board affirmative vote to substantially alter NCH's governance structure. CTU did not find legal violations as to the other issues reviewed.

At the end of this report, CTU sets forth a series of recommendations that NCH has agreed to adopt as a critical step in proving to the NCH community that it has truly heard the widespread criticism, acknowledges that significant missteps were made, and commits to being more transparent and communicative in the future.

NCH's communication failures are not unique in New Hampshire's healthcare system. Rather, over the last two years, CTU has observed communication issues becoming more common and the source of complaints to state regulators. The relationships between healthcare organizations and New Hampshire communities are personal and unique. Continued fractures in those relationships from failures in communication will cause substantial and long-lasting negative consequences for New Hampshire citizens. While this Report focuses on NCH, it is CTU's goal that the issues addressed within this Report, including the need to adhere to governing documents, the fiduciary responsibilities of board members and management, and the necessary communications between a healthcare organization and stakeholders regarding

significant decisions, can serve as a guidepost for all healthcare organizations operating within this state.

FACTUAL BACKGROUND

A. NCH's Formation

In 2014, the financial challenges of operating rural hospitals resulted in the affiliation of four North Country critical access hospitals: Littleton Regional Hospital, Weeks Medical Center (WMC), Upper Connecticut Valley Hospital (UCVH), and Androscoggin Valley Hospital (AVH), with NCH serving as the parent organization. Generally stated, NCH's mission is to establish an integrated regional healthcare system among the Affiliates;² to preserve the ability of each Affiliate to provide its core services; to align the Affiliates' missions, clinical services, and economic interests; and to develop a highly coordinated healthcare network that will improve the quality, increase the efficiencies, and lower the costs of healthcare delivery in the communities the Affiliates serve.

B. Organizational Bylaws

Per NCH and each Affiliate's bylaws, which are structured in largely the same manner, each Affiliate hospital retains its own governing board separate from NCH, and each has a chief executive officer with the title of President. The bylaws set out the Affiliate President's duties and responsibilities. The Affiliate President must report to the NCH Chief Executive Officer (CEO) on matters ceded to NCH and to the respective Affiliate board on matters reserved for the Affiliate board.

NCH's governing board consists of 16 total voting members, many of whom are nominated by the Affiliate boards. The Chair of each Affiliate board is also an ex-officio voting

² In 2017, North Country Home, Health and Hospice Agency (NCHHH) joined NCH and, in 2019, Littleton withdrew from the affiliation, leaving WMC, UCVH, and AVH as the three remaining "Affiliate" hospitals.

member on NCH's board. In turn, NCH's CEO is an ex-officio non-voting member of the Affiliate boards. The NCH and WMC bylaws categorize certain issues into "Major Organizational Matters" or "Major Operational Matters" with shared decision-making authority on these issues. Depending on the issue, the bylaws limit who may initiate the decision-making process (i.e., NCH or the Affiliate or either) as well as require certain majority affirmative votes by the NCH and Affiliate boards (e.g., some decisions may require a simple majority while others require a two-thirds majority vote by the pertinent boards).

Major Organizational Matters include, among others: amendments to NCH and Hospital articles or bylaws; election of NCH's Board of Directors; election of Hospital Directors; appointment or removal of NCH's CEO or CFO; and as discussed in detail below, appointment and removal of an Affiliate President.

C. Financial Effects of NCH Affiliation

The hospital Affiliates' financial standing has improved significantly since NCH's formation. Compared to their pre-Affiliation status, each hospital Affiliate's balance sheet and net operating income have strengthened, with considerable improvements occurring since 2022. Likewise, based on their functional expense data, the hospitals continue to spend most of their funds on providing healthcare services, not administrative overhead. The amount of charity care provided by each hospital Affiliate has also steadily increased each year since the affiliation, with substantial increases since 2022. Altogether, the financial metrics indicate that NCH is a healthy, economically viable healthcare system notwithstanding the governance challenges and other missteps discussed in this report.

Indeed, irrespective of the present criticisms subject to this review, virtually all stakeholders agreed that the affiliation itself should remain in place, as NCH has achieved a core goal of bringing a level of financial stability to the Affiliates. Of course, it is not possible to

isolate the specific impact of the NCH affiliation on the Affiliates' financial status, as too many variables are involved including the COVID-19 pandemic. Nonetheless, considering the overall financial trends in healthcare and the improved status of each Affiliate hospital since 2015, it is reasonable to conclude that the Affiliates are better positioned together than separate.

D. Need for Additional Independent Audit

When CTU met with the concerned patient group, they requested an external audit of NCH. To the extent such a request referred to a financial audit, CTU notes that, as healthcare organizations, NCH's and each of the Affiliates' finances are subject to independent review and in-depth regulatory scrutiny on an annual basis.³ In addition to their annual Form 990 filing with the Internal Revenue Service (IRS), each entity is statutorily required under RSA 7:28, III-b to submit to CTU an independent audit that complies with Generally Accepted Accounting Principles (GAAP). These documents are publicly available. Auditing standards require the auditor to conduct an independent, skeptical assessment of the evidence and to conclude whether there are any conditions that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time. The Affiliate hospitals' independent financial audits indicate no such concerns.

