



Board of Trustees Meeting  
Thursday, October 30, 2008

Minutes

**Members Present:** Regina Benjamin, M.D.; John Bluford; William Cleveland, M.D.; Aaron Dent; Nerimiah Emmett, Ph.D.; Xaviera Estes; Joy Fitzgerald; Susan Grant; Sarah Hambrecht; DeLutha King, Jr., M.D.; Kevin Lofton; W. Thomas Lomax; Ruth Love, Ph.D.; Thomas Malone, M.D.; John E. Maupin, Jr., D.D.S.; John Rowe, M.D.; Michelle Staples-Horne, M.D.; Bruce Sullivan; Felker Ward, Jr., J.D.; Anthony Welters, J.D.

**Members Absent:** Jordan Cohen, M.D.; Robert Franklin, Ph.D.; Brian Jordan; The Honorable Judge Greg Mathis; Phillip H. McCall, Jr., J.D.; Sylvester McRae, M.D.; The Honorable Calvin Smyre; Philip G. Wiltz, Jr., M.D.; Robert L. Wright, Jr., O.D.

**Staff:** Denise Britt; Lori Collins, J.D.; Sally Davis; Cigdem Delano; Martha Elks, M.D., Ph.D.; Sandra Harris-Hooker, Ph.D.; Eve J. Higginbotham, M.D.; Kimberly Jackson, J.D.; Harold W. Jordan, II, J.D.; Nicole Miller, J.D.; Eli Phillips; Lawrence Sanders, M.D.; Gloria Steele; Sandra Watson, M.H.A.; Terri Winston

**Introduction**

Chairman Welters opened the meeting at 8:34 a.m. The invocation was given by Mr. Jordan, who also completed the Roll Call.

**Approval of Minutes**

The Minutes of the March 27, 2008 meeting were reviewed and approved as presented.

**Governance and Nominating Committee Report**

Mr. Jordan read Resolution to amend bylaws stating that the Corporation's General Counsel shall serve as the Corporate Secretary. The resolution was approved unanimously.

Mr. Jordan directed the Trustees to the resolution to amend Section 2.9 of the bylaws changing the annual meeting date from the last Thursday in March to the first Thursday in April at 8:30 a.m. beginning in 2009. The resolution was approved unanimously.

Mr. Jordan read resolution to "Nominate Board Members" that proposed adding John Bluford, Aaron Dent, and Susan Grant as new trustees. The resolution was approved unanimously and Chairman Welters welcomed Messrs. Bluford and Dent and Ms. Grant to the Board of Trustees.

### **Student Trustee Presentation**

Ms. Xaviera Estes, a fourth year medical student at MSM, presented Dr. Benjamin with a plaque on behalf of MSM's students congratulating Dr. Benjamin on her MacArthur Fellowship.

### **President's Report**

#### **Corporation's Financial Performance**

Dr. Maupin advised the Trustees that management was revising its FY'09 budget projections primarily due to proposed reductions in state funding that could be as much as \$1.5 million. Dr. Maupin stated that the expense reduction would be accomplished by continuing the hiring freeze for the entire year. Also, the Vice President of Finance, the Associate Dean of Administration and Faculty Affairs, and the Dean will conduct a review of grant awards and plan departmental expenses. Additionally, Tripp Umbach and ECG, both management consultants funded by federal grants are conducting institutional restructuring analysis the results of which will guide FY'10 budget planning.

#### **Organizational Changes**

Dr. Maupin advised the Board of the following additions to the Corporation's leadership team: Mr. Scott Robinson, Assistant Vice President of Marketing and Communications; Ms. Cigdem Delano, Chief Information Officer; and Kimberly Jackson, Chief of Staff for the President's Office.

#### **Governmental Relations (State of Georgia)**

Dr. Maupin advised the Trustees that the \$1.75 million previously approved by the Georgia General Assembly for the School in FY 2009 would not be reduced substantially thus curtailing planned expansion of the MD class. Recipients of State funding were advised to reduce their FY 2009 budgets by 6-10%. Ms. Winston, the Executive Director of Governmental Affairs and Bates Associates, a lobbying firm retained by the School, were closely monitoring the General Assembly's budget deliberations.

#### **Governmental Relations (Federal)**

Dr. Maupin reported that the federal FY'09 appropriations bill currently has an increase in funding for Title VII programs ; \$12.7 million for the Centers of Excellence ("COE") program and \$9.8 million for the Health Careers Opportunities Program ("HCOP"). Unfortunately this still falls short of the FY'05 funding levels. Dr. Maupin further reported that he was working closely with members of the House and Senate to increase the funding levels for FY'10.

