



# BOARD OF DIRECTORS MEETING

July 16, 2007  
Minutes

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Dr. Burrow called the meeting to order at 4:15 p.m.  
By unanimous vote the committee entered into Executive Session.

Item A: Clinical Facilities Planning (preliminary notes and drafts / proprietary information) – 4:16 p.m.  
Those in attendance were: P. Austin, G. Burrow, C. Chase, S. Cloud, P. Deckers, R Galvin, J. Goldberg, J. Haberland, B. Hehir, R. Hennessey, C. Leonardi, R. Samuels, L. Aronson, T. Borda, B. Carlson, C. Dugger, B. Feldman, D. Green, L. MacNeil, J. Thornton, D. Upton, K. Walker, J. Walter, S. Wetstone, K. Kay

Item B: Personnel Matter – 4:48 p.m.  
Those in attendance were: P. Austin, G. Burrow, C. Chase, S. Cloud, P. Deckers, R Galvin, J. Goldberg, J. Haberland, B. Hehir, R. Hennessey, C. Leonardi, R. Samuels, D. Green, S. Wetstone, K. Kay

Executive session adjourned at 5:05 p.m.  
Public session resumed at 5:18 p.m.

## Chair's Remarks – Dr. Burrow

- Dr. Burrow asked that the Directors note the 2007-2008 Meeting Calendar for the Board of Directors, Board Subcommittees, and Board of Trustees (located on Page 1. of Board binder).

### 1. Public Comment

- There was no public comment.

### 2. Approval of Minutes

- The BoD unanimously approved the Minutes of June 11, 2007.

### 3. Consents

- Siemen's Contract Extension

The following resolution was unanimously approved:

*That the Board of Directors approves an amendment to the contract with Siemens Medical Solutions Health Services Corporation. The amendment extends the current term of the agreement from July 1, 2009 to June 30, 2014.*

## 4. Main Business Items

### 4.1 FY08 Operating Budget - Mr. Upton

Mr. Upton presented an overview of the proposed, revised FY08 Operating Budget. Material revisions from the original spending plan approved by the Board on June 11, 2007 occurred as a result of the passing of the State's budget and the announcement of the actual fringe benefit rates by the State. These required modifications of \$5,632,000 and included:

- Reduced fringe benefit differential support anticipated for JDH: -\$5,000,000
- Reduced Medicaid rate adjustment: -\$560,000
- Increased appropriations for the Huntington's Disease: \$200,000
- Increased appropriations for the Connecticut Health Information Network: \$500,000
- Increased fringe benefit rate: -\$772,000

Subsequent budget adjustments in the amount of \$5,632,000 were detailed by Mr. Upton. (Page 3 of the FY08 Operating Budget.) The result is essentially a break even budget.

The FY 08 budget projects \$712.91 million of revenue which includes a state appropriation of \$95.8 million, to cover \$712.86 million in expenses, yielding a net gain of \$50,210. Total State support is increasing by ~\$25 million and the State's support is increasing from 16.2% of the Health Center's budget to 18.3%.

A question was raised by the Board why the final State budget eliminated the anticipated support of the JDH fringe benefit differential in FY 08 and reduced it for FY 09. The answer to this is unknown.

The Board unanimously approved the Revised Spending Plan for FY08 and recommends *that the Board of Trustees approve the University of Connecticut Health Center Revised Spending Plan for Fiscal Year 2008.*

### 4.2 Capital Budget –Mr. Upton

- FY08 Capital Budget and Five Year Capital Plan FY 09-13

Mr. Upton reviewed these plans. In response to a request by the Finance Subcommittee, the proposed FY 08 capital budget established priorities for projects and identified the funding sources so as to insure all critical projects can be successfully completed during FY 08. In some cases, available funds must be allocated to projects in a specified area, such as research use allowance. Details on the priorities were provided on pages 8-10 of the capital budget packet. Highlights included:

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- Completion of the Dental Implant Center
- Emergency Department Renovations
- Replacement MRI
- Completion of Munson Road renovations
- The new Data Center (to be funded by UConn 2000 funds)
- Renovation of ASB into the Medical Services Building

The budget totaled ~\$25 million in UConn 2000 funds and ~ \$26.8 million from other sources. An analysis was provided (page 12) to demonstrate that sufficient cash should be available for these projects

Mr. Upton reviewed the five year capital plan which required to be submitted to the Board of Governors of Higher Education. The amounts provided in FY 09 onwards are not binding and the Board of Directors will review and need to approve each year's capital budget annually. An error was noted on page 15 and will be corrected (the total bond funds will be ~\$20 million in FY 08 with a grand total of \$48.7 million in funds.