Furthermore, CTU's financial investigator, a certified public accountant, reviews the annual reporting (including Form 990 and audited statements) of each charitable hospital in New Hampshire as part of CTU's independent oversight role. CTU's financial investigator reviewed NCH's and each Affiliate's financial documentation as part of this review. Considering the number of independent financial audits to which the Affiliates are already subjected and, given that CTU's investigation revealed governance rather than financial concerns, CTU found no

³ To the extent the concerned patient group's request was for a substantive audit of the issues raised, this review is the proper mechanism and CTU's statutory and common law authority is explained in detail within this report.

basis to support the concerned patient group request for an additional independent financial audit.

E. March 2019 Leadership Change at NCH and Impact on Local Hospital Boards

The precise approach through which NCH is to create a cohesive healthcare system is not mandated by its governing documents. As such, NCH's approach has evolved since the initial affiliation. Stakeholders who were part of both the affiliation discussions and NCH's early years explained to CTU that NCH's initial management model was decentralized. That is, at the outset, NCH operated with a lean staff consisting of then-Chief Executive Officer Warren West (who had been Littleton's President), then-Chief Financial Officer Russ Keene, and two assistants. To begin to integrate the system's operations, each Affiliate's President was assigned to supervise a major function of NCH's overall operations, limiting the number of executives working directly for NCH.

In 2018, the NCH board terminated Mr. West's employment, and, shortly thereafter, Littleton withdrew from NCH. In March 2019, the NCH board hired Tom Mee to serve as NCH's new CEO. Under Mr. Mee's leadership, NCH began to centralize executive functions whereby NCH hired executives to work directly for NCH to oversee operations such as finance, human resources, IT, nursing, and quality assurance. Executives were no longer hired for a dual role at NCH and an Affiliate. By 2025, NCH's leadership consisted of 10 executives. Although the change to this model was driven by NCH management, NCH board members agreed that NCH was more likely to obtain efficiencies and implement standard processes through a centralized model.

The evolution to a centralized model, however, began to cause friction with some of the Affiliate hospital boards. Some Affiliate board members felt displaced and believed that functions transferred to NCH, such as quality assurance and ethics, were best kept local. As

noted above, while the governing documents did not prohibit NCH from adopting a centralized model, it is evident that NCH failed to properly communicate its intentions on restructuring to key stakeholders so that the Affiliate boards and local management could support, or at least understand, the reasoning behind NCH's changes. Thus, as NCH began to grow and standardize, some of the Affiliate board members were not prepared for the change. In turn and as perceived by the WMC board, some of NCH's leadership and board began to view Affiliate board members who raised questions about changes as obstacles.

NCH and the Affiliate boards attempted to work through their communication issues, but improvements proved to be short lived. Notably, in 2022, the WMC and UCVH boards independently hired legal counsel to raise issues regarding NCH management and compensation. NCH retained a consultant to facilitate communications between the respective boards, but, even in recent meetings with CTU, NCH management expressed a view that WMC's and UCVH's actions were disloyal. Furthermore, one NCH board member expressed that, while the consultant helped to alleviate communication deficits, certain Affiliate board members would never be satisfied because of fundamental opposition to centralized functions. At the same time, former WMC board members told CTU during interviews that, despite asking direct questions to NCH's CEO and CFO, they were never provided documentation to verify NCH's claims that centralization of executive functions was, in fact, resulting in financial savings for the Affiliates.

F. April 2024 Termination of WMC Affiliate President, NCH Appointment of Interim President, and Resignations from the WMC board.

In August 2016, Mike Lee became WMC's Affiliate President. Interviewees described Mr. Lee as having a close relationship with the WMC board, and they also described a clear tension in WMC board meetings between Mr. Lee and NCH CEO Tom Mee, particularly after the WMC board's 2022 retention of legal counsel. In early April 2024, Mr. Mee decided to

terminate Mr. Lee as WMC President based on performance concerns, and, on April 5, 2024, Mr. Mee sent the following email to the NCH board's executive committee:

I have reached the difficult decision to begin the process of terminating the employment of Mike Lee. The NCH bylaws reflect that I can take this action with a supermajority vote of the NCH board – **the affiliate board plays no role in this process**. That said, as I've expressed previously, I feel that the termination of Mike Lee without the advanced knowledge of the WMC board would be extremely problematic. While they certainly don't need to approve the action, I feel strongly that they need to understand the action. To that end, I met with [WMC Board Member] Charlie [Cotton] over lunch today to seek his counsel. We jointly agreed that we would facilitate a meeting with the WMC executive committee, myself and Mark Morgan. I will strive to set that up ASAP.

(emphasis added). On April 11, 2024, Mr. Mee met with WMC and NCH executive committee members who Mr. Mee says agreed with the termination recommendation. In contrast, one of the WMC executive committee members CTU interviewed stated that Mr. Mee told them, without opportunity for discussion, that Mr. Lee would be terminated regardless of whether they agreed with the decision. Another member of the executive committee stated that Mr. Mee informed the WMC Executive Committee that the WMC bylaws were subject to the interpretation that Mr. Lee's termination could occur without WMC board involvement.

