

REGIONAL HEALTH PROPERTIES, INC
Form DEF 14A
November 14, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement CONFIDENTIAL, FOR USE OF THE
COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(E)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

REGIONAL HEALTH PROPERTIES, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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(4) Proposed maximum aggregate value of transaction:

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 Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:



REGIONAL HEALTH PROPERTIES, INC.

454 Satellite Boulevard

Suite 100

Suwanee, Georgia 30024

November 14, 2017

Dear Regional Health Properties Shareholders:

It is my pleasure to invite you to attend this year's Annual Meeting of Shareholders, which will be held on Wednesday, December 20, 2017, at Sonesta Gwinnett Place Atlanta located at 1775 Pleasant Hill Road, Duluth, Georgia, at 10:00 a.m., local time. We look forward to personally seeing as many of our shareholders as possible.

The Notice of 2017 Annual Meeting of Shareholders and the accompanying proxy statement provide information concerning matters to be considered and voted on at the Annual Meeting. At the Annual Meeting, we also will report on our business and other matters of current interest to our shareholders and respond to appropriate questions.

Whether or not you expect to attend the Annual Meeting, we urge you to vote by completing and returning your proxy card or voting instruction form. You also may vote your shares over the Internet or by telephone as described on your proxy card or voting instruction form. If you attend the Annual Meeting, then you may revoke the proxy and vote your shares in person.

Thank you for your continued interest in Regional Health Properties.

Sincerely,

Brent Morrison

Interim Chief Executive Officer

REGIONAL HEALTH PROPERTIES, INC.

454 Satellite Boulevard
Suite 100
Suwanee, Georgia 30024

NOTICE OF 2017

ANNUAL

MEETING OF

SHAREHOLDERS

TO BE HELD ON

DECEMBER 20,

2017

DATE AND

TIME

Wednesday, December 20, 2017, at 10:00 a.m. local time

PLACE

Sonesta Gwinnett Place Atlanta located at 1775 Pleasant Hill Road, Duluth, Georgia

- To elect the three director nominees named in the accompanying proxy statement to serve until our 2018 Annual Meeting of Shareholders (Proposal 1);

ITEMS OF
BUSINESS

- To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2017 (Proposal 2); and

- To transact such other business as may properly come before the 2017 Annual Meeting and any adjournments and postponements thereof.

RECORD

DATE

November 8, 2017. Only shareholders of record of our common stock at the close of business on the record date are entitled to receive notice of, and to vote at, the 2017 Annual Meeting and any adjournments or postponements thereof.

ANNUAL

REPORT

Our Annual Report on Form 10-K for the year ended December 31, 2016 accompanies the proxy statement.

PROXY

VOTING

Even if you plan to attend the 2017 Annual Meeting in person, we urge you to vote by proxy as soon as possible. You may vote by telephone, over the Internet or by mail by following the instructions on your proxy card or voting instruction form. You may vote in person at the 2017 Annual Meeting even if you have previously returned a proxy.

Important Notice Regarding the Availability of Proxy Materials for the 2017 Annual Meeting of Shareholders to be Held on Wednesday, December 20, 2017: This notice, the accompanying proxy statement, the form of proxy card and the Annual Report on Form 10-K for the year ended December 31, 2016 are available free of charge at <http://www.cstproxy.com/regionalhealthproperties/2017>.

By Order of the Board of Directors,
Nicole Parker
Corporate Secretary
Suwanee, Georgia
November 14, 2017

