

UNIVERSITY OF WISCONSIN HOSPITALS AND CLINICS AUTHORITY

Minutes of Board of Directors Meeting

May 8, 2013

PRESENT: David Walsh (Chair), Michael Weiden (Vice-Chair), Tom Basting, Wendy Coomer, Rick Fetherston, Dean Robert Golden, Dean Katharyn May, Lisa Reardon, Pablo Sanchez, and Dr. Humberto Vidaillet

EXCUSED: Jeffrey Bartell, Michael Falbo, Rep. Howard Marklein, Sen. Luther Olsen, Chancellor David Ward and Dr. George Wilding

LIAISONS: Donna Katen-Bahensky

STAFF: Kristi Amelong, Mike Buhl, Jan Bultema, Jim Dechene, Chris Green, MD, Beth Houlahan, Robert Miller, Jeff Poltawsky, Jay Robaidek, Ron Sliwinski, Ralph Turner, Dan Weissburg, and Tom Young

GUESTS: None

1. Call to Order

Mr. Walsh, Chair, opened the meeting of the Board of Directors of the University of Wisconsin Hospitals and Clinics Authority. A quorum was present.

2. Approval of Minutes of March 6, 2013, Authority Board Meeting

Mr. Fetherston moved approval of the minutes of the March 6, 2013 meeting. Dean May seconded the motion and it passed unanimously.

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

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

4. Approval of Property Purchase for House for AFCH Raffle

Jeff Poltawsky, Vice President of American Family Children's Hospital (AFCH), and Tom Young, Program Director/AFCH, gave a presentation on the proposed Incredible House Raffle. Mr. Poltawsky explained that the way the deal was structured that AFCH was protected so that it should not be liable for owning the home after the raffle, regardless of the number of tickets sold. If an insufficient number of tickets are sold, there are outs and adjustments to the awards. AFCH was also guaranteed at least some contribution unless only a small number of tickets are sold, in which event, the raffle would be canceled and the money returned. Dr. Vidaillet moved approval of a resolution [Attachment 1] authorizing approval of entering the contract to purchase the house on the terms presented. Mr. Bastings seconded the motion and it passed unanimously.

5. Board Committee Reports

Mike Buhl, Chief Financial Officer, reported that the Audit Committee met that morning and reviewed the internal audit. Mr. Buhl noted there were some items in the audit plan that will need to be deferred to the upcoming fiscal year because the Audit Department was short staffed for a portion of the year. The Committee also reviewed the audit plan for the coming year. There was also a presentation made to the committee providing an update on various compliance issues. The Finance Committee did meet and the issues discussed in that meeting are in the CFO report.

6. CFO Report

Mr. Buhl presented the Board with the CFO report. He noted that the Hospital saw a decline in activity for the month of March. Part of this decline was likely due to spring break schedules, but also due to changes in the local insurance market. While activity was down, the case mix index remained very strong for both adults and pediatrics. Mr. Buhl also reported that while the numbers are only preliminary, there appears to have been an improvement in activity for the month of April.

Net gain from operations for March was \$63,000. Net income for March was \$1.6 million. Net gain from operations through March was \$88.9 million. Net income was \$113 million.

7. CEO Report

Donna Katen-Bahensky, President and CEO gave the CEO report. She began her presentation by updating the Board about the very successful Merrill Lynch Gala the previous Friday. The gala was a fundraiser for the American Family Children's Hospital and special guests included Cindy Crawford and Mike McCarthy and his wife, Jessica. She then reported the opening of the UW Health Digestive Health Center and the groundbreaking for the UW Health East Side Campus. She next announced the appointment of Dr. Pete Newcomer as the UW Health Chief Ambulatory Medical Officer effective July 1. She also acknowledged a large NIH grant won by the cancer team, the re-verification of the hospitals Level 1 Trauma status and a recent award won from *Working Mother Magazine*.

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.

Dean May moved that the Board enter closed session. Mr. Sanchez 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, Rick Fetherston, Dean Robert Golden, Dean Katharyn May, Lisa Reardon, Pablo Sanchez, and Dr. Humberto Vidaillet. Wendy Coomer was not present at the time of the vote.

The Board took no action in the closed session.

9. Return to Open Session - Approval of FY14 Price Increase

Dean Golden moved approval of the resolution [Attachment 2] approving the proposed rate increase. Mr. Bastings seconded the motion and it passed with all members present voting for the resolution, except for Wendy Coomer who abstained.

The meeting adjourned.

Respectfully Submitted,

James C. Dechene, Secretary

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE UNIVERSITY OF WISCONSIN HOSPITALS AND CLINICS AUTHORITY**

APPROVAL OF CONTRACT TO PURCHASE HOUSE FROM VERIDIAN HOMES

Approved May 8, 2013

Whereas, University of Wisconsin Hospitals and Clinics Authority ("UWHCA") d/b/a American Family Children's Hospital (AFCH) proposes to conduct an Incredible House Raffle in which a Veridian Home would be available as a choice for a grand prize; and

Whereas, UWHCA and Veridian Homes will enter into an agreement setting forth the terms and conditions for the fundraising raffle event ("Charity Raffle Agreement");

Whereas, the grand prize raffle winner will be offered a choice of a grand prize Veridian Home or a \$120,000 cash prize; and

Whereas, the Charity Raffle Agreement requires UWHCA to enter into a Residential Offer to Purchase, which includes a Building Construction Agreement, for the purchase of the grand prize Veridian home (valued at \$215,000 and offered to UWHCA at a discounted price of \$137,600); and

Whereas, if the raffle winner chooses the home, UWHCA will assign the Residential Offer to Purchase to the raffle winner and place \$137,000 in escrow, which amount shall be transferred to Veridian Homes at closing; and

Whereas, if the raffle winner chooses the cash prize, AFCH will be solely responsible for awarding the cash prize and the Residential Offer to Purchase will be null and void; and

Whereas, the Charity Raffle Agreement includes official rules which provide that (i) raffle tickets will be sold at a price of \$60 per ticket for single tickets or \$50 per ticket for multiple tickets; (ii) if 1,500 tickets are not sold, UWHCA may cancel the raffle at any time before the drawing and return ticket payments to each purchaser; and (iii) if 6000 tickets are not sold by August 1, UWHCA may withdraw the grand prize (home or cash), and divide any proceeds (less other prizes and expenses) between the grand prize winner and AFCH; and

Whereas, the approval of this Board is required for real estate purchases, and UWHCA will be a party to a contract to purchase real estate, albeit temporarily and without any intent to itself own the house in question.

Now, therefore, the Board of Directors of the UWHCA hereby authorizes UWHCA to execute a Residential Offer to Purchase with Veridian Homes for an amount not to exceed \$137,600 conditioned on the sale of at least 6000 raffle tickets and the grand prize winner's selection of the house, and, in the event such conditions are met, to assign the Residential Offer to Purchase to the grand prize winner and deposit the purchase price of \$137,600 in escrow for transfer to Veridian Homes upon closing.

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

Approved May 8, 2013

**RESOLUTION
APPROVING THE HOSPITAL RATE INCREASE FOR FY 2014,**

WHEREAS, the Finance Committee of the Board of Directors of UWHC has reviewed the UWHC Hospital Rate Increase document for FY 2014 as prepared by management and has recommended its approval to this Board; and

WHEREAS, this Board has reviewed the Hospital Rate Increase document for FY 2014 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 6.0% effective July 1, 2013.