On April 16, 2024, the NCH board voted to terminate Mike Lee. The next day, April 17, NCH notified, for the first time, the entire WMC board of the termination by email. This email added that the "interim" role of WMC President would be shared by Mr. Mee and NCH CFO Matthew Streeter. The email also indicated that a meeting would be scheduled with the WMC board so that Mr. Mee "can have the opportunity to clarify our rationale for this decision."

On April 18, the WMC board held an emergency meeting, which Mr. Streeter and Mr. Mee attended. Mr. Streeter told CTU that, although the WMC executive committee had been informed about the termination, the rest of the WMC board was not apprised and had not received the information necessary to gain insight into the performance issues leading to Mr.

Lee's termination. Unsurprisingly, many WMC board members were shocked and angry at the decision. The WMC board never had an opportunity to provide input on either Mr. Lee's termination or on Mr. Mee and Mr. Streeter's appointments as WMC Interim co-Presidents.⁴

By April 23, 2024, three WMC board members resigned and, between August 2024 and September 2024, three additional WMC board members resigned. On September 3, 2024, the WMC board chair wrote to the NCH board stating that the WMC board was "uneasy" of its "current role and ability to function on behalf of the community." The WMC board chair asked the NCH board to meet "as soon as possible" to discuss Mr. Streeter's qualifications for the WMC President role (noting that it was the WMC board's responsibility to vet a candidate's qualifications) and to clarify the WMC board's role and responsibilities, as defined in the bylaws, with respect to selecting, hiring, and terminating the WMC President, among other items. The Chair's letter identified eight other WMC board members who supported the requested action. CTU asked numerous NCH board members about this communication and, while some recalled possibly receiving it as a board, no meeting was ever scheduled between the NCH board and WMC board to address the concerns.

Between Mr. Lee's termination in April 2024 and at the time of an all-board vote in August 2025 to restructure board governance, a total of nine WMC board members resigned.⁵ Two additional WMC board members resigned in September and October 2025.⁶ Because of the resignations and the failure to obtain replacements for the numerous WMC board vacancies, on

⁴ After some discussion, NCH decided that that Mr. Streeter should serve as the sole interim President and remain on-site at WMC. Mr. Streeter never asked for a timeline for how long he would remain the interim WMC President but assumed three to four months. Mr. Streeter, however, presently remains as Interim WMC President.

⁵ In 2024, the WMC board turnover rate was 41% in comparison to AVH (7%), UCVH (30%) and NCH (9%). In 2025, the WMC board turnover rate was 22% in comparison to AVH (0%), UCVH (21%) and NCH (15%).

⁶ In November 2025, two additional WMC board members were appointed, bringing the total board back to seven voting members.

December 9, 2025, the WMC board amended its bylaws to reduce the seven-member minimum requirement to the statutory minimum of five so that it could continue to conduct business.

Mr. Mee offered CTU minimal explanation for his failure to include the WMC board in the decision to terminate Mr. Lee. Specifically, he claimed that the WMC board would not accept objective performance reviews that supported Mr. Lee's termination, although he also believed that the WMC board's executive committee failed to share information about Mr. Lee's performance issues with the full WMC board. Mr. Mee admits he did not consult with the entire WMC board, as required by the bylaws, before the NCH board voted to terminate Mr. Lee. Additionally, as called for in the bylaws, NCH failed to complete a performance evaluation in consultation with the WMC board that supported termination. Mr. Mee asserted that his failure to adhere to the bylaws was justified because of serious concerns about the WMC board keeping the information confidential; however, no information regarding past breaches by any board members was provided and, interim personnel actions, such as placing Mr. Lee on paid leave to allow Mr. Mee to consult with the WMC board and complete a performance evaluation, were not taken.

G. March 2025 Governance Task Force

Irrespective of the substantial number of vacancies on the WMC board, in March 2025, NCH created a Governance Task Force (Task Force). The Task Force was comprised of the board Chairs from all Affiliate boards as well as the NCH executive committee, the NCH governance committee, and Mr. Mee. The Task Force's stated objectives included understanding the best practices of governance in comparable health systems and developing recommendations for an effective governance model that supports NCH's mission, vision, and strategic plan. NCH retained VMG Health as a consultant to analyze and make recommendations as to board governance structures.

Based on CTU’s review of the Task Force Charter, the consultant’s work product, and Task Force meeting minutes, the Task Force determined to adopt a so-called “mirror board”⁷ structure early in their process. Accordingly, the Task Force’s focus became implementing the “mirror board” structure.⁸ The Task Force’s work culminated in an all-boards joint meeting held on August 20, 2025. Each Affiliate board, including WMC, had a quorum present at the meeting. Every board member in attendance voted to approve a conceptual plan to convert each Affiliate board to a mirror board. The vote was conceptual in nature because implementation required several additional steps, including composing the mirror board, revising NCH’s and each Affiliate’s bylaws, and CTU approval. Once CTU began this review, it cautioned NCH against proceeding with this significant restructuring while CTU’s review was ongoing. As a result, NCH voluntarily agreed to place the concept on hold.

