

UNIVERSITY OF CINCINNATI
Official Proceedings of the
Three Hundredth Meeting of the Board of Trustees
(A Special Meeting)
September 2, 2010

The Three Hundredth Meeting of the Board of Trustees of the University of Cincinnati was opened at 8:30 a.m. on Thursday, September 2, 2010, in the Russell C. Myers Alumni Center of the University of Cincinnati. Notice of this meeting was given in accordance with Section 121.22 of the Ohio Revised Code. The proceedings of the Board, when not otherwise provided for by its bylaws, are governed by *Robert's Rules of Order*.

Sandra W. Heimann, Chairperson of the Board of Trustees, presided. Mrs. Heimann asked that roll be called.

BOARD MEMBERS PRESENT: Sandra W. Heimann, Chairperson; C. Francis Barrett; Margaret Buchanan; Stanley M. Chesley; Gary Heiman; and Robert E. Richardson, Jr.

BOARD MEMBER ABSENT: Thomas D. Cassady; Thomas H. Humes; and H.C. Buck Niehoff,

ALSO PRESENT: Gregory H. Williams, President;
Robert F. Ambach, Senior Vice President for Administration and Finance;
Santa J. Ono, Senior Vice President for Academic Affairs and Provost;
Mitchel D. McCrate; General Counsel;
Gregory J. Vehr, Vice President for Governmental Relations and University Communications;
Dale Schaefer, Faculty Representative

George Strike, Chair of the Health Alliance Board and the University Hospital Board;
Jim Kingsbury, President & CEO of Health Alliance/UC Health;
Michael Hirschfeld, Graydon Head & Ritchey LLP;
Roger Sugarman; Kegler, Brown, Hill & Ritter Co., L.P.A
Tony Condia, Vice President, External Affairs and Chief Marketing Officer at UC Health-University Hospital;
Greg Hand, University of Cincinnati Spokesperson;
Susan Stringer, Executive Assistant to the Board of Trustees and Sr. Vice President for Administration and Finance;
and the public

Mrs. Heimann:

Good morning to everyone. I would like to note that Tom Humes, Buck Niehoff, Kyle Quinn and Portia Watkins will not be with us today. Tom Cassady has joined us this morning by conference call; however, in accordance with paragraph (C) of Ohio Revised Code 121.222; he will not be considered present, allowed to vote, or counted for purposes of determining a quorum for this meeting, but Tom, we will be anxious to hear from you.

Mr. Barrett:

Can he hear us, but we can't hear him?

Mrs. Heimann:

We can hear him. I you have a question, you can just speak a little louder Tom, okay?

Mr. Cassady:

Okay, can you hear me?

Mrs. Heimann:

And then I'll repeat the question so the folks in the audience can hear you.

Welcome, we have some new faces with us today, or I guess we have one new face us today, Dr. Santa J. Ono. We introduced him at the last meeting and this is his first official board meeting as Provost. Welcome, Dr. Ono.

Dr. Ono:

Thank you, very much.

Mrs. Heimann:

We were hoping, and perhaps he will still join us to have Dr. Dale W. Schaefer with us, a new faculty representative...

Mr. Barrett:

He's here with us, he's back there, yes.

Mrs. Heimann:

He is?

Mr. Barrett:

Yes, there he is.

Mrs. Heimann:

I thought I had just met him. Dr. Schaefer is a new faculty representative to the board and is a Professor of Energy, Environmental, Biological and Medical Engineering in the College of Engineering and Applied Science. He received his PhD in physical chemistry at MIT and did post doctoral studies in the Department of Physics at MIT. Prof. Schaefer previously served as a technical manager at Sandia National Laboratories,

a Senior Technical Advisor at the US Department of Energy and as Dean of Engineering at the University of Cincinnati. He is a Fellow of the American Physical Society. In 2004 he was the John Wheatley Scholar at Los Alamos National Laboratory. He was a visiting scientist at the Chinese Academy of Sciences (2005, 2007). He is a specialist on structure-property relationships in soft materials, which he studies x-ray and neutron scattering methods. His recent research projects include silane metal-protective films, corrosion inhibitors, rubber reinforcement, antifouling desalination membranes, and nanocomposites based on carbon and clay. Welcome, Dr. Schaefer. (*Applause*)

I would also like to acknowledge other individuals who are seated at the board table and were invited to today's meeting: George Strike, current chair of the Health Alliance Board and the University Hospital Board; Jim Kingsbury; Michael Hirschfeld of Graydon Head & Ritchey LLP; and Roger Sugarman from Kegler, Brown, Hill & Ritter Co., L.P.A). Thank you all for being with us today.