Dr. Maupin reported that he testified before the Senate Committee on Veterans' Affairs in an effort to secure additional faculty and research funding. Dr. Maupin noted that Drs. Higginbotham and Sanders were actively engaged in VA activities on the School's behalf. Dr. Maupin also noted that the School's relationship with Emory University was extremely positive and has resulted in greater research collaboration and plans of joint clinical services at Grady. Dr. Maupin also reported that the Department of Defense appropriations bill includes a \$1.8 million grant over 3 years for research in the neurosciences led by Dr. Byron Ford.

Dr. Maupin reported that the School received \$12 million in Title III funding in FY 2009 and stated that the School should be able to retain this level of funding in the short term despite the addition of 6 doctoral and 12 masters level programs to the pool of institutions eligible for Title III funding. Chairman Welters advised management to recalibrate in the short term to position

itself to achieve additional Title III funding, rather than lose such funding to the newly added programs.

### Strategic Plan

Dr. Maupin reviewed the latest draft of the Strategic Plan with the Board. Dr. Maupin stated that management will finalize the Strategic Plan, including a baseline and target performance measure, and financial pro forma for final Board approval at the April 2009 meeting. Once completed, management will devise an internal plan and the executive summary will be shared with local foundations.

Board members asked a number of clarifying questions and shared several thoughts regarding the environmental assessment, select goals and strategies, and performance metrics, emphasizing the following:

- Goal prioritization and timelines
- Return on investment (research and clinical)
- Reducing the number of strategies/initiatives
- Primary care and community health leadership
- Balance of portfolio
- Alternative financial pro forma(s)
- Baseline and Target Performance measures
- Articulate and quantify community benefit
- Clinical delivery that focuses on diseases that affect minority populations
- Partnership based on careful assessment

The Trustees also discussed the possibility of a partnership with the Medical College of Georgia (“MCG”). Dr. Maupin stated that he had met previously with Dr. Daniel Rahn, MCG’s President, and was scheduled to meet with him again in November 2008 to explore mutually beneficial opportunities. Moreover, Dr. Maupin said that Management would continually evaluate other partnership possibilities.

### Committee Reports

#### Development and External Affairs

Ms. Davis, Vice President for Institutional Advancement, reviewed the School’s 2008 fundraising metrics. Ms. Davis discussed the proposed Board of Advisors, whose sole focus would be implementing the Corporation’s development goals as articulated in the Strategic Plan. Ms. Davis stated that the Board of Advisors would have 10-20 members and would have its initial meeting in April 2009 in conjunction with the Development and External Affairs Committee of the Board of Trustees. Ms. Davis asked the Trustees to provide her with potential candidates for the Board of Advisors.

Ms. Davis then discussed the School’s future capital campaign, stating that we are currently preparing for the silent phase. According to Ms. Davis, the public phase of the campaign is scheduled to be launched in 2012, concluding in 2016, with a tentative goal of \$100 million. Ms. Davis stated that the School’s Department of Institutional Advancement would work to insure significant involvement of local foundations in the campaign and solicited the Trustees’ support in expanding the campaign’s reach. Ms. Davis stated that the campaign should place a

significant emphasis on the solicitation of funding for scholarships and endowment for academic priorities.

#### Finance and Investment

Mr. Phillips, the Corporation's Chief Financial Officer, reviewed the minutes of the Committee's October 29, 2008 meeting with the Trustees and noted that the Committee had reviewed and approved its charter. Mr. Phillips reported that Committee voted to have Merrill Lynch replace Trusco Capital and JP Morgan as the Corporation's investment manager, and that the Committee strongly recommended that a minority fund manager should be appointed to manage at least a portion of the Corporation's investment assets.

Mr. Phillips reported that the Corporation's endowment lost approximately 17% (or \$10 million) of its value between August 1, 2008 and October 23, 2008. Mr. Phillips stated that approximately \$5 million of the Corporation's assets needed to be invested. Mr. Ward, the Committee's Chairman, stated that making the Corporation's investment manager accountable for their investment performance would become a priority for the Committee.

Chairman Welters asked the Committee to provide the Trustees with an investment policy statement, including investment criteria, for the Trustees' review.

