

UNIVERSITY OF WISCONSIN HOSPITALS AND CLINICS AUTHORITY
Minutes of Board of Directors Meeting

April 6, 2011

PRESENT: David Walsh (Chair), Michael Weiden (Vice Chair), Roger Axtell, Tom Basting, Carol Booth, Richard Choudoir, Judith Crain, Dean Robert Golden, Mike Huebsch, Rep. Howard Marklein, Dean Katharyn May, Pablo Sanchez, Michael Spector, Dr. Humberto Vidaillet (on telephone) and Dr. George Wilding

EXCUSED: Chancellor Carolyn Martin, Sen. Luther Olsen and Dian Palmer

LIAISONS: Donna Katen-Bahensky and Dr. Christopher Green

STAFF: Kristi Amelong, Jan Bultema, Mike Buhl, Jim Dechene, Dr. Carl Getto, Ron Gilmore, Connie Kinsella, Lisa Maroney, Robert Miller, Jeff Poltawsky, Renee Rizzo, Sue Sanford-Ring, Mike Sauk, Ron Sliwinski, Patrick Toner, Linda Walton, Dan Weissburg, Terry Wilkerson, Kelly Wilson, Dustin Wright and Beth Zaher

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.

Mr. Walsh introduced new Board member, Mike Huebsch, who is the Secretary of the Wisconsin Department of Administration.

2. Approval of Minutes of February 9, 2011, Authority Board Meeting

Mr. Weiden moved approval of the minutes of the February 9, 2011, meeting. Mr. Spector seconded the motion and it passed unanimously.

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

Dr. Christopher Green, President of the Medical Staff, presented the Medical Board recommendations concerning medical staff memberships and clinical privileges. Mr. Spector moved that the recommendations be approved. Mr. Axtell seconded the motion and it passed unanimously.

4. Board Committee Reports

Dean May reported on the Performance Improvement, Risk Management and Safety Committee (PIRMS) meeting. The Committee reviewed the dashboard, areas to focus on, CMS requirements, and patient satisfaction and safety matters.

Michael Buhl, Senior Vice President and Chief Financial Officer, reported that the Audit Committee had not met and that the matters considered at the Finance Committee would be addressed in the bond refinancing and CFO report items on the agenda.

5. Bond Refinancing

Mr. Buhl reported on the bond financing that had been approved at the last Board meeting. Bond counsel required a more detailed resolution which he presented. Mr. Axtell moved approval of the resolution [Exhibit 1]. Mr. Spector seconded the motion and it passed unanimously.

6. CFO Report

Mr. Buhl reported on patient activity and financial results for February 2011 and fiscal year-to-date. He explained the impact of the snowstorm in early February.

Net loss from operations for February was \$713 thousand. Net income for February, including non-operating income was \$652 thousand. Net gain from operations for year-to-date was \$39.5 million. Net income, including non-operating income, was \$61.4 million.

7. CEO Report

ACO Task Force. Donna M. Katen-Bahensky, President and CEO, reported that the ACO Task Force is investigating whether UW Health should become an Accountable Care Organization.

Watertown. The new co-branded American Family Children's Hospital unit at Watertown was opened. UW Health and Watertown Regional Medical Center had a retreat to explore their relationship.

Budget Repair Bill. The communications to employees concerning the potential impact of the Budget Repair Bill were reviewed.

Employee Forums. Employee forums have been well-attended in part due to questions about the budget bills.

Epic/Health Link. There was a recent meeting between UW Health personnel and Epic personnel about the future of the electronic medical record.

DHS Meeting. UWHCA officials met with the new Secretary of DHS to discuss the future of Medicaid.

Primary Care Redesign. The progress of the primary care redesign project was reviewed.

Recruitment Updates. Beth Houlahan has accepted the position as Chief Nursing Officer starting June 1. The medical school is finalizing an agreement for the new Pathology Chair. An announcement on the Pediatric Cardiothoracic Surgery Chief is expected soon.

Announcements. UWHCA received a Susan G. Koman grant for breast cancer services. The bone marrow transplant program has been reaccredited by the Foundation for the Accreditation of Cellular Therapy. UW Health is ready to file with CMS for additional payment for its meaningful use of the electronic medical record. The liver transplant program was recently approved to cover VA patients.

National Donate Life Month. April is National Donate Life Month which promotes the donation of organs for transplant.

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. Spector 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), Roger Axtell, Tom Basting, Judith Crain, Dean Robert Golden, Mike Huebsch, Rep. Howard Marklein, Dean Katharyn May, Pablo Sanchez, Michael Spector, Dr. Humberto Vidaillet (on telephone) and Dr. George Wilding. Carol Booth and Richard Choudoir are non-voting members.

Mr. Weiden made a motion to approve the commitment of resources to developing a confidential project. Dr. Wilding seconded the motion and it passed unanimously.

Mr. Weiden moved approval of a confidential long range financial and capital plan. Dr. Wilding second the motion and it passed unanimously.

No other action was taken in the closed session.

The meeting adjourned.