TABLE OF CONTENTS

	Page
QUESTIONS AND ANSWERS ABOUT THE 2017 ANNUAL MEETING	1
PROPOSAL 1: ELECTION OF DIRECTORS	6
PROPOSAL 2: RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	8
GOVERNANCE	
Board Structure	9
Independence of Directors and Director Nominees	10
Director Nomination Process	10
Board Diversity	11
Risk Oversight	11
Code of Ethics	11
Communication With the Board and its Committees	11
BOARD OF DIRECTORS	
Directors and Director Nominees	12
Arrangements with Directors Regarding Election/Appointment	13
Committees of the Board	14
Director Attendance at Board, Committee and Annual Shareholder Meetings	15
DIRECTOR COMPENSATION	
Director Compensation and Reimbursement Arrangements	16
Director Compensation Table	16
EXECUTIVE COMPENSATION	
Executive Officers	18
Executive Compensation Tables	18
Employment Arrangements With Current Officers	21
Arrangements With Former Officers	21
Retirement Programs	24
AUDIT COMMITTEE MATTERS	
Audit Committee Report	25
Fees and Services of Our Independent Registered Public Accounting Firm	26
Pre-Approval Policy	26
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS	
Related Party Transactions	26
Approval of Related Party Transactions	29
STOCK OWNERSHIP	
Ownership of the Common Stock	30
Section 16(a) Beneficial Ownership Reporting Compliance	32

Page

ADDITIONAL INFORMATION

Other Business for Presentation at the Annual Meeting	33
2016 Annual Report	33
Shareholder Proposals for Inclusion in the 2018 Proxy Statement	33
Procedures for Business Matters and Director Nominations for Consideration at the 2018 Annual Meeting	33

EXPLANATORY NOTE

On September 29, 2017, AdCare Health Systems, Inc. (“AdCare”) merged with and into its wholly owned subsidiary, Regional Health Properties, Inc. (“Regional”), with Regional as the surviving corporation in the merger. The merger occurred pursuant to an Agreement and Plan of Merger, dated as of July 7, 2017 (the “merger agreement”), and was approved by the requisite vote of shareholders at a special meeting of the shareholders of AdCare held on September 20, 2017. Immediately after the merger, Regional succeeded to and continued the business and assumed the obligations of AdCare immediately prior to the merger.

Except as otherwise indicated or the context otherwise requires, as used in this proxy statement, the terms the “Company,” “we,” “our,” and “us” refer to: (i) from and after the effective time of the merger, Regional Health Properties, Inc., as the successor company to AdCare, and its subsidiaries; and (ii) prior to the effective time of the merger, AdCare Health Systems, Inc., as the predecessor company to Regional, and its subsidiaries.

REGIONAL HEALTH PROPERTIES, INC.

454 Satellite Boulevard
Suite 100
Suwanee, Georgia 30024

PROXY
STATEMENT

QUESTIONS AND ANSWERS ABOUT THE 2017 ANNUAL MEETING

Regional Health Properties, Inc. is furnishing this proxy statement in connection with the solicitation by its Board of Directors (the “Board of Directors” or the “Board”) of proxies for the Company’s 2017 Annual Meeting of Shareholders, and any adjournments and postponements thereof (the “Annual Meeting”), for the purposes set forth in the accompanying Notice of 2017 Annual Meeting of Shareholders. The Annual Meeting will be held on Wednesday, December 20, 2017, at Sonesta Gwinnett Place Atlanta located at 1775 Pleasant Hill Road, Duluth, Georgia, at 10:00 a.m., local time.

Proxies are solicited by the Board to give all shareholders of record and entitled to vote at the Annual Meeting an opportunity to vote on the proposals to be presented at the Annual Meeting, even if they cannot attend the Annual Meeting in person. We have designated Brent Morrison, our Interim Chief Executive Officer, and E. Clinton Cain, our Interim Chief Financial Officer (hereafter, the “Proxy Holders”), to vote the shares represented by proxies at the Annual Meeting in the manner indicated by the proxies.

As permitted by the rules of the Securities and Exchange Commission (“SEC”), we have elected to send you this full set of proxy materials, including a proxy card, and additionally to notify you of the availability of these proxy materials on the Internet. The Notice of 2017 Annual Meeting of Shareholders, this proxy statement, the form of proxy card and our Annual Report on Form 10-K for the year ended December 31, 2016 (the “2016 Annual Report”), are available free of charge at <http://www.cstproxy.com/regionalhealthproperties/2017>. We expect to mail this proxy statement and accompanying form of proxy card to shareholders of record beginning on November 17, 2017.

Who is entitled to vote at the Annual Meeting?

You are entitled to vote at the Annual Meeting if you were a holder of record of Regional’s common stock (the “common stock”) at the close of business on November 8, 2017 (the “record date”). Holders of record of the common stock are entitled to vote on all matters coming before the Annual Meeting. Your shares can be voted at the Annual Meeting only if you are present in person or represented by a valid proxy.

