

THE OHIO STATE UNIVERSITY  
OFFICIAL PROCEEDINGS OF THE  
TENTH MEETING OF THE  
WEXNER MEDICAL CENTER BOARD

Columbus, Ohio, January 28, 2015

The Wexner Medical Center Board met on Wednesday, January 28 at the Richard M. Ross Heart Hospital, Columbus, Ohio, pursuant to adjournment.

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Minutes of the last meeting were approved.

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January 28, 2015 meeting, Wexner Medical Center Board

Mr. Wexner called the meeting of the Wexner Medical Center Board to order on Wednesday, January 28, 2015 at 10:07am.

Present: Leslie A. Wexner, Chairman, Cheryl L. Krueger, Abigail S. Wexner, Corbett A. Price, David B. Fischer, Stephen D. Steinour, John F. Wolfe, Jeffrey Wadsworth, Michael V. Drake, Steven G. Gabbe, Geoffrey S. Chatas, E. Christopher Ellison, and Michael A. Caligiuri.

Mr. Wexner:

Good morning. I would like to convene the meeting of the Wexner Medical Center Board and ask Ms. Link to note the attendance.

Ms. Link:

A quorum is present, Mr. Chairman.

At this time, the Wexner Medical Center Board will recess for a brief executive session to discuss business sensitive trade secret matters required to be kept confidential under federal and state statutes and to discuss the sale or purchase of real property. The board will then return to public session followed by an executive session at the conclusion of the public portion of the meeting.

May I have a motion to recess into executive session?

Upon motion of Dr. Wadsworth, seconded by Mr. Wexner, the Wexner Medical Center Board members adopted the foregoing motion by unanimous roll call vote, cast of board members Mr. Chatas, Dr. Gabbe, Dr. Drake, Dr. Wadsworth, Mr. Wolfe, Mr. Steinour, Mr. Fischer, Mr. Price, Mrs. Wexner, Ms. Krueger, and Mr. Wexner.

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The Chairman, Mr. Wexner, reconvened the Wexner Medical Center Board meeting at 1:07pm.

Mr. Wexner:

First, if there are no changes we will approve the minutes of the previous meeting. Then we'll talk to Dr. Gabbe, Pete Geier, back to Dr. Gabbe, and then we'll be done.

Are the minutes approved?

Ms. Link:

We just did.

Mr. Wexner:

Thank you, I appreciated that. We're very efficient, Heather.

Dr. Gabbe?

Dr. Gabbe:

Thank you. I have some updates for the board. At your place you'll see a pin commemorating the 10th anniversary of the Ross Heart Hospital. It's hard to believe it's been 10 years. We will be celebrating that anniversary this week. Congratulations to Tom Ryan, Marty Taylor, and their staff for all the great work they do.

At your place, you'll see an infographic from the Central Ohio Hospital Council which demonstrates the contributions to the community made by our four hospital systems in Columbus. Sheldon, I think you'll find it unique that in Columbus we work together collaboratively. You will see in the infographic that health systems are responsible for over 38,000 jobs in our community and contribute over \$5.6 billion to our economy.

I wanted the board to know that our Phillip Height Center for Health in New Albany is open and is doing very well. It opened December 15th. We have over 1,050 members; which is meeting our projected targeted membership to date. Last Saturday, January 24th, there was an open house for 400 people to come and see the new center.

We'll be opening our sports medicine, integrative medicine, primary care, physical therapy, and lab services on Monday, February 2nd. This is a place where we are collaborating actively with Nationwide Children's Hospital in sports medicine and physical therapy.

I want to recognize another collaboration with Nationwide Children's Hospital. Dr. Subha Raman, who is one of our cardiologists, a professor of Medicine and her group in collaboration with Linda Kripe, a pediatric cardiologist at Nationwide, have developed a new therapy program for young boys and men with Duchenne's Muscular Dystrophy. While we know that their skeletal muscle systems put them at risk, I wasn't as aware that one of the reasons they die is often because of cardiac muscle disease.

