



# BOARD OF DIRECTORS MEETING

June 12, 2006  
Minutes

Dr. Burrow called the meeting to order at 8:43 a.m. By unanimous vote the committee entered into Executive Session at 8:44 am.

Item A Clinical Facilities Planning - Preliminary Notes and Drafts

Attendees: G. Burrow, A. Gnazzo, J. Haberland, R. Galvin, J. Abromaitis, P. Austin, P Robinson, L Jacobs, C. Leonardi, S. Strongwater, P. Deckers, R. Hennessy, J. Goldberg, S. Cloud, J. Bigos, B. Hehir, B. Carlson, M. Walker, J. Walter, S. Whetstone, B. Feldman, D. Upton, J. Comerford and S. Wetstone.

Item B Ongoing negotiations – clinical

Attendees: G. Burrow, A. Gnazzo, J. Haberland, R. Galvin, J. Abromaitis, P. Austin, P Robinson, L Jacobs, C. Leonardi, S. Strongwater, P. Deckers, R. Hennessy, J. Goldberg, S. Cloud, J. Bigos, B. Hehir, B. Carlson, M. Walker, J. Walter, S. Whetstone, B. Feldman, D. Upton, J. Comerford and S. Wetstone.

Executive Session concluded at 9:04 a.m.  
Regular session resumed at 9:06 a.m.

## Chair's Remarks

1. **Public Comment**

There was no public comment.

2. **Approval of Minutes**

- None

3. **Consents:**

The following Consent Agenda items were approved unanimously:

- 3.1 Transfer of funds to UCHC Finance Corporation to perform functions for the John Dempsey Hospital for July 1, 2006-June 30, 2007

- 3.2 Transfer of funds to UCHC Finance Corporation to perform functions for the UConn Medical Group and UConn Health Partners for July 1, 2006-June 30, 2007
- 3.3 Transfer of funds to UCHC Finance Corporation to perform functions for the Correctional Managed Health Care Program for July 1, 2006-June 30, 2007
- 3.4 Transfer of funds to UCHC Finance Corporation to perform functions for University Dentists and Faculty Practice for July 1, 2006-June 30, 2007
- 3.5 Connecticut Cardiothoracic Surgery Associates, LLC
- 3.6 Connecticut Children's Medical Center
- 3.7 Appointment of Auditors – KPMG
- 3.8 Exchange Suite 260 Lease
- 3.9 Mount Sinai Hospital Foundation Lease
- 3.10 Simsbury Medical Associates Lease
- 3.11 Lease of Space to Venomix, Inc.
- 3.12 Contracts \$500,000+

#### **4. Main Business Items**

##### 4.1 Operating Budgets

###### 4.1.1 FY 07 – P. Deckers

Dr. Deckers presented an overview of the FY 2006 and the FY2007 Proposed Operating Budget.

- Key financial pressures were anticipated for FY 06 which included a leveling of research grant awards, a slower pace in clinical volume growth, only a slight increase in the State appropriations and Federal and State mandates and contractual salary/benefits increases. The actual financial downturn was greater than projected driven by many factors including unanticipated turnover in clinical faculty and leaves of absences (maternity and medical), delayed opening of the electrophysiology lab, delayed implementation of the Dental Implant Center, failure to obtain state funding to advance the Center for Public Health and Health Policy, and a decrease in research grant awards (down \$10 million over two years) coupled with tenured faculty obligations (approximately \$3 million). A FY 06 deficit of approximately \$1.3 million is anticipated and at close out it might run higher than that.
- Despite these pressures, many accomplishments did take place including key recruitments into the Signature Programs, operational improvements in the research domain, a \$12 million NIH Roadmap for Medical Research grant to Dr. Loew, progress in the C4I initiatives, JDH being named as a 2005 Solucient 100 Top Hospitals Performance Improvement Leader, successful roll-outs of major new clinical information systems and investments in new, major diagnostic and treatment equipment in the MARB.
- Many efforts were taken during the year to ameliorate the FY 06 deficit including freezes on out-of-state travel and on hiring, a clinical “other expenses”

opportunity register, and supply chain optimization. JDH is projected to have a \$6.9 million positive margin which will not cover other unit negative margins.

- The FY07 budget must address the twin challenges of a structural deficit resulting from non-inflationary adjusted state appropriations and the cyclical deficits resulting from the clinical business cycle and more recently, NIH research grant funding retrenchment. A \$94 thousand positive margin will be achieved on a \$655 million expense plan through a mix of revenue growth and cost reduction. Revenues are projected to increase by 5.6% and expenses by 4.7%.
- Key revenue actions will be: a 15% increase in tuition and fees (\$2 million), implementation of the Dental Implant Center (\$1.5 million), JDH volume increases (\$5.3 million), UMG volume increases (\$6.9 million). Key reduction actions will be: workforce reductions (\$6 million), deferred managerial and academic merit increases (.4 million), and suspended research incentive plan (\$.9 million).

