



**Board of Trustees Meeting
Atlanta, Georgia
October 29, 2009**

Minutes

Members in Attendance:

John Bluford, William H. Cleveland, MD, Jordan Cohen, MD (via conf. call), Art Collins, Jackie Collins, CPA, Aaron Dent, Christopher Edwards, MD, Nerimiah Emmett, PhD, Robert M. Franklin, PhD, Susan Grant, Zach Hall, PhD, Sally Hambrecht, Brian Jordan, Kevin Lofton, MHA, W. Thomas Lomax, MD, Thomas N. Malone, MD, John E. Maupin, Jr., DDS (President), Phillip H. McCall, Jr., Richard McCormick, Jack Rowe, MD, Henry "Hank" Thomas, Felker W. Ward, Jr., Robert L. Wright, OD

Members Absent: Regina M. Benjamin, MD, MBA, Joy Fitzgerald, Ruth B. Love, PhD, The Hon. Judge Greg Mathis, Sylvester McRae, MD, The Hon. Calvin Smyre, Michelle Staples-Horne, MD, Antony Welters (Chairman)

Management in Attendance: Eve J. Higginbotham, MD (Dean), Donnetta Butler (Chief Financial Officer), Harold W. Jordan, II (Secretary BOT), Kimberly Jackson (Assistant Secretary BOT), Nicole Miller (Assistant General Counsel), Lori Collins (Chief Compliance Officer)

Presiding: Vice Chairman Dr. Robert Wright

The meeting was called to order by Vice Chairman Wright at approximately 8:40 a.m. Trustee Dr. Robert Franklin provided the Invocation. There was a motion to approve the minutes of the April 2, 2009 Board of Trustees meeting and, with a correction to the listing of "Members Present", the minutes were unanimously approved as submitted.

Dean's Report

Dean Eve Higginbotham gave a report on the state of Morehouse School of Medicine's (MSM) academic enterprise. She noted the following academic appointments since the April 2009 Board of Trustees meeting:

- Chair of Department of Pharmacology and Toxicology – Dr. Gianluca Tosini
- Assistant Dean for Public Health Education – Dr. Patricia Rodney
- Associate Dean for Community Health – Dr. Daniel Blumenthal
- Assistant Dean for Research (effective Nov. 2009) – Dr. James Lillard

She shared that MSM's 2009 commencement in May saw the largest graduating class ever with 56 MD, 23 MPH and 7 PhD graduates. Dean Higginbotham also noted a concern that the average student indebtedness for the 2009 graduating M.D. class is \$167,388.00.

From a research perspective, Dean Higginbotham noted that the School had been very busy since the April 2009 Board meeting. She highlighted that the School had a significant presence at the May 2009 BIO International Convention held in Atlanta and, that as a result of this convention, the School had developed a relationship with Iverson Genetics, a genetics testing company based in Seattle. The Dean also noted that the School submitted 91 grant applications for American Recovery and Reinvestment Act funds of which 19 had been successful for a total funded amount of \$10,767,115. While the Dean is pleased with the School's progress in the research arena, she expressed frustration with the School's continued exclusion from the Georgia Research Alliance. Trustee Dr. Zach Hall stated that it is critical that MSM continue to press to gain membership in the Alliance.

Noting Dean Higginbotham's resignation to assume the position of Vice President for Health Affairs and Executive Dean for Health Professions at Howard University, Vice Chairman Wright thanked her on behalf of the Board for her many contributions to MSM since 2006 and wished her well in her new role.

Governance & Nominating Committee Report

At the request of Vice Chairman Wright, Mr. Jordan offered the Governance Committee's report. The Board was asked to consider three (3) resolutions. The first resolution proposed to change the date of the 2010 Annual Board meeting from April 1 to April 8. The second resolution proposed to modify Article 5.1 of the Corporate Bylaws to allow for the appointment of an Assistant Secretary as an officer of the Corporation. The final resolution proposed amended Article 4.2 of the Corporate Bylaws to expand the scope of the Finance Committee's authority to include oversight of the finances of Morehouse Medical Associates (MMA). All three resolutions passed unanimously.

