



**Fall Board of Trustees Meeting
October 25, 2007
NCPC Executive Board Room**

Minutes

Attendance: Mr. Anthony Welters, Dr. Regina M. Benjamin, Dr. Lonnie R. Boaz III, Dr. William H. Cleveland, Dr. Jordan J. Cohen (via Conference Call), Dr. Nerimiah L. Emmett, Ms. Joy Fitzgerald, Dr. Robert M. Franklin, Mrs. Sally Hambrecht, Mr. Eric Holder, Mr. W. Thomas Lomax, Dr. Thomas N. Malone, The Honorable Judge Greg Mathis, Ms. Soyini A. Mattis, Dr. John E. Maupin, Jr., Mr. Phillip H. McCall, Jr., Dr. John W. Rowe, Mr. Felker W. Ward, Jr., Dr. Philip G. Wiltz, Jr.

Members Absent: Mr. Michael J. Calhoun, Mr. John H. Downs, Jr., Mr. Brian O. Jordan, Dr. DeLutha H. King, Jr., Dr. Ruth B. Love, Dr. Sylvester McRae, The Hon. Calvin Smyre, Mr. James M. Wells III., Dr. Robert L. Wright.

Staff: Dr. William Alexander, Ms. Sally Davis, Dr. Martha Elks, Ms. Andrea Fox, Dr. Eve J. Higginbotham, Ms. Beverly Lowery, Mr. Eli Phillips, Ms. Valerie M. Pryor, Mr. Ricardo A. Rivers, Dr. Lawrence Sanders, Ms. Gloria S. Steele, Ms. Sandra Watson, Ms. Terri Winston, Mr. Harold W. Jordan, II.

Introduction

Mr. Welters opened the meeting at approximately 8:35 a.m., with a welcome and thanked everyone for attending the meeting. The invocation was given by Chaplain Ricardo A. Rivers followed with Roll Call by Ms. Gloria S. Steele.

Approval of Minutes

The minutes of the March 22, 2007 meeting were reviewed and unanimously approved as presented.

Report of the President

Dr. Maupin began his report by introducing the new members of the Board of Trustees as follows:

- Dr. Robert M. Franklin, President, Morehouse College
- Dr. William H. Cleveland, Private Practice Physician, Atlanta, GA
- Ms. Joy Fitzgerald, Senior Vice President, Atlanta Housing Authority
- Mr. Felker W. Ward, Jr., Managing Member, Pinnacle Investment Advisors, Inc.

He noted that Dr. Robert L. Wright, Jr., was absent from the meeting due to a scheduling conflict. Mr. Welters welcomed the new Board members to the meeting.

Dr. Maupin then continued his report by applauding the 100% first time-taker pass rate of our students on Part I of the US Medical Licensure Examination (USMLE). It was noted that this is the second time in Morehouse School of Medicine's history this has been achieved.

Dr. Maupin then provided an update on leadership changes and shared revisions to the senior management organizational chart. He introduced Dr. William A. Alexander as the new Vice President for Administration and Strategic Management, and Ms. Sally Davis as the Vice President for the Office of Institutional Advancement. He further reported that Dr. Alexander has successfully recruited a new Associate Vice President for Human Resources, Ms. Denise Britt, who brings a wealth of experience to the position having previously served as Human Resources Senior Director with Cigna Insurance Company. Dr. Maupin stated that the search continues for candidates for the Corporate Compliance Officer, and Associate Vice President for Information Technology. He also noted that Dr. Angela Franklin, Vice Dean and Associate Vice President for Academic Student Affairs, has resigned her position to accept a leadership position at Meharry Medical College and that Dean Higginbotham has launched a search for her replacement.

Governmental Affairs

Dr. Maupin then reported on federal government challenges noting that that our government relations efforts continue to focus on restoration of funding for the Title VII Health Profession Training program to at least the FY 2006 level, reauthorization. He also discussed an a funding issue of even greater concern, a Centers for Medicare and Medicaid Services (CMS) proposed rule change that would eliminate Medicaid funding for Graduate Medical Education (GME). Dr. Maupin shared that MSM was working with the State of Georgia Department of Health, AAMC and other national organizations to pass federal legislation that would block such action by CMS.