The Board of Directors unanimously approved the Capital Spending Plan for Fiscal Year 2008 and the Five Year Spending Plan for Fiscal Years 2009-2013 for the University of Connecticut Health Center;

- Dermatology-South Road Lease (Note: a revised handout was distributed.)

The plan to lease space on South Road for the Department of Dermatology was discussed (pages 1-11 on the revised handout). The duration of this lease is for 12 years at a total cost not to exceed \$9.9 million. The Finance Committee had previously vetted the details of this lease and had an opportunity to hear Dr. Grant Kels perspective on the need for additional space for her program. The Board raised concerns that the terms of the lease should address the situation if the building is not ready for occupancy on the promised date.

The following resolution was unanimously approved:

*That the Board of Directors recommends the Board of Trustees authorize the lease agreement with the Metro Realty Group, Ltd. For 25,680 of rentable square feet, located at 21 South Road, Farmington, CT. The price per square foot Year 1 is \$33.32 which includes all operating costs except electricity. The term of the agreement is 12 years: Fall of 2008 to 2020. The total cost of the lease for the 12 year period is estimated not to exceed \$9,900,000.*

- ASB/Medical Services Building Renovations

The history and current status of this project were described in the Board materials (pages 28-39). Approval of the Medical Services Building Renovations was tabled in order to allow the Board to consider the completion of the Ambulatory Clinical Strategic plan which is anticipated to be finalized in September.

- UConn 2000 Phase 3 (21<sup>st</sup> Century UConn) FY 08 Project List

The following resolution was unanimously approved:

*That the Board of Directors endorses and recommends to the University Board of Trustees the University of Connecticut Health Center Fiscal Year 2008 Capital Budget for UCONN 2000 Phase 3 (21<sup>st</sup> Century UConn as follows:*

<u>Project List</u>	<u>FY2008 Funding</u>
<i>Research Tower</i>	<i>\$5,000,000</i>
<i>CLAC Renovation</i>	<i>\$500,000</i>
<i>Main Building Renovation</i>	<i>\$500,000</i>
<i>Medical School Academic Building Renovations</i>	<i>\$950,000</i>
<i>Dental School Renovation</i>	<i>\$1,750,000</i>
<i>Support Building Addition/Renovation</i>	<i>\$800,000</i>
<i>Equipment, Library Collections and Telecommunications</i>	<i>\$4,275,000</i>
<i>Deferred Maintenance Code/ADA Renovation Lumpsum</i>	<i>\$6,700,000</i>
<b>TOTAL</b>	<b>\$20,475,000</b>

- Project Budget (Design) for the UConn Health Center (UHC) Replacement MRI

Ms. Whetstone requested the Board's approval on this item previously vetted by the Finance Subcommittee Board. She noted that Board approval is required for clinical equipment of this nature.

The following resolution was approved unanimously:

***That the Board of Directors approves the Design Budget of \$2,200,000 for the UCHC Replacement MRI project.***

4.3 Delegation of Authority: Revised Three-Stage Budget Approval Process-Ms. Whetstone

Ms. Whetstone reviewed the previous budget approval process and reason for the development of a more streamlined process, that being the ability to give the Board more reliable projections regarding the true costs of a project in order to go forward. Under the new proposed process, once costs exceed 5% of budget, the project returns to the Finance Committee for review.

Discussion ensued about the Board's role when a project exceeds 5% of budget, and under what circumstances review by the Finance subcommittee would be sufficient and under what circumstance review by the whole Board. A suggestion was made that Finance could refer the project back to the Board once established parameters (triggers) were exceeded. Another suggestion was the use of more frequent cost estimating as a project develops in order to minimize cost escalations.

With no consensus reached, it was decided to table this item for more consideration.

There being no further business, the meeting was adjourned at 5:59 p.m.

Respectfully submitted,

Peter J. Deckers, M.D.

Attendees:

Dr. G. Burrow, Ms. C. Chase, Mr. S. Cloud, Dr. R. Galvin, Dr. J. Goldberg, Mr. J. Haberland, Mr. B. Hehir, Mr. R. Hennessey, Ms. C. Leonardi, and Mr. R. Samuels.