Academic Affairs Committee Report

Dean Higginbotham presented the report of the Academic Affairs Committee at the request of the committee chair. It was noted that the Dean's earlier presentation summarized the substantive issues discussed in the committee meeting. Dean Higginbotham shared that the committee had approved appointments and promotions of 23 MSM faculty. She also noted that Richard McCormick, Student Government Association President, reported that our students, while pleased with their academic experience, would benefit from additional study space and fitness facilities.

Trustee Dr. Jack Rowe asked Dean Higginbotham for a quantitative profile of MSM's students as compared to national statistics regarding such benchmarks as MCAT, Step 1, Step 2 and Step 3 scores. Trustee Nerimiah Emmett reported that competitiveness of faculty salaries continue to be a concern. Management stated that appropriate comparative information regarding both comments would be provided during the April 2010 board meeting.

Administration & Facilities Management Committee Report

Trustee Phillip McCall, Vice Chair of the Administration & Facilities Management Committee, presented the report. Representatives from Sodexo, MSM's facilities management vendor since July 2009, attended the meeting and advised the Committee that the School's net

projected 1st year savings in procurement and utilities costs will be \$200,000. McCall stated that the School's career banding project, coordinated by Human Resources, was proceeding and that management expected to complete the project and reclassify employees as necessary by January 2010. It was also reported that management plans to change to a bi-weekly payroll program on or about January 15, 2010. McCall reported that management was planning an Employee Recognition Program to be held in November 2009.

Trustee McCall stated that the School's Campus Safety Department planned to have two (2) new vehicles ready to be deployed into service by November 15, 2009. Trustee John Bluford asked whether management had considered merging MSM's Police force with the police departments of the other Atlanta University Center (AUC) schools. Dr. Rowe asked if the AUC schools ever considered outsourcing their respective police forces to a single company. Trustee Dr. Robert Franklin (President, Morehouse College) said that the AUC Council of Presidents would discuss both suggestions and consider retaining a consultant to advise the Council on the same. In response to a question from Dr. Cohen, President Maupin stated that like most HBCU's MSM is located in an area with socio-economic and safety challenges and that AUC schools were working together to build enhanced relationships with community organizations adjacent to the schools and to collaboratively address issues such as safety, health and economic development. Dr. Maupin also informed the Trustees that AUC academic and administrative leaders representing Security, Finance, Marketing & Communications, Academic Affairs and Legal/Compliance meet regularly to discuss issues of common interests. Dr. Franklin told the Trustees that the AUC schools are continuing to work on an AUC Campus Master Plan. Trustee Cohen asked if the Council of Presidents had ever considered erecting a common building (fitness center, coffee shop, student lounges). President Maupin responded that such ideas have been discussed and are currently under consideration as a part of the AUC Campus Master Plan project.

Audit & Compliance Committee Report

Trustee Thomas Lomax presented the Audit & Compliance Committee report. Mr. Lomax reported that the School will implement its annual Code of Conduct training in early 2010. He also reported the school implemented HIPAA training and there was a participation rate of approximately 50% at the end of August 2009 (initial completion date) and at approximately 80% by mid October 2009. Management has devised several strategies to ensure a higher rate of compliance in the future, including tying compliance training to staff performance reviews.

Lomax stated that the new Conflict of Interest policies have recently been implemented and training will commence in the near future. Regarding the IT infrastructure upgrade, it was reported that offsite server co-location project should be in place in early 2010. This IT upgrade is critical from a compliance perspective for privacy and HIPAA purposes.

Mr. Lomax advised the Trustees that the MMA management action plan is in place and has an anticipated completion date of December 2009. Ms. Lori Collins, the School's Chief Compliance and Internal Audit Officer, is working with Dr. Lawrence Sanders, Associate Dean for Clinical Affairs, to revise the sanctions policy for billing and coding at MMA. The goal is 95% accuracy in billing and coding procedures. The School currently has an accuracy rate of approximately 70%.

It was also reported that the internal audit conducted by Deloitte & Touché of Institutional Advancement, and Payroll showed no major issues. Deloitte is still conducting audits of Human Resources and Procurement and should provide feedback to management in early 2010. Mr. Lomax stated that the external audit conducted by Ernst & Young went well with no significant deficiencies. He further reported that the external auditors planned to issue a clean, unqualified opinion and that the School moved to "low risk" status on the A-133 audit report for the first time in its history. The auditors neither reported nor perceived any fraud, and stated that the School's accounting principles have been appropriately and consistently applied.