H. Subsequent Events to WMC President and Board Member changes

Two additional events occurred in 2025 that are incorporated into this review. First, NCH terminated its relationship with a primary care physician, Dr. Elizabeth Cooley and, second, NCH outsourced more of its revenue cycle management functions resulting in significant layoffs. Both events generated significant community concerns, media attention, and were topics directly raised to CTU by concerned citizens and at the public listening sessions.

⁷ As explained to CTU by NCH’s legal counsel: “[the mirror board] structure would consist of a single group of individuals consisting each of the five boards, but with each board continuing to meet and act as a separate board. Additionally, such group would preserve the collective representation goals for all affiliates.”

⁸ From NCH Board meeting minutes of September 5, 2024, it is clear that Mr. Mee was already recommending restructuring the hospital governance boards in a process similar to that of a merger or acquisition to address the opposition that one local board, presumably WMC, was providing with respect to NCH’s strategic plan to transition into System Optimization.

1. Dr. Cooley's Termination

On April 4, 2025, NCH contacted CTU to explain that it had retained an independent employment consultant to review ongoing personnel issues related to Dr. Cooley and that, following that review, termination was recommended. Although the termination of a physician for personnel reasons is typically an operational matter that would not be addressed by a hospital board, NCH recognized that Dr. Cooley was popular in the community, particularly among her patients. Accordingly, NCH informed the WMC board with background about the decision and the reasons for it. After learning Dr. Cooley's practice with NCH would be ending, concerned citizens and patients raised questions about the adequacy of the notice provided to patients of Dr. Cooley's departure. They also expressed concerns about the impact that the loss of a primary care physician would have on NCH primary care services.

2. NCH's Outsourcing of Revenue Cycle Management (RCM) Function

In early September 2025, NCH announced its intent to outsource a significant portion of its internal RCM functions to a third-party vendor, Hartzler Healthcare, a business owned by Matthew Hartzler and who was described in citizen complaints as an NCH employee.

For many years, NCH engaged consultants to assess the outsourcing of its non-patient facing RCM functions. Beginning in late 2024, NCH sought requests for proposals from over 10 different vendors to conduct a full assessment of the RCM functions; fill a vacancy for the position of Interim Vice President of Revenue Cycle; and make recommendations for NCH's RCM functions going forward. NCH hired a consultant, Eclipse, which provided NCH with three potential individuals to serve as NCH's Interim Vice-President of Revenue Cycle. From these options, NCH selected Mr. Hartzler. Neither Mr. Streeter nor Mr. Mee had worked previously with Mr. Hartzler, who acted as an independent consultant. Mr. Hartzler was paid by

Eclipse and was not an NCH employee, notwithstanding his title of Interim Vice President of Revenue Cycle.

Ultimately, Eclipse recommended that NCH outsource its revenue cycle functions and, through Mr. Hartzler's time as Interim Vice-President of Revenue Cycle, Mr. Streeter learned about Mr. Hartzler's company (Hartzler Healthcare). Rather than issuing a request for proposals from vendors, NCH asked Mr. Hartzler if he would be willing to submit a proposal. From NCH's perspective, it had completed a competitive bid process of seeking multiple proposals at the outset of the project, which provided NCH with sufficient background about the vendors willing to provide the services. Mr. Hartzler provided a proposal, and NCH selected his company to do the work.

Overall, the outsourcing of work to Hartzler Healthcare resulted in approximately 50 to 70 positions at NCH being eliminated, although some of the positions were vacant. During its listening sessions in January and February 2026, NCH represented that, because of outsourcing the RCM functions, it laid off only one person, while 31 individuals were rehired into vacant NCH positions and 30 employees chose to move on to different work.

CTU REVIEW

A. Role of the CTU

The Attorney General, acting through the Director of Charitable Trusts, has the duty and responsibility to protect the public's interest in charitable organizations and the assets committed to charitable purposes in New Hampshire. RSA 7:20; *see also In re Robert T. Keeler Maint. Fund*, 176 N.H. 87, 92 (2023). CTU's powers are prescribed by both the common law and by statute. RSA 7:20; *In re Burnham*, 74 N.H. 492, 494 (1908). As a regulator, CTU's primary charge is to ensure that the individuals committed to holding charitable funds in trust faithfully discharge their fiduciary duties. Accordingly, CTU's review is primarily focused on the

governing board's decision-making processes as opposed to the substantive results of its decisions. In this role, CTU does not, for example, seek to challenge the underlying decisions resulting in the termination of employees for personnel-related reasons or the outsourcing of certain administrative functions; rather, CTU's charge is to review whether NCH's governing board exercised the proper degree of oversight of those decisions and adhered to the procedures set forth in the bylaws.