Holders of Regional’s 10.875% Series A Cumulative Redeemable Shares are not entitled to receive notice of, or vote at, the Annual Meeting.

How many votes am I entitled to for each share I hold?

Each share of common stock is entitled to one vote on each of the director nominees and one vote on each other matter presented at the Annual Meeting.

What constitutes a quorum for the Annual Meeting?

A quorum is required to hold the Annual Meeting and conduct business. The presence at the Annual Meeting, in person or by proxy, of shareholders holding at least a majority of the common stock outstanding as of the close of business on the record date will constitute a quorum for purposes of holding and conducting business at the Annual Meeting. As of the November 8, 2017 record date, we had 19,878,908 shares of common stock outstanding - meaning that 9,939,455 shares of common stock must be represented in person or by proxy at the Annual Meeting to have a quorum. For purposes of determining whether a quorum exists, broker non-votes (as described below) and proxies received but marked "ABSTAIN" will be counted.

If a quorum is not present at the scheduled time of the Annual Meeting, then we may adjourn or postpone the Annual Meeting until a quorum is present. Any adjournment or postponement of the Annual Meeting may be made from time to time by the affirmative vote of at least a majority of the voting shares represented in person or by proxy at the Annual Meeting. Any adjournment or postponement of the Annual Meeting because of the absence of a quorum will be voted upon by the Proxy Holders pursuant to the discretionary authority granted to them by the proxy card. The time and place of the adjourned or postponed Annual Meeting will be announced at the time the adjournment is taken, and, unless such adjournment or postponement is for more than 120 days or the Board fixes a new record date for the adjourned or postponed Annual Meeting, no other notice will be given. An adjournment or postponement will have no effect on the business that may be conducted at the Annual Meeting.

What matters will be voted on at the Annual Meeting?

Holders of the common stock are being asked to vote on the following proposals:

• Election of the three director nominees named in this proxy statement to serve until the Company's 2018 Annual Meeting of Shareholders (the "2018 Annual Meeting") (Proposal 1); and

• Ratification of the appointment of KPMG LLP ("KPMG") as our independent registered public accounting firm for the year ending December 31, 2017 (Proposal 2).

Your proxy also will give the Proxy Holders the authority to vote on any other business on which you are entitled to vote and which properly comes before the Annual Meeting and all adjournments or postponements thereof.

What vote is required to approve each proposal, and how will my vote be counted?

Proposal 1: Election of the three director nominees named in this proxy statement to serve until the 2018 Annual Meeting

With respect to the election of directors, you may vote "FOR" or "WITHHOLD" for each director nominee. The three director nominees receiving the highest number of votes cast will be elected. This number is called a "plurality." Abstentions and broker non-votes will have no effect on the outcome of the vote on this proposal.

Proposal 2: Ratification of the appointment of KPMG as our independent registered public accounting firm

With respect to this proposal, you may vote "FOR", "AGAINST" or "ABSTAIN". Approval of this proposal requires that the votes cast in favor of this proposal exceed the votes cast against this proposal. Abstentions and broker non-votes will have no effect on the outcome of the vote on this proposal.

How does the Board recommend that I vote?

The Board recommends that you vote:

• "FOR" the election of the three director nominees named in this proxy statement to serve until the 2018 Annual Meeting (Proposal 1); and

“FOR” the ratification of the appointment of KPMG as our independent registered public accounting firm for the year ending December 31, 2017 (Proposal 2).

What happens if a director nominee is unable to stand for election?

If a director nominee is unable to stand for election, then the Board may, by resolution, provide for a lesser number of directors or designate a substitute nominee. If the Board designates a substitute nominee, then shares represented by proxies voted for the director nominee unable to stand for election will be voted for the substitute nominee. At the time this proxy statement was printed, the Board was unaware of an director nominee who is unable to stand for election.

How will a proposal or other matter that was not included in this Proxy Statement be handled for voting purposes if it is raised at the Annual Meeting?