Respectfully Submitted,

James C. Dechene, Secretary

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

Approved April 6, 2011

WHEREAS, the University of Wisconsin Hospitals and Clinics Authority (the "Authority") was created by 1995 Wisconsin Act 27 and exists under authority of and pursuant to the provisions of Chapter 233 of the Wisconsin Statutes, as amended (the "Act"), and other applicable statutes of the State of Wisconsin; and

WHEREAS, the Authority was organized to operate and maintain the University of Wisconsin Hospital and Clinics and other health-related facilities in connection therewith; and

WHEREAS, the Authority is authorized by the Act, and specifically Section 233.26 of the Act, to issue refunding bonds for its valid corporate purposes subject to certain limitations; and

WHEREAS, the Authority has previously issued the following series of bonds pursuant to Section 233.20 of the Act: (i) \$61,000,000 Variable Rate Demand Revenue Refunding Bonds, Series 2008B Bonds (the "2008B Bonds"), all of which are currently outstanding; and (ii) \$57,070,000 Variable Rate Demand Revenue Refunding Bonds, Series 2009A, all of which are currently outstanding (the "2009A Bonds," and together with the Series 2008B Bonds, the "Prior Bonds"); and

WHEREAS, it has been recommended by the Finance Committee to the Board of Directors that the Prior Bonds be refunded; and

WHEREAS, based on the recommendation of the Finance Committee of the Board of Directors, management of the Authority was authorized to proceed with the actions necessary for a refunding of the Prior Bonds on the general terms and conditions presented to the Finance Committee of the Board of Directors; and

WHEREAS, management of the Authority has proposed to refund the Prior Bonds by the issuance of two series of revenue refunding bonds (collectively, the "Series 2011 Bonds") pursuant to the Master Indenture of Trust, dated as of April 1, 1997 (as amended and supplemented, the "Master Indenture"), between the Authority and U.S. Bank National Association (successor to Firststar Trust Company), as trustee, the basic structure of which is as follows:

- a. the Authority will issue two series of bonds, the Series 2011A Bonds which will refund the Series 2009A Bonds and the Series 2011B Bonds which will refund the Series 2008B Bonds, in an aggregate maximum principal amount of \$121,000,000 pursuant to two separate Series Supplements to the Master Indenture (the "Supplemental Indentures");

- b. the Authority will sell the Series 2011 Bonds to JPMorgan Chase Bank, National Association (the "Purchaser") in a private placement pursuant to the terms of one or more bond purchase agreements; and
- c. the proceeds of the Series 2011 Bonds will be used to currently refund the Prior Bonds and to pay related costs and costs of issuance.

WHEREAS, pursuant to the Act, the Board of Directors must approve the issuance of the Series 2011 Bonds; and

WHEREAS, the Finance Committee of this Board of Directors has determined that it is in the best interests of the Authority to accept the proposals and recommendations of management to currently refund the Prior Bonds and issue the Series 2011 Bonds, and now desires the approval of the Board of Directors; and

NOW, THEREFORE, THIS BOARD OF DIRECTORS RESOLVES AS FOLLOWS:

1. That the Board of Directors hereby approves proceeding with the refunding of the Prior Bonds and the issuance of the Series 2011 Bonds as described above (and, to the extent necessary, funds of the Authority).
2. That the Authority shall issue the Series 2011 Bonds with final maturities not in excess of the maturity of the Prior Bonds which such Series of Bonds refunds with variable and fixed interest rate setting mechanisms as described in the term sheet of the Purchaser attached hereto and the Supplemental Indentures authorizing the Series 2011 Bonds and such other terms as are required by the Purchaser and agreed to by the Authorized Officer (as defined in paragraph 3 below) executing such Supplemental Indentures.
3. That each of the President & CEO, the Chief Financial Officer or the General Counsel of the Authority (each an "Authorized Officer"), each acting singly, is hereby authorized to exercise any discretion as may be necessary within the parameters set forth in paragraph 2 above and to execute and deliver on behalf of the Authority the Supplemental Indentures for the Series 2011 Bonds, one or more bond purchase agreements in connection with the offer and sale of the Series 2011 Bonds, the Series 2011 Bonds, one or more credit or supplemental bondholder's agreements between the Authority and the Purchaser setting forth additional covenants of the Authority and any other related agreements in favor of the Purchaser, one or more agreements with respect to the tax-exemption of the Series 2011 Bonds, one or more escrow agreements, and any other agreements evidencing the Authority's obligations in relation to the Series 2011 Bonds and the Prior Bonds, and any other documents, certificates or instruments necessary to the issuance of the Series 2011 Bonds and the refunding of the Prior Bonds, all in such form and upon such terms as such Authorized Officer shall approve, such approval to be conclusively evidenced by the execution and delivery of said agreements by any Authorized Officer.
4. That all Authorized Officers of the Authority acting singly are hereby authorized to execute and deliver on behalf of the Authority such other related agreements, certificates and documents and take such other and further action as may be

necessary or desirable to carry out the transactions authorized by these resolutions.

5. That all acts authorized by each of the foregoing resolutions taken heretofore by any Authorized Officer are hereby ratified as the authorized act of the Authority.
6. That all prior resolutions of the Finance Committee or the Executive Committee of the Board of Directors or any parts thereof in conflict with any or all of the foregoing resolutions are hereby repealed to the extent of such conflict.

This is a true copy of the Resolution adopted by the Board of Directors of the University of Wisconsin Hospitals and Clinics Authority on April 6, 2011.