B. Legal Standard for NCH Fiduciaries

A charity's governing board "holds ultimate responsibility for the affairs of a charity," *Restatement of Charitable Nonprofit Organizations* § 2.05 (2021). Pursuant to RSA 7:28-e and the common law, the individuals comprising the governing board of a charitable organization are deemed to be fiduciaries of those organizations and acting in a fiduciary capacity. *Restatement* § 2.01(a) & 2.01(b). In particular, board members owe a duty of care, meaning that they must act in good faith with the care that a person of ordinary prudence in a like position would exercise under similar circumstances. *Restatement* § 2.03(a). In particular, supervising management is one of a board's core functions. *Restatement* § 2.05, cmt. a ("A board's responsibilities include setting long-term policy and overseeing the management of a charity's activities.") & cmt. e (stating that the board's functions include "appointing and removing officers and executives, monitoring their performance, and determining compensation").

Determining whether a board member acted with the care a prudent person would exercise "in similar circumstances" requires the assessment of several factors, including the size, complexity, and purposes of the charity, as well as the complexity and importance of the decision. *Restatement* § 2.03, cmt. b (4). Hospitals are among the largest, most complex, charitable organizations in New Hampshire. Board members of hospitals therefore must devote more time and attention to making major decisions than smaller charities. This does not,

however, mean that hospital trustees are expected to be experts in every aspect of the operations of their organizations. Rather, the duty of care requires them to seek expert advice when necessary and to evaluate that expert advice using their own independent judgment. *Restatement* § 2.03, cmt. c.

As already indicated, it is beyond CTU’s oversight role to second-guess, with the benefit of hindsight, a fiduciary’s good-faith and informed decision-making. *Restatement* § 2.03, cmt. a. Legally, a fiduciary’s decisions are subject to the “business judgment rule.” *Restatement* § 2.03, cmt. d. Under the business judgment rule, even where a fiduciary makes a “mistaken decision,” the fiduciary does not breach their duty of care where the fiduciary “has no interest, direct or indirect, in the subject of the decision . . . is reasonably well informed with respect to the subject of the decision . . . and . . . reasonably believes that the decision is in the best interests of the charity in light of its purposes.” *Restatement* § 2.03(b), cmt. d.

In addition to the duty of care, fiduciaries must adhere to a duty of loyalty. The duty of loyalty relates in large part to self-dealing, and a charity fiduciary must always act with the best interests of the charity in mind. *Restatement* § 2.02. Where the personal interests of a fiduciary or related person collide with those of a charity, certain steps—including disclosure, recusal, and ratification—must be taken. *Restatement* § 2.02(b) & cmt. d (stating that the charity must “address reasonably situations that involve the potential for self-dealing in which the interests of a fiduciary or related person may conflict with the interests of the charity”). Furthermore, under RSA 7:19-a, New Hampshire provides additional statutory restrictions related to self-dealing and conflicts of interest.

CTU FINDINGS

A. NCH undertook sufficient steps to notify Dr. Cooley’s patients of her departure and in its ongoing recruitment efforts to increase the overall number of primary care providers in the system.

NCH provided patients with notice of Dr. Elizabeth Cooley’s departure in March 2025. Shortly afterward, CTU received several complaints related to the impending departure, including complaints that NCH had failed to sufficiently notify patients about the change as well as complaints that NCH was failing to hire adequate primary care providers to adhere to its healthcare charitable purpose. As outlined above, it is generally beyond CTU’s oversight role to second-guess a charity’s decision to terminate an employee for personnel reasons. Without discussing the factual reasons underlying NCH’s decision to terminate its relationship with Dr. Cooley, NCH provided CTU with sufficient information to conclude the process was not contrary to law. While Dr. Cooley established deep roots with her patients, causing many to feel anxiety and concern about being able to transition to comparable care, NCH exercised reasonable care in its notice to patients of the transition and transfer of care.

NCH provided sufficient information to find that it implemented reasonable efforts to notify Dr. Cooley’s patients that she would no longer be affiliated with NCH. Specifically, NCH utilized its electronic medical records system (EMR) to identify patients within the system where Dr. Cooley was recorded as the primary care provider and sent a letter to them. At the time of Dr. Cooley’s departure, NCH employed 10 primary care providers, 6 of whom were accepting new patients.⁹ All pending appointments with Dr. Cooley were automatically transferred to

⁹ Some in the concerned patient group expressed concern that not all the primary care providers are medical doctors (MD) but rather include Physician Assistants/Associates (PA-C) and Nurse Practitioners (APRN). It is generally beyond CTU’s authority to examine a healthcare entity’s judgment regarding the specific qualifications of the licensed providers it hires.

another provider so that the patient did not have to reschedule, although the patient could choose another provider.

At its public listening sessions and in documentation provided to CTU, NCH set forth the efforts taken between March and December 2025 to recruit additional primary care practitioners. These efforts include participation in career fairs, targeted recruitment, use of social media platforms and external recruiting agencies, and a \$200,000 sign-on bonus for physicians. Moreover, healthcare providers throughout New Hampshire face particular challenges in recruiting primary care providers. NCH's difficulties in that regard have only been compounded by the additional challenges presented in recruiting to a rural area. Considering these realities, CTU finds that NCH is undertaking reasonable steps to further the recruitment of its primary care workforce.