He then spoke briefly on MSM federal appropriations earmark requests for 2009 which included the following: Department of Housing and Urban Development, Community Revitalization - \$3 million for West End Redevelopment Project (CPI property); Department of Commerce - \$3 million for Campus-wide Research and Technology Infrastructure Improvements; and Department of Agriculture - \$3 million for establishment of National Rabbit Resource Center relating to Cardiovascular Research.

He ended his discussion by providing an overview of the State Operating Grant/Federal Match, reporting that the Governor's Office continues to express support for this pass-through arrangement with Grady Hospital.

Grady Memorial Hospital

Dr. Maupin provided an overview of the challenges at Grady Hospital. He noted that at the request of the Fulton-DeKalb Hospital Authority, the Atlanta Chamber of Commerce established the Greater Grady Task Force (of which he is a member) to provide an independent assessment of the hospital's financial condition and to make recommendations for revamping operations, restructuring its governance and securing additional funding. Dr. Maupin and Dean Higginbotham responded to several questions from board members. Dr. Maupin ended this section of his report noting that while major issues remain progress is being made albeit slow. He noted that the most positive aspect of all of this is that a broad cross section of the community has now come together to "save Grady" and that the everyone, including elected officials, business leaders and community representatives understand the need to ensure the hospital's continuing operation.

Strategic Planning

Dr. Maupin reported that the strategic planning effort is moving into its final phase. He shared the complexities of our business operations coupled with the challenges of modest resources. He further discussed the importance of understanding the business model of community-based medical schools.

Dr. Maupin presented the latest vision statement, a revised set of core values, and the strategic priorities for the Board's approval. Following some discussion the board unanimously approved each of the aforementioned items.

Compliance Training

Harold Jordan, MSM's General Counsel, presented a compliance video as part of the Board's annual training requirement. Each Trustee in attendance was given a Conflict of Interest Policy form to complete and sign as well.

Legal Issues

Dr. Maupin provided an update on the whistleblower case. He noted that we have developed a strong clinical compliance program, and stated that the recruitment process is underway for a Corporate Compliance Officer. He also reported that the firm DeLoitte & Touche has been engaged to provide the school's internal audit function and to assist with compliance, and risk management activities. The Board will receive the result of our enterprise risk assessment at the next meeting.

Committee Reports

Finance/Investment & Facilities

Dr. John Rowe began his report by welcoming Ms. Fitzgerald and Mr. Ward to the committee. At the request of the Chairman, Mr. Eli Phillips, Vice President for Finance, reported on the FY

'08 Budget and performance of the endowment. He reported on the \$63 million endowment and its 12% performance increase noting that a more significant performance is needed. It was stated that the committee recommended engaging Merrill Lynch Consultants to manage the endowment.

A motion to select Merrill Lynch as the consultant firm to manage the School's endowment was unanimously approved.

Mr. Phillips distributed a 10-year history of endowment market values for the Board's perusal. Dr. Rowe completed the report by stating that Finance management has already addressed and implemented a number of the report's recommendations.

Audit and Compliance

Mr. Thomas Lomax reported that external auditors Ernst & Young presented a report to the committee. He stated that there was concern about Grady Hospital's debt owed to MSM and processes for handling the problem.

Health Services

Dr. Cleveland requested Dr. Lawrence Sanders, Associate Dean for Clinical Affairs, give the report. Dr. Sanders began his report by stating there was a gap between revenue and expenses and reported on measures that have been instituted to balance the budget. He noted that medical offices have been consolidated from four to two at a savings of approximately \$200,000 per year. He reported that the two sites have been refurbished and there is more efficient use of space at the two sites. Dr. Sanders reported that the IDX system has been upgraded and a new Executive Director has been hired. He also stated they are moving to a net collection rate. He noted that MSM has entered into an agreement to provide medical services for Children's Hospital of Atlanta (CHOA).

It was recommended that the MSM Board of Trustees Health Services Committee convene its next meeting at Morehouse Medical Associates (MMA) at the 75 Piedmont Avenue office location.

Governance and Bylaws

It was stated that this committee would give its report during Executive Session.