Subha has really demonstrated the value of translational research. Years ago, her team demonstrated in an animal model that they could improve outcomes for that animal model with muscular dystrophy. They have now moved that to human treatment. This is very exciting. They are improving the life expectancy for those boys and young men with muscular dystrophy.

You might wonder what all these are about, well I want to congratulate Beth NeCamp and her team. These are wraps that babies who are born at the Wexner Medical Center have been swaddled in. We've always done it for the Michigan game but we extended that to "Beat Alabama", then we extended it to "One Down, One to Go", and then of course after the championship game, "We're Number One". Now every baby born at the hospital this year gets swaddled in "Born a Champion".

This has reached 2.2 million people on Facebook, over 550,000 tweets, and has been written up in *USA Today*, *The Washington Post*, *Sports Illustrated*, and the *Associated Press*. Congratulations to Beth NeCamp and her team.

While we're talking about the football team, there is a relationship between the New James and the National Championship Football trophy. The interesting fact is that when we were designing the interior of the New James, we brought on a company in New York called Pentagram who also designed the National Championship trophy. Two of the people we worked with on the design of the James actually designed the trophy. Mr. Wexner, I think that ties in with what you were talking about earlier.

I also want to recognize our nurses, especially Dr. Mary Nash and Dr. Jerry Mansfield. There are, as a matter of fact, 5,723 hospitals in the United States. Only 402 hospitals, or 7 percent, have been designated Magnet hospitals and only 2 percent, or 103 hospitals, have been designated Magnet three times. Last week we learned that both University Hospital and the Ross Heart Hospital were designated for the third time as a Magnet hospital. Not only Magnet, but in the exemplar status for Magnet, which is very special. Congratulations to Mary Nash and Jerry Mansfield.

We also learned that the fourth floor of the Ross Heart Hospital, which cares for some very sick patients with heart transplants and lung transplants, was designated a Beacon Award recipient at the gold level. This is the critical care excellence award that is given by the American Association of Critical Care Nurses. We actually have six Beacon recipients: the fourth floor of Ross, the 8 Progressive Care Unit, our MICU (Medical Intensive Care Unit), our SICU (Surgical Intensive Care Unit), the second floor of Ross, and the James Bone Marrow Transplant Unit. In fact, the James Bone Marrow Transplant Unit is the only bone marrow transplant unit in the country that has been Beacon designated. In the state of Ohio, there are 20

beacon units, we have six of them. There is only one other beacon unit designated in the City of Columbus and that is at Mount Carmel Hospital. We are very proud of our nurses, very proud of our nursing leadership and I wanted to bring that to your attention.

We have our medical center performance scorecard up on the screen for you. At the top, under quality and service, as you can see is green, for our inpatient observed to expected mortality is .61, which places us in the top five hospitals in University Health Systems Consortium for observed to expected mortality.

Now, I'm not going to talk about the financial metrics because Pete will cover that shortly. The yellows marks are areas where we do not have the data for this year. Let me address some of the others.

In quality and service, you can see that there is a red dot next to overall patient satisfaction. IP is inpatient, that's the hospital consumer assessment of health providers and systems, our HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems) scores for our inpatient care. That is the response to the question: During your stay, how would you rate this hospital? The scores of 9 or 10 is what you must have. You can see that 73.7 percent of patients through November gave us a 9 or a 10. We're now at 75.2 percent. By the way, another 19 percent gave us 7s and 8s, so 94+ percent of our patients gave us a score of 7 or better and just 6 percent gave us a score of 6 or less.

Of the 90th percentile, which is where we want to be, 79 percent are 9s and 10s. We are at 75.2 percent which is the 77th percentile. And that tells you how critically important each percent is. We are not far from 79 percent but we're not at 79 percent, which is where we want to be.

The Ross Heart Hospital is our best performer. They're at 84 percent 9s and 10s which is the 96th percentile. The James is at nearly 77 percent 9s and 10s which is the 83rd percentile.

In the outpatient area, you can see we're at 90.5 percent. That is a very simple question: Would you recommend this office to your friends and family? We are at 90.5 percent, as I said, but that's just the 62 percentile. The 95 percent is where we have to be to be at the 90th percentile. We can see, again, each percent is so important. 90.5 percent, the 62nd percentile, 95 percent is where we have to be to be at the 90th.