B. NCH's board did not violate its fiduciary duties with respect to the selection of Hartzler Healthcare as a third-party vendor for revenue cycle functions.

CTU received complaints relating to NCH's outsourcing of its revenue cycle management functions and contract with Hartzler Healthcare. Specifically, during the initial period after NCH's announcement of its contract with Hartzler Healthcare, information was disseminated on social media, to CTU, and to others alleging that Matthew Hartzler and Matthew Streeter were related or that NCH executives had a financial interest in Hartzler Healthcare.

The facts gathered by CTU confirmed that NCH's contract with Hartzler Healthcare did not create a conflict of interest and did not involve self-dealing. CTU's review of the matter confirmed that Mr. Streeter is not related to Mr. Hartzler nor did they have a prior business relationship. NCH has confirmed that no board members or executives have any direct or indirect financial interest in Hartzler Healthcare. As noted above, notwithstanding the confusion of his title and involvement in the outsourcing process, Mr. Hartzler was not an NCH employee

at any time. Furthermore, NCH was not required to engage in a formal bid process when selecting a vendor to perform the work.

NCH's outsourcing decision perhaps serves as the best example of the level of distrust and misinformation that can result from its failure to incorporate a thoughtful communication plan at the outset of a process. Furthermore, the lack of adequate communication from NCH management, as well as the inclusion of Mr. Hartzler in a meeting during which layoffs were announced, greatly contributed to misinformation and confusion regarding the outsourcing contract and Mr. Hartzler's role within NCH.

C. NCH's board improperly allowed NCH management to violate NCH and WMC bylaws in two significant ways resulting in substantial turnover in the WMC Board.

CTU's next area of inquiry related to instances of NCH management and the NCH board's failure to adhere to the organizations' bylaws. These failures, which came in relation to NCH's termination of WMC President Mike Lee and the subsequent failure to search for a replacement President, substantially undermined the WMC board's ability to perform its role and led to several board resignations. To compound the issues, while NCH failed to fill these board vacancies, it nonetheless pushed forward a proposed restructuring that would eliminate the present structure of Affiliate boards. As a result, CTU has found that the NCH board and management breached their fiduciary duties.

The bylaws identify the removal of an Affiliate President as a Major Organizational Matter. To remove an Affiliate President, the NCH and WMC bylaws require that NCH's Chief Executive Officer "shall consult with, and conduct a due diligence performance review with, the [WMC] Board to develop a basis for whether to recommend removal of the [Affiliate] President." The bylaws further state that any action to remove the Affiliate President must be

initiated by a recommendation of NCH's CEO and "shall be authorized by a two-thirds vote of the System Parent Board."

Here, there is no dispute that Mr. Mee failed to consult with and conduct a due diligence performance review with the WMC board. Rather, at most, Mr. Mee met with the WMC executive committee to inform them of a decision that he had already made. NCH management justifies the failure to perform that step because the WMC board lacks a right to vote on the termination of an Affiliate President, and the NCH board authorized Mr. Lee's termination with an appropriate vote. The voting procedure, however, does not render the bylaw prerequisites to a vote as surplusage. The bylaws are clear that, prior to termination, the NCH CEO must consult with the WMC Board. Likewise, the NCH CEO must conduct a performance review with the WMC board to develop a basis as to whether to recommend removal. It is undisputed that neither of those steps took place. Accordingly, the NCH board breached its fiduciary duties in voting to remove Mr. Lee without meeting the prerequisites, and in failing to appropriately exercise oversight over Mr. Mee's actions in relation thereto.

The NCH board and management also breached their fiduciary duties with respect to the failure to appoint a replacement WMC President thereby placing WMC on unequal footing to other Affiliates. As discussed, the appointment of an Affiliate President is a Major Organizational Matter through which WMC and NCH retain shared decision-making authority. In this regard, the bylaws state that NCH's CEO shall manage the process of recruiting and presenting candidates for President to the Corporation Board.

The WMC board properly expressed concerns in its September 2024 letter to the NCH board about its role relative to appointment of a WMC President. Nonetheless, Matthew Streeter

has been serving as interim WMC President for two years and the NCH board has failed to insist that NCH management comply with the bylaws to search for and retain a new President.¹⁰

NCH acknowledges it has not engaged in any recruitment process for a new WMC President because NCH “is moving toward function-based leadership rather than affiliate-based leadership.” NCH claims that, “[a]s part of this process, there is a reduced need for each affiliate to have an affiliate president.” In short, NCH is not recruiting for a WMC President because it wants to eliminate the position. NCH, however, can neither eliminate the WMC President position nor implement a function-based leadership plan without the fully informed support from properly constituted Affiliate boards. At this time, WMC lacks a properly constituted board, which is a direct result of the breaches described in this Report. As the bylaws currently stand, the WMC President role must be filled unless and until an appropriate vote is taken to eliminate the position. The simple fact is that the NCH board cannot allow NCH management to fail to perform a necessary function on the premise that it may potentially restructure in the future.