If any matter that is not described in this proxy statement should properly come before the Annual Meeting, then the Proxy Holders will vote the shares represented by valid proxies in their discretion. At the time this proxy statement was printed, the Board was unaware of any other matters that might be properly brought for shareholder action at the Annual Meeting.

What is the difference between a shareholder of record and a shareholder who holds shares in “street name”?

If your shares of common stock are registered directly in your name with our transfer agent, Continental Stock Transfer & Trust Company (“Continental Stock”), then you are considered a shareholder of record of the common stock with respect to those shares. Shareholders of record of the common stock will receive proxy materials, including a proxy card, by mail.

Your shares are held in “street name” if they are held in the name of, or through, a broker, bank or other nominee and, in such case, you are the “beneficial holder” of the shares held for you. Beneficial holders of shares will receive from their broker, bank or other nominee instructions regarding how to vote their shares.

How do I vote?

If you are a shareholder of record, meaning that your shares are registered directly in your name and are not held through a broker, bank or other nominee, then you have four voting options. You may vote your shares in any one of the following ways:

✦Vote by phone using the toll-free number shown on your proxy card;

✦Vote over the Internet on the website shown on your proxy card;

✦Mark, sign, date and return your proxy card in the postage-paid envelope; or

✦Vote in person at the Annual Meeting.

Even if you plan to attend the Annual Meeting in person, we encourage you to vote your shares as soon as possible by proxy.

If your shares are held in street name, meaning that your shares are held in the name of, or through, a broker, bank or other nominee, then you should refer to the instructions provided by your broker, bank or other nominee regarding how to vote your shares or how to revoke previously given voting instructions. The availability of Internet and telephone voting depends on the voting processes offered by your broker, bank or other nominee. As a beneficial holder of shares, you have the right to direct how your broker, bank or other nominee votes your shares.

If your shares are held in street name, then to be able to vote your shares in person at the Annual Meeting you must obtain a legal proxy from your bank, broker or other nominee that specifies the number of shares you owned at the close of business on the record date and bring the legal proxy with you to the Annual Meeting.

If you have questions regarding how to vote, call our Corporate Secretary at (678) 368-4381.

Will my shares be voted if I do not vote using one of the methods described in my proxy card or voting instruction form or if I do not vote in person at the Annual Meeting?

If you are a shareholder of record and you do not complete, sign and return your proxy card, vote by telephone, vote over the Internet or attend the Annual Meeting and vote in person, then your shares will not be voted and will not count in deciding the matters presented for shareholder consideration at the Annual Meeting.

If your shares are held in street name and you do not provide voting instructions to your broker, bank or other nominee before the Annual Meeting, then your broker, bank or other nominee may vote your shares on your behalf under certain limited circumstances, in accordance with New York Stock Exchange ("NYSE") rules that govern banks and brokers. These circumstances include voting your shares on "routine matters" such as Proposal 2 (the ratification of the appointment of KPMG as our independent registered public accounting firm). Therefore, with respect to Proposal 2, if you do not vote your shares, then your broker, bank or other nominee may vote your shares on your behalf or leave your shares unvoted.

Proposal 1 (the election of directors) is not considered a routine matter under NYSE rules. When a proposal is not a routine matter and the broker, bank or other nominee has not received voting instructions from the beneficial holder of the shares with respect to that proposal, then the broker, bank or other nominee cannot vote the shares on that proposal. This is called a "broker non-vote." Broker non-votes that are represented at the Annual Meeting will be counted for purposes of establishing a quorum, but not for determining the number of shares voted for or against the non-routine matter.

We encourage beneficial holders to provide instructions to their broker, bank or other nominee by voting their proxy. This action ensures their shares will be voted at the Annual Meeting in accordance with their wishes.

What if I sign and return my proxy card, vote by telephone or vote over the Internet but do not specify how I want to vote?

If you sign and return your proxy card, or complete the Internet or telephone voting procedure, but do not specify how you want to vote your shares, then we will vote them as follows:

• "FOR" the election of the three director nominees named in this proxy statement to serve until the 2018 Annual Meeting (Proposal 1); and

• "FOR" the ratification of the appointment of KPMG as our independent registered public accounting firm for the year ending December 31, 2017 (Proposal 2).

Can I change my vote or revoke my proxy?