#### Audit and Compliance

Committee Chairman Lomax reviewed the minutes of the Committee's October 29, 2008 meeting, during which the Committee reviewed its charter. Mr. Lomax stated that the Committee reviewed the Compliance Officer's report and also met with representatives from Deloitte, the Corporation's internal auditors. Mr. Lomax stated that Deloitte's findings regarding travel and information systems would be addressed jointly by the Corporation's Compliance and Finance departments.

#### Academic Policy, Faculty and Student Affairs

The Committee presented the following names for appointment to or promotion in the Corporation's faculty: Tamika Campbell, Don-Ricardo Miller, Wendell Fortson, Crystal Johnson, Alicia Branch, Patrick Campbell and Talib Saafir. The Trustees approved these appointments. It was noted that faculty responsibilities should be maximized in order to obtain financial efficiency, utilize internal talent and foster continuity among the Corporation's faculty.

#### Administration and Facilities Management

Dr. Alexander, the Corporation's Vice President of Administration, reviewed the minutes of the Committee's October 29, 2008 meeting and emphasized the Committee's focus on human resources, campus infrastructure and public safety.

Dr. Alexander reported that the salaries of non-faculty staff had been reviewed and, in some cases, adjusted via merit increases and targeted adjustments, in order to make them more competitive. Dr. Alexander reported that the Corporation would make necessary revisions to the job descriptions of non-faculty staff by January 2009.

Dr. Alexander stated that the U.S. Department of Labor's audit of the Corporation's affirmative action plan was complete and that no further audit was necessary.

Dr. Alexander stated that Thesco was selected in September 2008 to serve as the Corporation's benefits consultant. An October 2008 group health benefits review revealed a 9% (\$664,272.00) savings in FY 2008 over FY 2007 as a result from changing from Group Resources to United Healthcare. Moreover, Dr. Alexander stated that an additional \$250,000.00 was saved in premiums in life and disability insurance.

Dr. Alexander stated that at the Committee's October 29, 2008 meeting, HJ Russell/New Urban Development, LLC presented the plans for a medical complex on the CPI property. A \$5.6 million note is due on this property by 2011, and Dr. Alexander stated that the Corporation must either secure these funds by 2011 or refinance the loan.

Mr. Phillips responded affirmatively to Mr. Bluford's query as to whether the Corporation's pension liability was fully funded. Mr. Jordan informed the Trustees that the Corporation had purchased an ERISA insurance policy in September 2008.

#### Health Services

Dr. Sanders, Associate Dean for Clinical Affairs, gave the Committee's report and stated that compliance is a priority for Morehouse Medical Associates (MMA). Dr. Sanders stated that MMA has improved from 37% to 70% accuracy in billing coding, with some departments exceeding 70%. Dr. Sanders noted that, per the Committee's previous charge, MMA's goal in this regard is 95%.

Dr. Sanders noted that MMA's revenue cycle is important and stated that significant improvements had been made in MMA's billing efforts, including an upgrade of the IDX billing technology. Dr. Sanders noted that McKesson was being retained to handle back-end revenue functions, thereby allowing MMA to focus on front-end functions.

Dr. Sanders reported that 85-90% of the faculty's physicians were at the AAMC's 25<sup>th</sup> percentile for salary guidelines. Mr. Bluford stated that it is essential for compensation to be at the 50<sup>th</sup> percentile in order to attract and retain faculty physicians.

Dr. Sanders stated that an electronic medical records system was being implemented at MMA's Piedmont Avenue location.

Dr. Sanders stated that while MMA is relatively small, it is distinguishable by the quality of services rendered by its physicians. Dr. Sanders reported that patient satisfaction surveys were being distributed and said that results of these surveys would be reported to the Trustees at the April 2009 Board meeting.

Dr. Sanders stated that MMA's phone system would be upgraded to meet NCQA (National Committee for Quality Assurance) standards. Mr. Bluford recommended a target of 6 rings (or 30 seconds) as the appropriate standard.

Dr. Sanders reported that the School was in the process of negotiating new and/or revised affiliation agreements with Grady, the VA and Atlanta Medical Center and South Fulton Medical Center (both owned by Tenet Healthcare Corporation).

Dr. Sanders stated that clear and specific metrics for physician compensation would be articulated in the Strategic Plan.

**Executive Session**

The Board went into Executive Session at approximately 11:38 a.m. During Executive Session, Mr. Jordan reviewed the School's outstanding litigation matters, Dr. Alexander and Ms. Britt, the Corporation's Associate Vice President of Human Resources, reported on several HR initiatives and Dr. Maupin discussed a variety of organizational dynamics.

The meeting adjourned at approximately 1:00 p.m.