D. NCH’s board did not violate its fiduciary duties in relation to executive compensation.

Although executive compensation issues are within CTU’s oversight authority insofar as governing boards must, consistent with their fiduciary duty of care, engage in a reasonable and effective process to determine executive compensation, CTU does not typically directly intervene on matters of executive compensation. The IRS monitors excess benefit transactions as part of its regulatory authority with respect to an organization’s § 501(c)(3) tax-exempt status.

¹⁰ CTU’s finding of a breach of fiduciary duty by the NCH board does not constitute a negative reflection of Mr. Streeter’s qualifications to serve in the role or the work he has been performing. Rather, it is his “interim” placement in the role by NCH management without conducting or intending to conduct a comprehensive search for permanent candidates that violates the board’s and management’s fiduciary duties. Indeed, Mr. Streeter may be a viable candidate to serve as WMC President full-time. Ultimately, however, NCH cannot refuse to engage in this necessary process that is required by the bylaws.

The IRS determines the reasonableness of charity executive pay, using a rebuttable presumption that compensation is reasonable if three requirements are met.¹¹

CTU independently reviewed NCH's executive compensation process and procedures, as well as the compensation paid to top executives and finds no breach of fiduciary duty with respect to executive compensation. Based on a review of NCH's 2023 and 2024 IRS Form 990s, the total compensation of NCH executives increased by 13.1%. The total amount of executive compensation was \$1,638,608. In 2024, Mr. Mee's compensation increased by 3.65% for a total compensation package of \$724,548 and, Mr. Streeter's compensation, presumably to reflect his dual role of WMC Interim President and NCH CFO, increased by 21.39% for a total compensation package of \$378,399.¹² Mr. Mee's performance is reviewed annually by the NCH Board and includes performance review surveys completed by the NCH Board and NCH Management.

The NCH board maintains an executive compensation committee that has adopted written guidelines known as the Executive Compensation Philosophy (ECP). The ECP states that NCH's Executive Compensation Program should "ensure that compensation and benefit levels [of executives] are reasonable and defensible if and when subject to public scrutiny. The program is designed to comply with the standards of reasonableness under the intermediate sanction rules of Section 4958 of the Internal Revenue Code," which are described above.

¹¹ The three factors are: (1) the compensation arrangement must be approved in advance by an authorized body of the applicable tax-exempt organization, which is composed of individuals who do not have a conflict of interest concerning the transaction; (2) prior to making its determination, the authorized body obtained and relied upon appropriate data as to comparability, and (3) the authorized body adequately and timely documented the basis for its determination concurrently with making that determination. *See* 26 C.F.R. § 53.4958-6; IRS Instructions for Form 990 Return of Organization Exempt from Income Tax (2025).

¹² While CTU recounts here the data related to Mr. Mee and Mr. Streeter, as they were the two executives highlighted in complaints, in 2025, except for one executive's compensation at the 78% percent of comparators, all were below the 75% percent set forth in the ECP. CTU did not find any breach in the board's duty of care concerning the compensation for any NCH executive or Affiliate President.

Specifically, the ECP provides that “NCH will consider national, regional, and local data of not-for-profit healthcare organizations with functionally comparable positions” These comparator groups will reflect “[n]ot-for-profit hospitals and health systems of comparable size and complexity [and] not-for-profit hospice, home health, and long-term care organizations of comparable size and complexity.” The ECP states that an executive’s base salary should be targeted at approximately the 50th percentile of similar positions and the maximum total compensation at approximately the 75th percentile “for similar positions in similarly not-for-profit organizations.”

In 2024 and 2025, NCH retained the national consulting firm of Sullivan Cotter to conduct a review of NCH’s executive compensation. NCH provided Sullivan Cotter with its ECP which was incorporated into Sullivan Cotter’s report. In 2025, Sullivan Cotter determined that Mr. Mee’s total compensation package was in the 70th percentile of comparators, which fits within NCH’s ECP.¹³ Sullivan Cotter also determined that Mr. Streeter’s total compensation was in the 65th percentile of comparators and, with the inclusion of the stipend he receives as WMC President, it places Mr. Streeter in the 74th percentile of comparators.

While NCH’s process satisfies its duty of care and has not resulted in any penalty from the IRS, CTU’s review of Sullivan Cotter’s report nonetheless raised some questions. CTU observed that Sullivan Cotter’s recommendations included data points from for-profit organizations. It is unlikely that Sullivan Cotter’s inclusion of for-profit data in its calculations had a significant impact on its conclusions, as, in 2022 and 2023, NCH retained a separate firm, Pearl Meyer, to conduct the compensation review. Pearl Meyer’s data was limited to non-profits, including in the Northeast region, and NCH executive compensation was likewise within

¹³ For comparison, for Fiscal Year 2023, Littleton Hospital Association reported the salary of its CEO and President Robert Nutter as \$887,247 and Alice Peck Day Memorial Hospital reported the salary of its CEO and President, Dr. Susan Mooney as \$457,080.

the ECP's targeted percentages. Although CTU finds no breach, it cautions that, in delegating an expert to prepare the comparables from which the NCH board will approve compensation, the NCH compensation committee should ensure that its retained expert adheres to the ECP.