If you are a shareholder of record, then you can change your vote within the regular voting deadlines by voting again by telephone or over the Internet, by completing, signing and returning a later dated proxy or by attending the Annual Meeting and voting in person. If you are a shareholder of record, then you also can revoke your proxy by delivering a written notice of your revocation to the Corporate Secretary at Regional Health Properties, Inc., 454 Satellite Boulevard, Suite 100, Suwanee, Georgia 30024.

If your shares are held in street name, then you should refer to the instructions provided by your broker, bank or other nominee regarding how to revoke your previously provided voting instructions.

Who will count the votes?

A representative of Continental Stock will act as the inspector of election and count the votes.

What do I need to do if I want to attend the Annual Meeting?

You do not need to make a reservation to attend the Annual Meeting. However, attendance at the Annual Meeting is limited to shareholders or their designated representatives. If your shares are held by a bank, broker or other nominee, then you must bring your bank, broker or nominee statement evidencing your beneficial ownership as of the record date to gain admission to the Annual Meeting. We reserve the right to limit the number of designated representatives who may attend the Annual Meeting.

Who is soliciting proxies and what is the cost?

The Board is soliciting your proxy. The expense of preparing and printing and mailing this proxy statement and the proxies solicited hereby will be borne by us. Solicitation will be made principally by mail. In addition to soliciting shareholders by mail, we will request banks, brokers and other custodians, nominees, and fiduciaries to forward solicitation materials or send a voting instruction form to the beneficial holders of shares held of record by such persons, and we will reimburse them for their reasonable out-of-pocket expenses incurred in doing so. We may use the services of our directors, officers and other Company employees, who will receive no compensation for their services, other than their regular compensation, to solicit proxies personally, by telephone or by facsimile transmission.

Are you “householding” for shareholders sharing the same address?

We are sending only one 2016 Annual Report and one proxy statement to shareholders who share a single address.

This is known as “householding.” However, if a shareholder of record residing at such an address wishes to receive a separate 2016 Annual Report or this proxy statement, he or she may contact Continental Stock by phone at (917) 262-2373, by e-mail at www.proxy@continentalstock.com or by mail at the following address: 1 State Street 30th

Floor, New York, New York 10004. Shareholders of record who receive multiple copies of the 2016 Annual Report or this proxy statement may request householding by contacting Continental Stock using the preceding options.

Beneficial holders who own shares through a broker, bank or other nominee may request householding by contacting the holder of record.

Important Notice Regarding the Availability of Proxy Materials for the 2017 Annual Meeting of Shareholders to be Held on December 20, 2017: This Proxy Statement, the form of proxy card and the 2016 Annual Report are available free of charge

at <http://www.cstproxy.com/regionalhealthproperties/2017>.

PROPOSAL 1:
ELECTION OF DIRECTORS
General

The Board currently consists of five directors, including four independent directors. Our Amended and Restated Bylaws (“Bylaws”) provide that the number of directors shall be no less than three and no greater than twelve as may be determined by resolution of the Board from time to time. By resolution, the Board has fixed the number of directors at five until the Annual Meeting, at which time such number shall be reduced to three. Thomas Knaup and Brian Szames, two of our current directors, will not stand for re-election at the Annual Meeting because: (i) the Nominating and Corporate Governance Committee of the Board (“Nominating Committee”) recommended that Mr. Knaup not stand for re-election; and (ii) Mr. Szames declined to stand for re-election in order to pursue other opportunities.

Our Amended and Restated Articles of Incorporation (“Articles”) and Bylaws provide that each director shall be elected at each annual meeting of shareholders and shall hold office until the next annual meeting of shareholders and until such director’s successor is elected and qualified, or until such director’s earlier death, resignation or removal.

Director Nominees

We ask that our shareholders elect as directors at the Annual Meeting each of the three director nominees named below to serve until the 2018 Annual Meeting and until such director’s successor is elected and qualified, or until such director’s earlier death, resignation or removal. Certain information about each director nominee’s experience, qualifications and skills are set forth below.

