

UNIVERSITY OF WISCONSIN HOSPITALS AND CLINICS AUTHORITY

Minutes of Board of Directors Meeting

May 2, 2012

PRESENT: David Walsh (Chair), Michael Weiden (Vice Chair), Tom Basting, Wendy Coomer, Richard Fetherston, Dean Robert Golden, Rep. Howard Marklein, Dean Katharyn May, Sen. Luther Olsen, Dr. Humberto Vidaillet, and Chancellor David Ward

EXCUSED: Jeffrey Bartell, Michael Falbo, Pablo Sanchez, and Dr. George Wilding

LIAISONS: Donna Katen-Bahensky

STAFF: Kristi Amelong, Mike Buhl, Jim Dechene, Tim Gaillard, Dr. Chris Green, Beth Houlahan, Robert Miller, Jay Robaidek, Ron Sliwinski and Ralph Turner

GUESTS: Richard Choudoir

1. Call to Order

Mr. Walsh, Chair, opened the meeting of the Board of Directors of the University of Wisconsin Hospitals and Clinics Authority at 1:30 p.m. A quorum was present.

2. Approval of Minutes of February 8 and March 7, 2012 Authority Board Meetings

Dean May moved approval of the minutes of the February 8 and March 7, 2012 meetings. Chancellor Ward seconded the motion and it passed unanimously.

3. Review and Approval of Medical Staff Membership and Clinical Privileges

Dr. Chris Green, Senior Vice President for Medical Affairs, presented the Medical Board recommendations concerning medical staff memberships and clinical privileges. Mr. Weiden moved that the recommendations be approved. Dr. Vidaillet seconded the motion and it passed unanimously.

4. Board Committee Report

Mike Buhl, Senior Vice President and Chief Financial Officer, reported on the Audit Committee meeting. The Committee reviewed the audit plan for 2012-13. Emphasis has been placed on KPMG to complete the audit in a more timely manner than the previous year. The Audit Committee also reviewed an audit of the medication diversion program, the employee badge and key policy and an audit of the tuition reimbursement program.

5. CFO Report

The Board discussed the need for the Board's approval for the use of proceeds from a planned bond offering for a number of current projects and to re-finance a portion of some existing bond debt into the proposed bond issuance to achieve a more advantageous interest rate. The

hospital is in the process of preparing and distributing RFPs to potential underwriters. Chairman Walsh commented that this is an ideal time to enter the bond market especially with the financial strength of the Hospital. The hospital has engaged Kaufmann Hall to help coordinate the financing.

Mike Buhl reviewed the CFO Report. Mr. Buhl highlighted the strong number of regional referrals to the hospital. He reported that March was an especially strong month financially for the hospital and that on most economic measures the hospital was doing extremely well this fiscal year. A member of the Board expressed concern that cadaver transplants were down nearly 20% year to date. Ron Sliwinski, Chief Operating Officer, said this was an area of concern and a number of factors played a part in this including a decrease in trauma accidents. He said in the future that the emphasis will be on living organ donation. The decrease does not appear to be related to transplants moving to other facilities.

It was discussed that continued growth should not be expected next year in some specialties. This is because almost all of the excess capacity at the main hospital has been used and continued growth like this year will not be possible until some of the new facilities that are being planned are constructed. Most short-term future growth will need to focus on reducing length of stay where appropriate.

Mr. Buhl reported on operating results for March 2012 and year to date. Net gain from operations for March was \$9.5 million. Net income for March, including non-operating losses, was \$11.5 million. Net gain from operations through March was \$72.5 million. Net income, including non-operating losses, was \$75.9 million.

6. Action: Approval to Recover Expenses from Subsequent Bond Offering

Mr. Buhl proposed that the Board adopt a resolution authorizing repayment of expenses for certain projects from future bond proceeds. Mr. Weiden moved approval of the resolution [Exhibit 1]. Mr. Basting seconded the motion and it passed unanimously.