CONCLUSIONS AND AGREED UPON CONDITIONS

Prior to the public issuance of this report, CTU met with NCH regarding its findings. Within the next 30 days, the parties have agreed to execute a memorandum of understanding consistent with the conditions outlined below whereby CTU will take no further action if all conditions are met. In addition, NCH represents that the statements and documents made or provided to CTU during this review are true and correct. NCH further represents that it has not omitted any material information about the subject matter of the review from the statements and documents provided to CTU. NCH shall cooperate and take such actions as may be reasonably requested by the Attorney General and Director of Charitable Trusts to carry out the conditions imposed herein:

1. NCH shall fully cooperate with the work of an Independent Board Governance Consultant (Independent Consultant) selected by the Attorney General to oversee the implementation of the conditions imposed below in 1(b). The NCH board will otherwise retain all duties and responsibilities regarding NCH's operations.
 - a. The Independent Consultant will be selected based on experience with New Hampshire rural healthcare systems; charity board governance; and the communities served by NCH.
 - b. The Independent Consultant's role includes the following:
 - i. Ensure that NCH and each Affiliate Board have the requisite number of members and that any proposed and/or newly appointed members to the WMC board have the necessary skills, background, and independence from the NCH board to fully perform their duties. When the WMC board reaches a minimum of 9 members, NCH and WMC shall amend the WMC bylaws' requirements back to a minimum of 7 members.

- ii. Ensure that NCH immediately begins a comprehensive recruitment process to identify and hire a permanent, full-time WMC President, who will be assigned to perform the same duties and responsibilities as traditionally fulfilled by an Affiliate President. The Independent Consultant will have the sole discretion to determine whether, to meet the requirement of a comprehensive process, NCH's recruitment process requires the retention of an outside consultant.
 - iii. Confirm that NCH and each Affiliate Board have sufficient expertise on the board in New Hampshire charitable nonprofit board governance procedures.
 - iv. Approve the proposed format of NCH's public listening sessions set forth herein.
 - v. Approve the first proposed external board training for NCH and Affiliate boards set forth herein.
 - vi. Meet quarterly with the NCH Board Chair and periodically attend NCH and WMC board meetings either in person or remotely. If requested, the Independent Consultant will meet with Affiliate boards.
 - vii. Meet quarterly with Senator David Rochefort to receive community feedback related to the areas encompassed by the Independent Consultant's quarterly reports.
 - viii. Provide quarterly reports to CTU that evaluate NCH's efforts in the following areas: (1) the number of primary care providers within NCH's system and efforts to recruit additional primary care providers; (2) the selection and qualifications of newly elected WMC board members; (3) NCH's communication plan for projects impacting the community; (4) NCH Board and Management's working relationships with Affiliate boards; and (5) NCH's recruitment process to identify and hire a full-time WMC President. The Independent Consultant's quarterly reports will be made public on CTU's website.
- c. The Independent Consultant shall, upon approval of the CTU, have the power and authority to retain individuals or firms, including outside experts, to assist in fulfilling the Independent Consultant's responsibilities and duties. Any such individuals shall have sufficient independence from NCH to ensure effective and impartial performance of the Independent Consultant's duties as described in this report.

- d. NCH shall pay all costs and fees related to the Independent Consultant.
 - e. The Independent Consultant's role will remain in place until DOJ is satisfied NCH has achieved the reporting requirements in section 1(b), a period which is not to exceed 24 months except by mutual agreement of the parties and the Independent Consultant (Consulting Period).
2. NCH shall maintain and abide by the terms of its governing documents, including its and its Affiliate bylaws.
 3. NCH shall ensure that all NCH and Affiliate board members receive annual training, by an independent, external authority with respect to their duties in governing a hospital system comprised of multiple affiliate hospitals. Such training must include duties of care related to individuals who serve concurrently on the NCH and an Affiliate board with respect to the heightened awareness of the mission and potential conflicts related to such service. The selection of the first trainer and training agenda is subject to approval by the Independent Consultant.
 4. NCH shall hold public listening sessions, at minimum, on a quarterly basis. At least one public listening session shall be held at each Affiliate location. The structure of the public listening session shall include a remote option and shall be scheduled in coordination with the Independent Consultant who will determine the format of the listening sessions and serve as moderator.
 5. During the Consulting Period, NCH will not undertake efforts to restructure board governance or Affiliate positions set forth in bylaws.
 6. During the Consulting Period, NCH shall not make any modification to its or its Affiliates bylaws without the prior consent of CTU.
 7. NCH will reimburse the CTU for a portion of its costs and fees associated with this review in the amount of \$75,000. The payment shall be deposited in CTU's non-lapsing account for education and training.