We are addressing specific areas, you have heard about them before, to get us to where we need to be; at the 90th percentile.

I'll stop and ask for any questions about those inpatient and outpatient percentiles.

Next area that is a red dot is development. At the end of November, we were at \$30.9 million. That has improved in January and we are at \$41.5 million. We have three seven-figure gifts to close, which will take us to close to \$50 million; which is where we want to be by the end of January. We have not reached our goal for the year to date.

Then finally the third red dot, I've talked with Dr. Drake about this very recently and with Dr. Ellison as well, is research funding. At the end of November, we were \$39.8 million. Overall research funding this year is up three percent but we are falling short in NIH. We're down 17 percent year-over-year.

I think you know NIH funding, which is a total of \$30 billion, has been very flat over the past few years. We're doing well in the grants we submit and we're submitting more grants, but we're falling short year-over-year of our NIH funding goals.

Just to give you an idea, our NIH funding ranks us 44th in the country. If you look at the Big Ten, the top Big Ten funded school would be Michigan. They're number 12 and they're at \$282 million.

We have a long way to go to reach the top 10. Baylor is ranked 20th with \$191 million and 30th is University of Minnesota with \$145 million. The Big Ten overall has nearly \$1.5 billion of NIH funding. That is quite a bit when you think that the total funding is \$30 billion.

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As you would expect, our top funded program is cancer. Mike pointed out that they've just resubmitted the Comprehensive Cancer Center Award but the James ranks number one for our NIH funding portfolio.

Mrs. Wexner:

How does the James do against its peers in NIH research funding?

Dr. Gabbe:

I don't see Mike. Jeff?

Dr. Drake:

You said James, the James and the Cancer Center.

Mr. Walker:

We rank in cancer overall in NCI funding and in terms of total NCI funding we're 15th in the country right now.

Dr. Gabbe:

I think Jeff, we're about \$14 million out of the top 10.

Mr. Walker:

Out of the top ten.

Dr. Gabbe:

Alright. Well thank you and Pete is going to address the financial metrics.

Mr. Wexner:

I have one question. When you get the feedback about patient satisfaction, are those the standard questions that are imposed? Dr. Moffatt-Bruce was saying that it's impartial and that it's external. Do you get to ask the questions like are you happy or sad?

Dr. Gabbe:

The questionnaires that our patients complete are based on the HCAHPS metrics and those are standard questions that relate to: their discharge instructions, their medication instructions, how responsive were we getting to your room when you pressed your bell, how clean is your room, how quiet was your room at night? Those are standard questions that the patients answer around the country.

Mr. Wexner:

You've got some industrial psychologists at the university that are world class.

Accept this as a fact, if you give me standard questions, I can influence the answers by not how I ask the question, but I how I inform you and prompt you. I bet we can move up 10 or 20 percent by structuring things in the environment.

Dr. Thomas:

We have actually been working with people in the Fisher College of Business multiple times over the last few years.

Mr. Wexner:

There's a guy in the Political Science department that did stuff for the Obama campaign that's world class, I forget his name. What I'm saying is that if I had a sign in the hospital, and I am making this up, that said, we want you to be happy, smile, and then ask them if they were happy when you were there? Depending on where I put the sign, I can change people's answer by prompting them subliminally to say, drive safely when you go home. I'm not trying to cheat because we should have a good reputation but I bet there's things that are known to do that are in the capacity of some very bright people in the university. I know there are people in the Business School and I note Neely Bendapudi, although she's not the expert and I know there's people there that are doing behavioral stuff and they're not the experts. There's somebody that did consulting for the Obama campaign, which they give credit to the Ohio State industrial psychologist, for them winning. Not just the influence, but because of him, they won.

