

**Medical University of South Carolina (MUSC)
Medical University Hospital Authority (MUHA)
Board of Trustees Special Called Meeting
June 28, 2019
Minutes**

The MUSC/MUHA Board of Trustees convened Friday, June 28, 2019, at The Palmetto Club in Columbia, South Carolina, with the following members present: Mr. Charles Schulze, Chair; Dr. James Lemon, Vice Chair; Ms. Terri Barnes; Mr. Jim Battle; Mr. Bill Bingham; Dr. Fritz Butehorn; Dr. Melvin Brown; Dr. Guy Castles; Dr. Richard Christian; Dr. Don Johnson; Ms. Barbara Johnson-Williams; Dr. Murrell Smith; Mr. Michael Stavrinakis; and Mr. Tom Stephenson. Board members excused: Mr. Bill Baker and Dr. Paul Davis.

In addition, the following members of MUSC administration were present: Dr. David Cole; Dr. Patrick Cawley; Ms. Annette Drachman; Ms. Lisa Montgomery; Dr. Lisa Saladin; and, Mr. Mark Sweatman.

Item 1. Call to Order-Roll Call.

There being a quorum present, Chairman Schulze called the meeting to order at 9:00 a.m. Ms. Jane Scutt called the roll and announced the following: *"In compliance with the Freedom of Information Act, notice of meetings and agendas were furnished to all news media and persons requesting notification."*

Item 2. Executive Session.

Statement: Chairman Schulze recognized Mr. Jim Battle who moved that the Board go into closed session for discussion of the following items pursuant to sections 30-4-70(a) of the South Carolina Code:

- Discussion of employment, appointment or compensation of an employee, a student, or a person regulated by a public body or the appointment of a person to a public body;
- Receipt of legal advice related to matters covered by the attorney /client privilege; and
- Discussion of negotiations incident to a contractual arrangement, and proposed sale or purchase of property and expansion of clinical services.

Board Action: The motion was seconded, voted on and unanimously carried. Chairman Schulze announced that the Board would move into closed session at the end of the regular agenda.

Item 3. MUSC FY2020 Budget.

Statement: Ms. Lisa Montgomery, Executive Vice President for Finance and Operations, kicked off the budget presentations segment of the Board meeting and gave a brief overview of the budget process. Ms. Montgomery reminded the board that at this meeting the budgets are presented at a high level and are for information only. The FY2020 detailed budgets will be mailed out with the August Board agenda materials and formal approval will be requested at the August Board of Trustees meeting.

Mr. Patrick Wamsley, the University's Chief Financial Officer, presented the Medical University of South Carolina's proposed FY 2020 operating and capital budgets. The operating budget, with a bottom line of \$9.1 million included \$15.6 million of new appropriations, \$2 million of new tuition and fees, and \$18 million of new grants and contracts. Mr. Wamsley separated \$85 million Health System pass-through dollars from other revenues and expenses, so the effect of those dollars could be understood. Salaries and Benefits expenses of \$446 million represented approximately 53% of total expenses. The second largest category of expenses (20%) were Contractual Services in the amount of \$165 million. Prior year funds use of \$14.9 million was explained. Finally, a proposed capital budget slide, representing \$23.3 million of newly proposed spending for FY2020 was presented and explained.

Recommendation of Administration: That this be received as information.

Board Action: Received as information.

Item 5. MUSC Health FY2020 Budget.

Statement: Ms. Lisa Goodlett, Chief Financial Officer, MUSC Health, presented the proposed FY2020 operating and capital budgets for MUSC Health. For the MUSC Health System, the presentation emphasized that FY2019 was a period of high growth due to the Reginal Health Network (RHN) acquisition. This movement off the peninsula increased MUSC Health from a \$2.1B enterprise to a \$2.5B enterprise. The new acquisitions are on target from the initial performance and favorably strengthening the system.

For FY2020, growth will continue in the Charleston area with opening and operationalizing six new platforms. This pressure will impact the Charleston based entities operating margin. Clinicians are the primary drivers of growth. Linkage to the two-year capitalized annual growth of the Charleston hospital activity correlated to the increase in clinical providers from FY17 – FY19.

The respective budget requests are:

Debt Service Coverage requirements were met for (MUHA consolidated) at 2.64

Projected Days Cash on Hand

MUHA Consolidated:	62
MUSC Strategic Ventures (MSV):	145
MUSC Physicians (MUSCP):	215

FASB Operating Margin

MUHA Charleston:	1.8%	\$31.6M
Florence market:	2.4%	\$6.5M
Lancaster market:	2.9%	\$2.8M
MSV:	8.9%	\$2.4M

Net Income

MUSC Physicians:	\$1.2M
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Capital Asks

MUHA Charleston:	\$36M
Florence market:	\$2.4M
Lancaster market:	\$5.5M
MUSCP:	\$7.8M

Recommendation of Administration: That this be received as information.

Board Action: Received as information.

At 10:20 a.m., Chairman Schulze announced that the Board will move into executive session.

At 1:10 p.m., the Board returned to open session with no action taken.

Item 6. Other Business for the Board of Trustees.

Statement: Chairman Schulze asked if there was any other business that needed to be discussed. There being none, Chairman Schulze adjourned the meeting.

Respectfully submitted,



Mark C. Sweatman, Secretary

MCS:jls
Attachments