THE SPECIAL MEETING OF THE BOARD OF TRUSTEES

The Special Meeting of the Board of Trustees was convened at 8:30 a.m. and, as noted on the first page (page 1) of these minutes, roll call was taken.

Mrs. Heimann:

At this time, I would like to call Stan Chesley, Chair of the Health Affairs Committee, to the podium. Stan?

Mr. Chesley:

Can I do it from here? I think everyone can hear me, can't they?

Mrs. Heimann:

Sure.

Mr. Chesley:

Good morning and thank you, Madame Chair. The purpose of this special meeting today is to approve in principle the Articles of Incorporation and Code of Regulations for UC Health. My colleague and friend, Fran Barrett, one of UC's appointed representatives to the Health Alliance Board, will give an overview of the new governance structure and there will be comments provided by George Strike, our other representative and current Chair of the Health Alliance Board and the University Hospital Board. And I want to thank both of those gentlemen for the incredible work that they have done in these past months. It has just been amazing. You know what they always say, "If you want to get a good job done, get a volunteer." But anyway, thank you. Also, Jim Kingsbury, President & CEO of Health Alliance/UC Health is here and welcome back to Cincinnati.

I would now like to turn the podium over to Fran Barrett?

Mrs. Heimann:

Fran, before you start, I would just like to echo what Stan said. It's not only been the last two months, but Fran and George, as most of you know, have served for the last few years or many years. Fran was our board representative on the Health Alliance as was George and they have struggled through the Christ Hospital leaving the Health Alliance and the Jewish Hospital leaving the Health Alliance and they have been as you know these last few months the Health Alliance. They have worked tirelessly and they have been dedicated to bring us where we are today. This is an exciting day and Fran is going to give us some history on that.

Mr. Barrett:

Thank you, Sandy. I'm actually reporting to you today not only as a trustee of the University of Cincinnati, but also as the chair of the Governance and Audit Committee of the Board of Trustees as well as the university's representative on the Board of Directors of the Health Alliance of Greater Cincinnati.

Just as an overview, UC as the University of Cincinnati is the last remaining member of the Health Alliance of Greater Cincinnati with the departure of all the other hospitals as Sandy mentioned. The Health Alliance is to be reorganized as UC Health, which of course will include University Hospital and Westchester Hospital. There is something like \$350 million in assets that University of Cincinnati has in the Health Alliance and it is basically a \$1 billion operation. As an overview, what is going to happen is the name Health Alliance of Greater Cincinnati will be changed to UC Health. As Stan mentioned, we will amend the Articles of Incorporation of the Health Alliance and the Code of Regulations of the Health Alliance to be UC Health.

One of the issues that has faced us as trustees is the fact that we have a fiduciary duty to the State of Ohio and to this institution. We are all appointed by the governor of the State of Ohio, whoever that may be at the time, and it's a tremendously, tremendously difficult and high responsibility that we all have.

I'd say that the one thing that has permeated this entire effort has been the recognition of each trustee of the fiduciary duty that we all have with regard to all these assets and the liabilities involved. We're transferring, as I mentioned, hundreds of millions of dollars of assets to UC Health. There is the question of the loss of control by the Board of Trustees which has concerned us and the exercise of our fiduciary duties.

As background, the Board of Directors of the Health Alliance presently consists of, as Sandy mentioned, George Strike who is the chair. I am the UC Trustee representative on that board. George was appointed also by the University of Cincinnati and probably because of his chairmanship of the board of University Hospital. Also remaining on that board with the most recent departure of Jewish Hospital and Fort Hamilton Hospital were two doctors, Dr. Jeff Sussman, who was chair of the Family Practice for the University and College of Medicine and Dr. Elliott Fegelman, who is a surgeon at Jewish Hospital. They kindly remain on the board and were invaluable in providing us guidance from a physician's perspective in converting to UC Health. The

fifth trustee is Ray Grady who is a healthcare expert from Chicago, Illinois and completely independent, and provided tremendous guidance.

As was indicated, Jim Kingsbury is the CEO of the Health Alliance and he will become CEO of UC Health. The CFO is Rick Hinds and he served very nobly as the Interim and Acting CEO.

The General Counsel to the Health Alliance is Mike Hirschfeld. Mike was introduced and is at the table. He has really had the laboring oar in doing all the drafting of the amended Articles of Incorporation and Code of Regulations.