Development & External Affairs Committee Report

At the request of Chairwoman Mrs. Sally Hambrecht, Sally Davis, Vice President of Institutional Advancement, presented the Development & External Affairs Committee report. Ms. Davis stated that the nation's difficult economic climate had a definite impact on the School's fundraising efforts. Annual fund unrestricted donations decreased by 27% in FY 2009 compared to FY 2008 and Gloster Society level membership declined by 40%. However, major gift receipts during the same time period more than doubled, having received \$4.2 million in FY09 as compared to \$1.7 million in FY 2008. The Alumni donor participation rate in FY 2009 was 14%, and the Trustee donor participation rate for the same time period was 43%. Ms. Davis also reported that foundation and corporation visits declined from 34 in FY 2008 to 13 in FY 2009. She anticipates that the fundraising challenges will continue in FY 2010, particularly with securing endowment funds.

Discussion ensued regarding the need for Trustees to contribute each year to the annual fund for 100% participation which is often a requirement for receipt of funding from foundations.

Finance & Investment Committee Report

Committee Chairman Felker Ward delivered the Finance & Investment Committee report. Trustee Ward commented on the importance of the committee's oversight of the finances of faculty practice plan, Morehouse Medical Associates (MMA) and expressed on behalf of the committee their pleasure that the board approved the bylaws change to provide such oversight. Mr. Ward reported that MMA had a net surplus of approximately \$294,000.00 for FY 2009, attributable primarily to revenues received from Grady Hospital in excess of amounts anticipated and salary savings from vacant management positions.

Mr. Ward reported that the School's unaudited financial results for FY 2009 reflected excess revenues over expenditures of approximately \$1.5 million due to a change in the timeline for the start of certain of the School's initiatives as well as salary savings from vacant positions. He commended Mrs. Donnetta Butler, who became CFO and Senior Vice President of Administration on July 1, 2009, for her efforts since the beginning of FY 2010. Mr. Ward noted that Mrs. Butler worked with Garry Bridgeman, the School's investment consultant, to draft a working capital investment policy to allow the School to conservatively invest its working capital cash. The policy would result in more prudent stewardship of the approximately \$10.8 million in operating cash currently in the School's checking account. It is the Committee's recommendation to move approximately \$5 million of this amount into a higher yielding, but still liquid investment vehicle.

Mr. Ward stated that the \$7.9 million receivable through the period ending December 31, 2007 from Grady Hospital was memorialized in a promissory note that was executed in October 2009. Mr. Ward noted that securing the promissory note was important because without it, the School's auditors were likely going to require the School to reserve the \$7.9 million receivable. Mr. Ward noted that Mrs. Butler worked with the CFO of Emory University in negotiating with Grady representatives to finalize the promissory note.

Mr. Ward reported that the School's FY 2010 operating budget was projected to be approximately \$117 million. This budget reflects a decrease of approximately \$4 million of funding from the State of Georgia. Mr. Ward stated that the School's FY 2010 budget might require additional adjustments as the State of Georgia may announce additional reductions during the fiscal year.

Health Services Committee Report

Committee Chairman William Cleveland, MD presented the Health Services Committee report. Dr. Cleveland noted that MMA achieved a positive bottom line in FY 2009 with a net surplus of \$294,000. It was noted that Mr. Mark Batson joined MMA as its new Executive Director in October 2009, and that Dr. William Alexander joined MMA as Assistant Dean for Health Care Quality. Dr. Cleveland stated that MMA implemented an electronic database called Cactus to support its credentials office. He also reported that MMA is in the process of identifying new space to house its operations that are currently located at 75 Piedmont as the current lease expires in January 2011. Dr. Cleveland reported that the School is continuing in its efforts to negotiate a new affiliation agreement with Grady Hospital and noted that the School is collaborating with Emory in this effort.

The School's Internal Medicine residency program is working with its counterpart at Emory as well as the Atlanta Veterans Administration Hospital (the "Atlanta VA") to begin an inpatient clinical rotation beginning in July 2011.

The Board of Trustees went into Executive Session at approximately 11:15 a.m.

Respectfully submitted,

Harold W. Jordan, II
Secretary