Personnel, Compensation and Administration

Mr. Philip McCall reported that the committee reviewed the organizational chart and vacancies within the Human Resources department. He noted that training and development measures had been implemented. Dr. William Alexander, Vice President for Administration and Strategic Management, was asked to give the remainder of the report. He addressed the challenges with Information Technology, noting that a search is underway for an Associate Vice President. He

noted that the Employee Wellness Program is growing and stated the Fitness Center will be relocated to the Harris Building.

Dr. Alexander further reported that the staff salary recommendations from the Compensation Study have been implemented. A 3% merit pool was established based on performance. He also reported that the school was in the beginning stages of developing a new Facilities Master Plan.

Academic Policy/Faculty/Student Affairs

Dr. Regina Benjamin reported that Ms. Soyini Mattis, Student Trustee, provided an update to the committee on issues of concern to MSM students. Specifically, she stated that the main focus of the students is to bring unity between all disciplines. She also noted that students are concerned about the shortage of available scholarships.

Dr. Benjamin presented the following motion for approval:

A motion to approve six (6) faculty appointments, seventeen (17) faculty promotions, five (5) adjunct faculty appointments (Voluntary), and no change in series for the period June through October 2007 was unanimously approved.

Dr. John Rowe was applauded for his \$2 million donation to the School. It was noted that the donation will be split equally in support of academic programs and the Satcher Health Leadership Institute (SHLI). Dr. Martha Elks, Associate Dean for Medical Education, noted that the funds dedicated to academic programs will be used for faculty fellowships, competition seed grants for educational innovations, and educational seminars in Medical Education.

Dr. Benjamin stated that the MPH program received a full seven year accreditation. She also reported that the Research Advisory Council will design an incentive plan for faculty who are successful in receiving R01 grants.

Development, Public Affairs, Alumni Affairs, Community Relations

At the request of Mrs. Hambrecht, Chairwoman, Ms. Sally Davis, Vice President for Institutional Advancement and Marketing and Communications, provided an overview on the realignment of the Office of Institutional Advancement (OIA), which now includes development, marketing and communications and community relations functions. She also noted that the management of the web site has moved from the Division of Information Technology Services to marketing and communication to streamline workflow, maximize resources and provide consistency and excellence to MSM customers. Ms. Davis reported that OIA has outsourced the redesign of the MSM web site and revision of the MSM brand.

Ms. Davis reported that \$269,000 of the annual fund (unrestricted donation) target of \$750,000 has been raised to date. She also reported that the Executive Committee requested a periodic update regarding trustee giving and noted that 84% of the Board has contributed to the Annual Fund. Ms. Davis concluded the report by stating the Alumni Golf Tournament will be outsourced as a fund raiser and anticipate a much greater level of participation this year. She

reviewed the Foundation list with the Board and will provide data to the Board for their review and assistance. Ms. Davis stated that an audit of gift accounting and recognition practices will be completed to establish a clear baseline for future tracking of performance results.

Government Affairs

Ms. Terri Winston, Executive Director, Government Affairs, thanked the Board for contacting their legislatures regarding Health and Human Services initiatives. She stated that she will follow up with talking points to be used when communicating with Congressional leaders.

Other Comments

Dr. Regina Benjamin reported that Mr. Michael Kane, Senior Vice President, Southeast Region, Holcim Inc., sent two students to help with the clean up of her clinic. It was noted that Mr. Kane gave a \$25,000 gift to a MD student at Convocation and has agreed to annually give a \$35,000 gift to a medical student, in addition to a \$25,000 gift to a MPH student.

Mr. Welters noted that MSM does not participate in United Way and suggested that we reestablish the relationship as a potential source of funding.

Executive Session

The Board went into Executive Session at approximately 12:45 p.m. to consider the Governance and Nominations Report and other matters.

The following motion was approved during Executive Session:

A motion by Mr. Holder to approve certain revisions to the Bylaws that were approved during the Governance & Bylaws committee meeting on October 24, 2007, was unanimously approved.

Mr. Jordan discussed several outstanding lawsuits against MSM, with primary emphasis on the Aguayo litigation and MSM's strategy to resolve the litigation.

There being no further business to discuss, the meeting was adjourned at approximately 2:30 p.m.

Respectfully submitted,

Philip G. Wiltz, Jr., M.D.
Secretary