With respect to the UC administrations, of course, President Greg Williams has headed up that team. Greg began to attend the Health Alliance Board meetings in June to participate as did our board chair, Sandy Heimann. They both attended the June, July and August board meetings. I believe we approved the hiring of Jim Kingsbury at our July meeting and at our August meeting last week the board unanimously adopted the amended Articles of Incorporation and Code of Regulations which are before you today.

The financial team, on behalf of UC, has been headed up by our Senior Vice President for Administration and Finance, Bob Ambach. Also on his team and who are here today are the following:

- Carol Metzger, who is our Controller, and Carol is back on your left on the second row.
- In the row in front of Carol is Christine Ackerman who's our Internal Auditor, who of course, has been invaluable.
- We've had legal counsel from Mitch McCrate and Charlie Pangburn. Mitch is at the table and I think Charlie, yes, Charlie is in the back there.

- Another important element has been our outside or external auditor, Deloitte and Touche and Thomas Mann and Denise Montfort are both here – yes, right in the middle Tom and Denise. It is very important that they are able to approve the financial structure of UC Health.
- Another name that you will hear in my presentation is that of Larry Goldstein. He is an outside consultant with a group called Campus Strategies and he, I guess, has worked most closely with Carol Metzger and it's his independent opinion that the external auditors Deloitte and Touche must rely on and he has given his approval of this concept.
- Our financing will be handled by the Royal Bank of Canada. Lee Mairose is here. Lee is in the audience right there in the front row on our right. Lee and Kathy Costine who heads up the healthcare section for the Royal Bank of Canada in New York and both attended our Health Alliance Board meeting last Wednesday and Lee's participation has been absolutely invaluable.
- As far as our legal counsel we have, of course, Roger Sugarman who Sandy introduced. Roger came to us highly recommended. As you'll recall at our Executive Session on May 25th, the trustees felt that we needed expert, independent legal advice, as well as financial advice. Lee is obviously providing the financial advice and Roger has been retained and approved by the Ohio Attorney General to serve as special counsel to the Board of Trustees of UC.
- You'll recall that previously as trustees we met with Cameron MacRae from the New York law firm of Dewey & LeBoeuf. Cameron is an expert in representing Boards of Directors all over the world. When we were concerned about issues of liability and whether there was potential personal liability on behalf of us as trustees with respect to these assets and transferring the assets to another entity, making sure that the College of Medicine could be funded by that new entity and what would happen if UC Health failed – I was

given the responsibility of trying to find independent outside counsel. He came highly recommended and George Strike was also able to concur in the hiring. Sandy, myself and George met with Cameron MacRae and he was willing to take on our assignment even though he had many, many pressing issues at the time. In fact, he was representing the Boards of Directors of the major oil companies who were involved in the Gulf of Mexico spill at the time. Yet, at the request of our chair, Sandy Heimann, he took us on and gave us expert advice. Without his advice, I'm not sure where we would be today, but again, this helped us to fulfill our fiduciary duties as trustees of the University of Cincinnati. Mr. MacRae is in New York today but he will participate with us in Executive Session by telephone.

I think that I have mentioned all of the parties involved. There are two basic issues that I want to focus on. One is that financing aspect and the other is the governance. With respect to the financing, the Royal Bank of Canada will be handling the tax exempt bond financing. I mentioned Lee Mairose and Kathy Costine are handling that for us and they need to rely on the opinion of our external auditor Deloitte and Touche (and I mentioned Tom and Denise). Correspondingly, Deloitte needs to rely on our internal audit and finance people as well as the consultant, Larry Goldstein, from Campus Strategies.

The magic words in terms of financing are component unit reporting. The point being that we want to be able to have UC Health not be on the financial statements of the University of Cincinnati because that would affect our bond rating. Educational institutions like the University of Cincinnati typically have a higher bond rating than hospitals or health care facilities because educational institutions are more stable with tuition and other types of revenue like that and are not as subject to cycles and other unpredictable elements as our health care institutions. So we wanted to be able to have sufficient control over UC Health that we exercised our fiduciary duty on one hand and on the other hand not have so much control that it was a component unit for reporting purposes.

We believe as we are before you today, Larry Goldstein has given his approval, the internal auditor Christine Ackerman as well as our controller Carol Metzger and our Senior Vice President Bob Ambach have given their approval, I believe this is acceptable now to Deloitte and Touche, and accordingly the Royal Bank of Canada will be able to proceed.