Name	Age	Occupation	Independent	Director Since	Committee Memberships
Michael J. Fox*	40	Chief Executive Officer of Park City Capital, LLC	Yes	October 2013	Audit Compensation Nominating
Brent Morrison	41	Interim Chief Executive Officer and Managing Director of Zuma Capital Management LLC	No	October 2014	
David A. Tenwick**	79	Founder of the Company and independent business consultant	Yes	August 1991	Audit Compensation Nominating

* Lead Independent Director

** Independent Director

For additional information about the director nominees and their experience, qualifications and skills, see “Board of Directors - Directors and Director Nominees.” For arrangements regarding the directors’ service as directors, see “Board of Directors - Arrangements with Directors Regarding Election/Appointment.”

Required Vote

Each director will be elected by a plurality of the votes cast. The three director nominees receiving the greatest number of votes will be elected to the Board. Abstentions and broker non-votes will have no effect on the outcome of the vote on this proposal.

Unless otherwise instructed, the Proxy Holders will vote the proxies held by them “FOR” the election to the Board of the three director nominees named above to serve until the 2018 Annual Meeting and until their successors are duly elected and qualified, or until their earlier death, resignation or removal. If any director nominee is unable to serve, then proxies may be voted for a substitute nominee selected by the Board. The Board has no reason to believe that any director nominee will not be able to serve if so elected.

The Board
recommends
a vote “FOR”
the election
to the Board
of each of
the three
director
nominees
named
above.

**PROPOSAL 2:
RATIFICATION OF THE APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Overview

The Audit Committee of the Board (the “Audit Committee”) has authority to retain and terminate the Company’s independent registered public accounting firm. The Audit Committee has appointed KPMG as our independent registered public accounting firm to audit our consolidated financial statements for the year ending December 31, 2017. The Audit Committee considered a number of factors in determining to appoint KPMG as our independent registered public accounting firm, including the firm’s professional qualifications and resources, past performance, expertise in our industry, tenure and capability in handling the breadth and complexity of our business. Although shareholder ratification of the appointment of KPMG is not required, the Audit Committee and the Board are submitting the selection of KPMG for ratification to obtain the view of the shareholders with respect to this matter. If the shareholders do not ratify the appointment of KPMG, then the Audit Committee will evaluate whether to select a different independent auditor. For a description of the fees paid to KPMG, see “Audit Committee Matters - Fees and Services of Our Independent Registered Accounting Firm.”

Representatives of KPMG are expected to be present at the Annual Meeting. The representatives will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate shareholder questions.

Required Vote

Approval of this Proposal 2 requires that the votes cast “FOR” this Proposal 2 exceed the votes cast “AGAINST” this Proposal 2. Abstentions and broker non-votes will have no effect on the outcome of the vote on this proposal. Unless otherwise instructed, the Proxy Holders will vote the proxies held by them “FOR” this Proposal 2.

The Board recommends a vote “FOR” the ratification of KPMG as our independent registered public accounting firm for the year ending December 31, 2017.

GOVERNANCE

Board Structure

Our Articles and Bylaws provide the Board with flexibility to select the appropriate leadership structure for the Company. The Board does not have a policy as to whether the roles of Chairman of the Board and Chief Executive Officer should be separate or combined or whether the Chairman of the Board should be a management or a non-management director.

William McBride, III, served as our Chief Executive Officer and Chairman of the Board from October 2014 and until he separated from the Company on April 17, 2017. Since such date, the Board has not appointed a new Chairman of the Board. Allan J. Rimland served as our Chief Executive Officer from Mr. McBride's separation from the Company until Mr. Rimland resigned effective October 17, 2017. Since October 18, 2017, Mr. Morrison has served as our Interim Chief Executive Officer.

Mr. Fox serves as the Lead Independent Director of the Board (the "Lead Independent Director"). As the primary interface between management and the Board, the Lead Independent Director provides a valuable counterweight to a combined Chairman and Chief Executive Officer role (when one exists) and serves as a key contact for the independent directors, thereby enhancing the Board's independence from management. The Lead Independent Director's responsibilities include as applicable, among other things:

- Consulting with the Chairman of the Board (or the Chief Executive Officer, if there is no Chairman of the Board) regarding the agenda for Board meetings;

- Scheduling and preparing agendas