7. CEO Report

Donna Katen-Bahensky, President and Chief Executive Officer, provided members with her report. She highlighted a story which had been handed to each board member about the remarkable job UW Health did in transitioning the care of a very ill patient. The story reinforces that much of the care is enhanced by the fact that UW Health has multiple missions and in cases such as these, all the missions come together to improve the care of patients. She introduced the Hospital's new Vice President of Facilities and Support Services, Ralph Turner. She then discussed some of the new additions to senior leadership. Dr. Chris Green was selected as the Senior Vice President, Medical Affairs and Chief Medical Officer; Sue Rees was selected as the new VP of Development, Nursing and Patient Care Services; and Jocelyn DeWitt was selected as the new UW Health Chief Information Officer. She reported that discussion with Dane County Executive Joe Parisi were ongoing about changes in the county detox services. She then highlighted two important awards recently received by UW Health physicians. Finally, she recognized Dr. Azita Hamedani, who was named the Emergency Medical Director of the Year, which follows the Emergency Department nurses being named some of the best in the country. Tami Morin was also named best Nurse Manager of an Emergency Department.

8. Closed Session

There being no other matters for the open session, Mr. Walsh proposed to take the meeting into closed session as previously announced. Mr. Walsh announced that the purpose for the closed session was for the discussion of financial and other matters, including budgetary matters which for competitive reasons require a closed session, as provided in section 19.85(1)(e), Wis. Stat.; and to consider employment and performance evaluation data of public employees, as provided in section 19.85(1)(c), Wis. Stat.; and for review of the services of health care providers, pursuant to section 146.38, Wis. Stat.

Mr. Basting moved that the Board enter closed session. Mr. Weiden seconded the motion. The motion passed with a unanimous roll call vote. The following members voted for the motion: David Walsh (Chair), Michael Weiden (Vice Chair), Tom Basting, Wendy Dean, Richard Fetherston, Dean Robert Golden, Rep. Howard Marklein, Dean Katharyn May, Sen. Luther Olsen, Dr. Humberto Vidaillet, and Chancellor David Ward.

The Board took no action in the closed session.

9. Return to Open Session: Approval of Hospital Rate Increase

The Board resumed its open session as announced in the notice for the meeting. Mr. Weiden moved adoption of the resolution approving the 2012 rate increase [see Exhibit 2]. Dr. Vidiallet seconded the motion and it passed unanimously.

The meeting adjourned.

Respectfully Submitted,

James C. Dechene, Secretary

**University of Wisconsin Hospitals and Clinics Authority
Board of Directors**

Resolution to Recover Expenses from Subsequent Bond Offering

WHEREAS, University of Wisconsin Hospitals and Clinics Authority ("UWHCA") is pursuing development, planning, construction, equipping and other related costs of the East Campus project, the expansion and build out of the American Family Children's Hospital, and the Autopsy & Pathology suite at the Highland campus (collectively "Projects");

WHEREAS, UWHCA plans to issue bonds during the 2012-2013 fiscal year to assist in the financing of the Projects and other projects;

WHEREAS, THE UWHCA Finance Committee approved recommending that the UWHCA Board approve that the Projects be included in future bond offerings;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

The UWHCA Board hereby approves and authorizes UWHCA management to recover expenses on the Projects from the proceeds of any subsequent bond offering.

PASSED AND ADOPTED this 2nd day of May, 2012.

**BOARD OF DIRECTORS OF THE
UNIVERSITY OF WISCONSIN HOSPITALS AND CLINICS AUTHORITY
(UWHC)**

**RESOLUTION
APPROVING THE HOSPITAL RATE INCREASE FOR FY 2013**

WHEREAS, the Finance Committee of the Board of Directors of UWHC has reviewed the UWHC hospital rate increase document for FY 2013 prepared by management and has recommended its approval to this Board; and

WHEREAS, this Board has reviewed the hospital rate Increase document for FY 2013 as presented by management;

NOW THEREFORE BE IT RESOLVED THAT,

The Board of Directors of the University of Wisconsin Hospitals and Clinics Authority approves an average gross percentage price increase of 5.0%.

PASSED AND ADOPTED this 2nd day of May, 2012.