With regard to the financing itself, this is an overview, what we are really doing is financing the Westchester Medical Center which will be renamed as part of UC Health to The Westchester Hospital. That facility opened on May 11th of 2009 and there are eighteen months in which to do a tax exempt bond financing so that takes us to November 11th of this year with our drop dead date, of course, being November 10, the day before. The IRS has this eighteen month reimbursement rule which we are trying to meet and if something comes up that is unforeseen, our back up plan – our Plan B, is to have a bridge loan in the meantime.

The market will, I believe as I understand from our finance people, support a Triple B bond rating for healthcare for a fixed rate bond issue. Merrill Lynch will be working with the Royal Bank of Canada. We're talking about approximately \$135 million in this tax exempt bond financing. We do have as a part of this financing we have to pay off a note to Jewish Hospital which is secured by the Westchester Medical Center.

On the governance side, we wanted to be able to have a structure that would last for many years and be as positive and objective as possible regardless of who the players might be and to set up something that would not lead to any legal liability, any individual liability, on part of the directors of the Health Alliance who are potentially legally liable for turning over these assets on part of the trustees of this board who are again potentially liable for turning over assets if it's not in the most responsible way possible.

The difference in the governance that is being proposed today over what was previously proposed which we considered at prior meetings can be summarized as follows:

- The concern that this board had last spring was that there was really no UC Board control over UC Health. We now believe that there is sufficient board control by having friendly members of the board as well as the parent corporation which is being established which I'll get to in a minute.
- We've also reduced the size of the board. The prior proposal was for sixteen directors and we are now proposing nine, which seems to be a much more workable number. And, as we've learned through the process, George Strike and myself in particular, we learned that nine is a more functional number than sixteen.
- We also learned through the process with non profit corporations that the officers of the institution should be non voting ex-officio directors. Previously, the UC employees and officials were ex-officio voting directors and again, for their protection and for a more functional board, they will now be, of course, all ex-officio but non voting.
- The primary change I believe is the members of the corporation. With respect to non profit corporations there are not shareholders as there are in for profit corporations, but they are members. Previously it was proposed that the members of UC Health would be the individual directors of UC Health and the concern there was that was a self perpetuating board and there might be fiduciary issues with regard to such. Cam MacRae proposed for us initially that the University of Cincinnati be the sole member of UC Health. When issues were raised with regard to the tax exempt status of the Health Alliance, issues with regard to the component unit reporting requirement and concerns there might be issues that we could not take UC Health off the balance sheet of the university, Cam MacRae set up a non profit parent corporation which

will be called UC Health Foundation. Mike Hirshfeld is in the process of drafting the Articles of Incorporation and the Code of Regulations for UC Health Foundation, which will be a five member board – two of whom will be current officials of UC, one a trustee and one a UCHP physician. The other three will be “UC friendly” such as former trustees, former members of the UC Foundation, and so forth. So with that structure in place we believe we are able to satisfy our fiduciary duty.

- UC Health will become the sole member of the hospitals. In other words, University Hospital will have as its sole member UC Health, the same with the Westchester Hospital and Jim Kingsbury is even encouraging UC Physicians to have UC Health as its sole member.

With that explanation, I believe after many, many hours and many, many months of time, we’re in a position to present to you for approval in concept form from both a governance structure and a financing structure a plan that will fulfill our fiduciary duties.

It was interesting and I did want to give you one aside. When we decided, in response to the board’s request for independent outside counsel to advise us as trustees at UC we needed to hire counsel, Roger Sugarman came very highly recommended to us. And, so we interviewed him on July 26th and that was Stan as Chair of the Health Affairs Committee and Sandy as Chair of this board, and myself as the UC representative on the Health Alliance Board. Sandy asked me to lay out just for Roger the chronology of events. It’s an incredible, incredible journey we’ve been on, but I think we can all feel comfortable today that we’ve done the best we can. There are no guarantees that everything is going to work perfectly. It’s one of those things where we are going to have to keep our attention and continue to exercise diligence to make sure it works and have the right people in the right positions. I do feel comfortable today recommending this to you. Thank you, Sandy.

Mrs. Heimann:

Thank you, does anyone have questions of Fran? George?

Mr. Strike:

Good morning. I'm very excited. I think we have come a long way and first I'd like to thank Sandy, Fran, President Williams because they made my job very, very easy. They really deserve the credit. We are very pleased that President Williams began joining our Health Alliance board and deliberations earlier in the summer. But, my job this morning, I think Sandy, is what I consider the star player we recruited – Jim Kingsbury.