The board raised concerns whether the corrective actions would be aggressive enough to achieve a positive margin. Dr. Deckers is confident in the anticipated research income based on some preliminary award information. Dr. Strongwater reviewed the process for projecting clinical volumes on a physician by physician analysis. Three are 25 new clinical faculty and their ramp up speed will be important to achieving a successful budget. Ultimately, the Schools' reliance on a positive margin from the hospital may not be viable and direct support from the State (now at approximately 16% of the budget) may need to be increased.

Dr. Deckers commended Dan Upton and his staff on their efforts.

The following resolution was unanimously approved: **“That the Board of Trustees approves the University of Connecticut Health center Spending Plan for the Fiscal Year 2007.”**

#### 4.1.2 Biennium budget FY 08 & FY 09 - D. Upton

UCHC is required to submit a biennium budget each year projecting current services. These budgets may be modified by the Board of Directors each year. Ms. Leonardi reported that this budget was reviewed in detail by the Finance subcommittee and considered it good work.

The following resolution was unanimously approved **“That the Board of Trustees approves the State Appropriation Budget Request for the University of Connecticut Health Center for the Biennium Fiscal Years 2008 and 2009.”**

## 4.2 Capital Budget – S Whetstone

### 4.2.1 FY 07

Ms. Whetstone reviewed the UCHC Campus Master Plan completed in 2002 and accomplishments to date:

- Plan: Create roughly 100,000 net square feet of research space including 50,000 net sf new research and 50,000 net sf to decant out of Building L.

Status: On hold in order to re-evaluate this recommendation in light of the current research funding environment, needs related to the State's stem cell research program and pending completion of the clinical strategic facilities plan. The new Research Tower was the first domino in a series of space projects and as such this delay has impacted several other projects.

- Plan - Create a new student services center within the main building; recapture former education classroom space; and provide newly renovated space for academic administrative office.

Status: On hold pending availability of decanted research space

- Renovate and modernize older research space in main building (L)

Status: Architect selected and contracted (CUH2A) and is conducting planning and programming studies of L building research lab space renovation needs. Architectural design will follow. Commencement of actual renovations will be contingent upon identification of "decanting/swing" space need to vacate L building research space on a phased basis.

- Develop an ambulatory care zone on the lower campus for improved patient accessibility and relocation of ambulatory care activities out of hospital space.

Status: MARB building is completed and occupied. Relocation of the ASB is in progress and renovation of the ASB to clinical space is expected subsequent to that.

- Develop an in-patient clinical strategic facilities plan to address the following key clinical facilities issues: inadequate number of private patient rooms versus double-bedded rooms; space shortages in ED, Imaging and surgery suites.

Status: Engaged CSC, Ballinger and Kaufman-Hall in an 18 month planning process to conduct a full evaluation of renovation and new construction alternatives, cost and financing options. The Clinical Strategic Facilities Plan to be completed fall, 2006.

- Expand infrastructure including parking and support new construction

Status: Consultant parking study underway; consultant will assess current conditions and short term parking needs as a precursor to the development of a long term parking plan which is pending completion of the Clinical Strategic Facilities Plan

- Acquire property as existing space utilization is at maximum capacity and due to wet lands restrictions, there are few on-campus development options to support continued growth

Status: Purchased 16 Munson Road adding 115,000 gross net square feet and 19.61 acres to campus space inventory

The rephrasing of UConn 2000 Phase III was discussed using the spreadsheet in the packet starting on the BoD material page 64 (packet page number 16 of 41.). The UConn 2000 annual bonding capacity is set for the entire University. Due to the shifting of UCHC projects, a portion of UCHC's originally assigned bonding limit will be shifted to Storrs in the earlier years and returned in the later years of UConn 2000 Phase III.

Mr. Upton reviewed the FY 07 Capital Spending Plan (starting on page 22 of 41 in the capital packet.) The total spending plan is \$77.3 million of which \$23.5 will be UConn 2000 Phase III funds, \$2.86 million from allocated bond funding, and \$50.95 million from other sources (F&A use allowance, School, UMG and JDH funds).

#### 4.2.2 FY 07-12 Five-Year Capital Spending Plan

Mr. Upton reviewed the FY 07-12 Capital Spending Plan (starting on page 23 of 41 in the capital packet.) A revised resolution was handed out.

The following resolution was unanimously approved: **“That the Board of Trustees approves the University of Connecticut Health Center Capital Spending Plan for Fiscal Year 2007 and the Five Year Capital Spending Plan for Fiscal Years 2008-2012 for the University of Connecticut Health Center.”**

#### 4.3 Affirmative Action Report - Carolyn Lyle, Executive Director, Office of Diversity & Equity

Ms Lyle presented an update of the Health Center Affirmative Action Plan.

- The 2005 plan was approved by the Commission on Human Rights and Opportunities, but the 2004 was not. Many improvements have been instituted to ensure all future plans are approved including a reorganization of our efforts into the Office of Diversity Programs.
- State law requires set-asides for contracts to be awarded to certified small businesses and minority business enterprises.
- State law requires that targets be established for all open positions and that “good faith” efforts be made to achieve these workforce goals. Targets are established based on the projected distribution of diversity in the pool of qualified applicants. Similar targets are established for internal promotional mobility. UCHC has achieved 41% of the hiring goal and 58% of the promotional goal. While this is relative good in comparison to other State agencies, it needs to be improved.
- Accomplishments of the last year include compliance with mandatory diversity training, increased efforts to recruit a large pool of target applicants, data systems to monitor hiring decision making, making hiring managers accountable for understanding and achieving workforce goals, establishing committees to monitor and develop upward mobility pathways and contract compliance.

The Board raised the concern that when engaged in job eliminations, that care be taken these are not done disproportionately in respect to the target groups. It was noted that the Schools have done quite well in creating a diverse study body and there may be lessons learned that could be applied to the workforce. The reporting format needs to be clearer, both for any given year and for trend data, to allow the Board to track success at meeting the various target goals. It was noted that all levels of management must take responsibility for achieving our goals include Board members.

## **5. CEO Report**

- P Robinson – Dr. Rowe has accepted the directorship of the U24 Research Program for the Center of Regenerative Medicine and Skeletal Biology.
- P Deckers - Dr. Lieberman has been recruited to be co-director the Musculo-skeletal Signature Program.

There is a serious under funding of the education and research missions on academic health centers nationally. UCHC's schools have renewed the physician and dentist infrastructure of Connecticut through our graduates who are of the highest quality. This makes UCHC an invaluable asset to the State.

Excellence in teaching needs excellence in research through a growing and relevant, biomedical research enterprise. A new, focused research strategic plan that demonstrates its value to the State in under development and securing sufficient funds for the societal good of teaching, research, clinical care and community service essential.

## **6. Academic Affairs - B. Koeppen**

- At its May 1 meeting, the subcommittee heard reports on the following:
  - Updates regarding the recent changes in governance of the School of Medicine and School of Dental Medicine. Revisions to the governance bylaws of the Schools of Dental Medicine are under consideration with anticipated Board action after the summer.
  - An overview of the current status and future direction of clinical and translational research at UHC. Specifically, the GCGC funding mechanism is being replaced in the near future with the Clinical and Translational Science Award (CTSA). UHC has submitted a planning grant for a CTSA, which will be followed by full program application. The plan is to have the CTSA continue on with the successes of the GCRC.
  - An update on the Stem Cell Initiative, both at the State level and UHC's efforts related to this initiative.
  - An update on the current status of the public health initiative, and planning for the establishment of a School of Public Health.
- The subcommittee approved the awarding to Dr. Sunil Wadhwa of the Charles J. Burstone Professorship in Orthodontics. In contrast to most named professorships, which are awarded to senior faculty, this award is specifically designed to go to a junior faculty member. Dr. Wadhwa will hold this professorship for a period of 5 years.

Dr. Burrow commented that McMaster University has been successful in developing translational researchers from its junior faculty.

## **7. Clinical Affairs - S. Strongwater**

- At its May 2 meeting, the subcommittee heard reports on performance improvement, information technology, the environment, and UMG planning.
- JDH was awarded a Top 100 Performance Leaders Award from Solucient, a national market research firm. The award is for 5 years of improvement ahead of the marketplace in: clinical outcomes, patient safety, financial stability and growth.

8. **Financial Affairs - D. Upton**

- The master lease agreement with GE Capital expires on June 30, 2006. This agreement included a \$10 million debt level for UCHC which can be accessed with prior Board approval. A new vendor has been selected for 2006 to enable access to an additional \$10 million in excess to current debt already incurred under the old agreement..

The Board unanimously approved the following resolution: **“That the Board of Trustees approve the Master Lease Agreement between the University of Connecticut (including the University of Connecticut Health Center) and Citimortgage, Inc. The Master Lease provides for up to \$20 million in principal for tax-exempt lease financings, representing \$10 million for the University’s Storrs-based programs and \$10 million for the Health Center.”**

- The Board unanimously approved adding the following item to the agenda: Settlement Agreement with Health Resources International.

The Board unanimously approved the following resolution: **“That the UCHC Board of Directors recommends that the University of Connecticut Health Center Finance Corporation (UCHCFC) negotiate a settlement agreement with Health Resources International (HRI) whereby the UCHCFC on behalf of the John Dempsey Hospital assumes full ownership of the Farmington Surgery Center LLC upon such terms and conditions as shall be approved by the Chair of the Finance Committee of the Board of Directors of the University of Connecticut Health Center.”**

There being no further business, the meeting was adjourned at 11:12 a.m

Respectfully submitted,

Peter J. Deckers, M.D.

**Attendees:**

G. Burrow, A. Gnazzo, J. Haberland, R. Galvin, J. Abromaitis, P. Austin, P. Robinson, L. Jacobs, C. Leonardi, S. Strongwater, P. Deckers, R. Hennessy, J. Goldberg, S. Cloud, J. Bigos, and B. Hehir.