I've known Jim a long time and we've worked together a long time. Jim grew up in Ponca, Oklahoma population 1000.

Mr. Kingsbury:

Nebraska, George.

Mr. Strike:

Oh, I knew.

Mr. Kingsbury:

There is a Ponca, Oklahoma so you were right about that.

Mr. Strike:

No, Jim that was a little tweak because Oklahoma and Nebraska have a little thing going on the football field.

Mr. Kingsbury:

That's true.

Mr. Strike:

But, anyway – Ponca, Nebraska and he met his childhood sweetheart Gwen in this little town of 1000 people and they are still sweethearts and many of you will be meeting her shortly.

Jim has a great background academically, has multiple degrees, some graduate degrees including Berkley and it is too long to recite for you. Besides, I'd really rather focus on the future. What he is doing now and what he is going to do for us.

Point one is that when Jim's name surfaced as a candidate, the support for him was really fantastic. From the university hospital staff we expected that because he built the management team there and left us for a couple of years, but he's responsible for the fine management group that we've had for some time. But probably, more importantly, or just as important, the way the medical staff has embraced Jim's return is fantastic. He knows almost all of the department chairs and has worked with almost all of them. I think all but just a couple. The reception to Jim's coming has been terrific. Jim has met with many of the chairs and Jim is a person that believes in teams, participative management, and physician integration and he's already started implementing the grand visions that the university has had for some time now. I should mention that Nancy Zimpher, President Zimpher, asked Jim three or four years ago, Jim...

Mr. Kingsbury:

...Three years...

Mr. Strike:

...To become part of a small core team to develop the long range vision of the university. Part of the vision that is being embraced now had its embryonic state in that small group that Jim was a very, very important part of. But Jim in less than a month, about 3 ½ weeks, it is absolutely amazing what he has gotten accomplished. He's got an outstanding senior management team almost completed. And, he's embarked on major initiatives that have been discussed with Sandy, Fran, and President Williams and others.

He's got a full plate ahead of him. He's excited, we're excited, and I'm delighted to introduce Jim Kingsbury, our CEO of UC Health Alliance, sorry – UC Health.
(Applause)

Mr. Kingsbury:

I am from Nebraska and Ponca is a tribe of the Sioux Indians and one of the other tribes of the Sioux Indians is the Miami Indians and we know about Miami in this area. And, they did migrate south through Nebraska and established Ponca, Nebraska and then down into Oklahoma, George. But, Nebraska you know is going to the Big Ten now.

I want to do three things: I want to give a couple of personal notes; I want to talk little about the vision of UC Health; and I want to talk about the major initiatives because I think that will give you a flavor of the important things we are doing right now. To do all of that, I need to be brief on each one so if you have questions about or you would like me to talk more about one, I'd be happy to do that.

The two personal notes – as you may know, I was in Dubai. That project crashed when the international market crashed and I happily retired to Colorado. I will tell you there is no other job in the United States I would have to come back to but this one. The reason for that is I believe the vision is absolutely outstanding, it's an opportunity to finish something we started, and I was convinced by your board leaders that you're ready to do this. And, I have not been disappointed in the 3 ½ weeks that I have been back. The second personal note is to George. He has been my mentor and he was a big part of all of this as you've heard. But, he was a big part in bringing me back and giving me the support to do this job.

The vision of UC Health – that's something we will develop together over the coming months, but let me give you the components of it that I think will make it unique and will make it special. The first one is UC Health will be built around the three missions of an academic medical center: excellent clinical patient care, research and education. The second aspect or the second part of this organization will be a close tie to

the University of Cincinnati, particularly the College of Medicine and the College of Nursing, but other academic programs throughout both of the two campuses. Those two things, the three-part mission and the tie to the university, makes this a unique system for a hundred miles in any direction and that will be the third part of our mission, the unique nature of this system – UC Health.

The fourth aspect of this organization will be that it will be provider based. A brief note on that – there's a lot of systems around the country that become business based and they become based around the business system and the business office and all of those. We will build this around our hospitals and our physicians.

The fifth vision that we have for this is that it will be physician driven. Physicians drive the practice of medicine. Physicians drive healthcare. They make many of the decisions that impact the way we practice. They make all the decisions about the way we practice. So we will build this organization around physicians. As you see there will be physicians on the board, there will be physician leaders and one of the initiatives that I talk about is how we will work to integrate UC physicians into UC Health and I'll come to that in just a minute.

The sixth aspect of this organization is that it will be integrated. It will be integrated in at least two ways. It will be integrated around those three missions – that's a challenge for every academic medical center. How do you have a robust clinical program that then can support the academic programs? And, as I said it will be integrated between the physicians and the hospitals.

The final component of this or the vision we have for this is that it will be a regional partner with others. As a unique system, we will look at how we can partner with every other hospital, every other system in the region, and many of the physicians in the region. I'll come back and tell you a story about that as I close.

Very briefly then, the initiative we have underway is reexamining but really embracing the strategic plan that we have. It is a quality and service initiative to increase the level of quality and service. There is what we call a PIP program, a performance improvement program, to improve our productivity and our financial performance. I'm going to take just a brief aside. We can't predict what's going to happen with healthcare reform, but there will be major changes as healthcare reform rolls out. The systems that will be best or in position for that will be the ones that have high quality and low cost so we will address that. We will undertake a very major IT and hospital information system. Part of the bond issue will go toward funding that. It is the thing that can drive both the quality and care, the integration of care and research, and the efficiencies of an organization.

You've heard Mr. Barrett already talk about the governance and it is one of the most important initiatives that we have underway and you are about to take what I hope will be the beginning of the final steps to that. I'm working on leadership, putting the leadership in place, and as George said, very near to be able to announce the leaders that will be both at the system level, but also at the hospital level.

Your chairwoman at the Alliance Board Meeting asked me what the biggest challenge is. So, I would like to end with what I think right now, today, not long term, but right now is the biggest challenge and the biggest opportunity for UC Health. The biggest challenge is working through what to do with Drake Hospital. Drake is an incredible institution with an incredible mission, but it's had some difficulty. So one of the things that we will need to do over the next fifteen months or so is work through that and we will do that – trying to preserve that mission but in a way that can continue on into the future. The biggest opportunity is partnering with UC Physicians. UC Physicians is a great organization. Dean Stern, Dr. Tom Boat and others integrated those fifteen practices into one organization. They are integrating their clinical practice. They've made incredible progress and they are ready and they would like to integrate into UC Health. We've had very, very positive discussions over the last three weeks about how that can happen and are hoping to move that forward in the next several months.

Let me close by telling you a story of one of the programs of University of Cincinnati and University Hospital. What I think it will do is it will show you how ultimately we want to take many, many programs and accomplish this kind of thing for the region. It will show how the College of Medicine and the University Hospital work together to develop a program that improved the clinical care, it improved education, it provided research, and it drove our business in a regional kind of way. So the University of Cincinnati Physicians developed stroke protocols that now are considered the best in the world. That didn't just stop there and implement those in University Hospital. University Hospital and the physicians took those out and now those stroke protocols are in twenty-six hospitals throughout the region. It didn't just stop there because now what happens when an ER physician in a hospital 35 miles from here begins to see a stroke, they call the neurologist here, together they make the diagnosis, together they begin the treatment, and if appropriate, they send the helicopter and bring them to University Hospital. That whole system is tied together to provide the very best care in the best place. It supports the community hospital and it supports the University Hospital. Dr. Joe Broderick and others have presented the results of that – the research results of the benefit of that – around the world. And it is truly the benchmark for the stroke prevention and treatment around the world. It's that kind of thing that we can do with UC Health. Thank you.

Mrs. Heimann:

Does anyone have any questions? Thank you.

Executive Session

Mrs. Heimann:

I'll now call for an executive session. May I have a motion to enter Executive Session for matters required to be kept confidential by federal law or regulations of state statutes?

Upon motion of Mr. Chesley, seconded by Rob Richardson, the Board voted to enter Executive Session by the following roll call vote:

AYE: Mr. Barrett, Mrs. Buchanan, Mr. Chesley, Mrs. Heimann, Mr. Heiman, and Mr. Richardson

NAY: None

ABSENT: Mr. Cassady, Mr. Humes and Mr. Niehoff

Upon proper motion and second, the Executive Session adjourned at 10:09 a.m.

Resumption of the Special Meeting

Mrs. Heimann:

The meeting will now come to order. I'd like to call on Fran Barrett.

Board of Trustees Consideration of the Articles of Incorporation and Code of Regulations – 10.09.02.01

Mr. Barrett:

Madame Chairman, I would like to make a motion, but before I do I'd like to just make a couple of comments.

First of all, I believe that a decision of this magnitude requires the best possible financial advice and legal advice and as you know from our Executive Session, we consulted with Lee Mairose who has provided us excellent financial advice. On the legal side, we have Cameron MacRae on the phone, Roger Sugarman here, also Mike Hirschfeld from the Health Alliance and I think we have been provided the legal advice we need to make this very, very important motion.

Secondly, I would like to say that fellow trustee Gary Heiman mentioned to me that he wondered if he should abstain or not. Gary has been an indispensable member, not only of the board, but of the Governance and Audit Committee and whenever any

issue has remotely touched the issue related to Jewish Hospital because of his chairmanship of the Jewish Foundation, he has recused himself. There is that remote connection here, so he indicated to me that he wants to avoid even the appearance of impropriety and therefore intends to abstain. I, Madame Chair, concur with that.

I also want to make one other point. It came up during the regular meeting the issue that we have with Drake Hospital. I think that Rob Richardson should be recognized for stepping up and being our representative on the Drake Board at this very difficult time. It's the volunteerism of people on this board that really make all this possible so I want to commend Rob for that.

Having made those remarks, I'd like to make the following motion. I move that the Board of Trustees of the University of Cincinnati approve in concept the structure of UC Health as proposed in the organizational chart revised August 24, 2010 and approve in principal the Articles of Incorporation and the Code of Regulations with such changes and modifications (which changes and modifications may be of a substantive nature) as the Chairman of the Board of Trustees and the Governance and Audit Committee of the Board approve after consultation with legal counsel and other professional advisors. I so move.

Mrs. Heimann:

Do I have a second?

Mrs. Buchanan:

I second the motion.

Mrs. Heimann:

Is there any other discussion? Might just add here that there are a couple of directors who are not at the table today and they are fully informed and concur with what we are about to vote on.

President Williams:

Thank you, Madame Chair. This is a very important step in us moving forward and transition of the Health Alliance to UC Health. I want to applaud and thank the Board of Trustees for the hard work, especially our Chair Sandy Heimann, Vice Chair Fran Barrett, and the Chair of our Health Affairs Committee, Stan Chesley, for all the hard work they've done. Trustees have exercised their fiduciary responsibility in visualizing a structure that will allow us to move forward in a very significant way.

I believe we have a unique opportunity to build UC Health into a truly outstanding health enterprise in partnership with our own Academic Health Center, University Hospital, UC Physicians, Westchester Hospital and other partners. In UC Health we are not just creating a regional hospital network, we are building a leading national Academic Health Center that offers the highest quality care and continues a long tradition of world class research and medical discoveries made possible only at a major research university. Our university has reached increasing and record levels of research funding over the last several years and UC Health will enable us to continue that upward trajectory. The formation of UC Health also ensures access to the regions' only Level 1 Trauma Center and allows us to continue our historic mission of providing access to healthcare for all including the indigent.

Since August 16th Jim Kingsbury has been in place as the new CEO and President of the Health Alliance and will also head UC Health when it is formed. I've enjoyed working with Jim in his first few weeks on the job and given his prior experience at University Hospital, I am confident that he is the right person to lead UC Health forward. UC Health will be extremely important and an extremely important affiliate of the University of Cincinnati. Our goal for UC Health is to be among the best health systems in the nation. The health mission is an essential part of UC as a comprehensive research university from the transformational research conducted in the College of Medicine to the patient centered care offered in our hospitals and clinics. We take pride in the fact that UC Health and over 9, 500 health care professionals and 652 physicians represents the largest group of specialty physicians in the Greater Cincinnati area. I endorse the

structure proposed and urge our Board of Trustees to approve it so we can get to work on our vision for a world class UC Health system.

Mrs. Heimann:

Thank you. Susan, please call the roll.

The Board approved by the following recommendation by roll call vote:

Recommendation No. 10.09.02.01

AYE: Mrs. Heimann, Mr. Barrett, Mrs. Buchanan, Mr. Chesley, and Mr. Richardson

NAY: None

ABSTAIN: Mr. Heiman

ABSENT: Mr. Cassady, Mr. Humes and Mr. Niehoff

Mrs. Heimann:

I'd like to now call on Tony Condia, Vice President, External Affairs and Chief Marketing Officer at UC Health-University Hospital to give a brief presentation on the marketing of UC Health.

Mr. Barrett:

Sandy, Roger mentioned to me that he has to be in court in Franklin County. Is it okay if we excuse him?

Mrs. Heimann:

Thank you, Roger.

Mr. MacRae:

Madame Chairman, this is Cam and I think that I could probably duck out too as well.

Mr. Barrett:

Cam, thank you very much.

Mrs. Heimann:

Thank you very much, we appreciate it.

Mr. MacRae:

My pleasure.

Mr. Condia:

Thank you Madame Chair, Members of the Board, President Williams. I'm going to speak very briefly about the marketing campaign that we are going to launch to introduce UC Health to the community. This is a handshake of sorts. We are going to the market, actually we've already gone to the market. If you drove in this morning you probably saw the UC Health billboard above the Dunkin' Donuts – we always like to promote healthcare institutions with Dunkin' Donuts. *(Laughter)* We will go aggressively on television this Sunday. We will actually have a full page ad in the Enquirer, we will be a sponsor on WXIX during the fireworks, and then we will have a five to six week sustained campaign that will hit multiple mediums: television, radio, internet, newspaper and billboards as I mentioned.

In your packet is a sample of each of those. We've revamped our website www.uchealth.com and that is up and running now and I'm glad to say that one of your very own did all the work on that – one of your inaugural graduates of the DAAP's digital design class did all of the work on our new website. So we are very proud of that. Really, the entire team that came together to create an energy behind it included Greg Vehr, who was with us earlier today, Rich Puff, who is sitting in the back – and just a great team of people came together to put this all together.

So I'm going to show you the television ads first and in the interest of time we can go through the presentation, but again those include all the samples of the various mediums. *(Three television ads were shown utilizing Windows Media Audio/Video which are on file in the Board of Trustees Office.)* Just some very quick commentary, those are

all actual physicians and clinicians at each of our hospitals, the only talent in the ads were the patients. We turned to our very deep bench and wanted to highlight the good folks who carry out the tri-part mission every day. As we run these TV ads we will be on the radio very aggressively and we're also going to launch a micro campaign at the Westchester area and this is the final spot.

(Mr. Condia gave the following media presentation using PowerPoint slides. A copy of the presentation is on file in the Office of the Board of Trustees.)

Mr. Condia:

Thank you. So again, we will be on television, cable, radio, internet, newspaper and outdoor. We launch Sunday, September 5th with a full-page color ad in the Enquirer and we will be a sponsorship of the Riverfest Fireworks broadcast on WXIX-TV and it will be a five to six week campaign in duration. These are just samples of the bill boards. Again, this is sort of an anthem or sorts. It's just to acquaint consumers to exactly who is UC Health and what are its members. These are samples of what you will see in newspapers. We will be in the Business Courier, The Enquirer, Cincinnati Magazine, Cincy Magazine and if it's printed in Cincinnati we'll be in it. We will do some very specific targeting up in the Westchester market in the Cox newspapers up in that area. We'll be on Cincinnati.com very aggressively and this is just a digital animation that will cascade on the screen as viewers of Cincinnati.com or Enquirer.com log on. So that's the sequence with a final screen that is a call to action that will drive people to the UC Health website. And, these are screenshots of our new websites. This is the system website and we've broken out in tabs the hospitals, UC Physicians, and then the Institutes. The Institutes are really exciting because that is where the clinical enterprise came together with the academic enterprise and Rich's team did a fabulous job of creating new sites for the UC Cancer Institute, the UC Diabetes and Endocrinology Institute – so all of it came together and these are all up and running as we speak. This is the University Hospital website, the Westchester Hospital site, and the Surgical Hospital site. And, we've already started to change the exterior signage at each of the campuses. This is the very front entrance of University Hospital. This is a rendering what that will look out. We are

currently going through the permit process with the City of Cincinnati and doing the engineering around the UC Health sign on the front of University Hospital. That is probably another five to six weeks out before we can have that installed. And, this is what the Westchester Hospital will look like and this is just an architectural rendering that we pulled off of the plans. We had previously made some strategic decisions with the signage out of Westchester as the hospital was being built in anticipation of UC Health so we could apply the UC Health mark very easily. The monument markers and whatnot were designed in a way and we painted them the colors that we knew were going to be the UC Health brand colors so this will actually be a very easy conversion. That's it. Any questions?

Mrs. Heimann:

Thank you. Any questions? This is an historic meeting.

Adjournment

There being no further business before the Board, and upon motion of Mr. Richardson, seconded by Mr. Heiman, the meeting adjourned at 10:27 a.m.


SANDRA W. HEIMANN
CHAIRPERSON


THOMAS H. HUMES
SECRETARY