How people think about us influences development and other things. An example, I didn't have this idea to have swaddles that say Ohio State but I'd say that probably has to be a \$1 million development opportunity. Somebody would pay for them and somebody would buy them and somebody can market them because that has high emotional content. Like safety, you know, we're the safest hospital in the state, in the country, one of the top three in the country, influences peoples thinking about development, about being here for patient care, more than the technical explanations of what you've done for them. Because people understand you're not going to kill them and that's important. You may think that you've made their life better. This is a really big opportunity because medicine has such a high emotional content on both a development side and the patient side. Yet, we are not good at how we communicate. Frankly, I think we're poor.

Dr. Loborec:

I totally agree with that. I had an experience at a former place where they did a similar initiative for staff members. On their name tag it would say that we give very good care, always. Later the survey asked if they received very good care, always. It's psychological, always.

Mr. Wexner:

Just a quick anecdote. I got interested in this before I opened my first store. I used to do my personal banking at City National Bank. I went in there one day to put money in a savings account, maybe I put in \$2 or \$4 a week; this goes back after the Civil War. Everybody in the bank had badges that said: You/We.

I asked the teller what that meant. He said you select the car, and we supply the money. Suddenly, you had all the customers asking all the associates at the bank about auto loans. Rather than training the associates to sell auto loans and develop accounts, they had people reading a badge that tellers and people in the bank were wearing. I found out later from John G, that it doubled or tripled their auto loan business. It was the cost of a badge. The awareness of that bank being really friendly about auto loans changed overnight by that simple device.

For me, it was worth the challenge, what is the You/We. How do I get people to think differently about us and get word of mouth? Twitter hadn't been invented.

There are ways that you can queue behavior in a lot of ways. I'm really interested in this. I talked to the people in the business school and they're interested. This political scientist is really smart.

Mr. Geier:

The financial scorecard was mailed out in your book and many of the topics we've discussed are embedded in this financial report for the first six months.

I'll talk a little bit about December. We opened the new James building on the 20th. I can't say we saw anything in the numbers that was unanticipated. In fact, the volume numbers were stronger across the board in the James, University Hospital, and University Hospital East. We have talked about how full we are. We are opening additional beds in the James and are beginning the backfill.

We did have some one-time expenses which we anticipated in supplies; basically opening up new ORs and stocking them in the month. We've got some smoothing of expenses I think between December and January, where we actually put in the budget, because in some ways we didn't quite know when the building was going to open. There was some budget in January for a depreciation, which will probably hit in December. I think that this will work its way through the actual numbers and at the end of January, have a pretty good feel for the final forecast for the year and then be able to really nail down days cash number once we close up January.

In December, we had very strong admissions volumes. Our surgical volume across the board and all the hospitals and outpatients were about 14 percent over budget. That was an area that we were concerned about last year and many of the surgeons that had come on new have ramped up and have picked up the volume from some of the surgeons that we lost. This is continuing in January.

Our outpatient visits continue to be strong. Our emergency department (ED) visits, even though we're off budget, we're actually over budget 5.3 percent. Our ED visits were strong and are continuing strong.

To give you some sense, we have two emergency departments. In one month, we will get 5,800 visits here but we'll get 4,600 visits at University Hospital East. They are not even but it's certainly a big intake for us. They have both been over budget and over last year.

With these activities you can see the revenues for the year continue over budget. One area I want to point out, I touched on it a little bit and it's going to be ongoing and we'll have to call this out a little bit more in the budget and also how we're reporting or maybe deconstructing this aggregate expense per adjusted admission when the interest and depreciation on the debt and new building starts to come on.

To give you some numbers, and this is all budgeted but it'll start to show up in the actual. The first six months of this year, which is presented here, interest and depreciation was \$45 million. The next six months, the second half of the year, that number will be \$85 million. In the budget for next year, that will be \$160 million. This is interest on the debt and depreciation. Again, it's all in the forecast of all budgeted, it'll start, we'll probably want to deconstruct our expense per adjusted admission number and show how we're doing on salaries per adjusted admission, and as Tim had talked about, supplies per adjusted admission.

As I said, once we delve into the budgeting, we'll peel that back. That will begin to show, year over year expense growth because of the depreciation.

Mr. Wexner:

If I'm understanding, Pete, its \$120 million. It's \$10 million a month?

Mr. Geier:

Yes, in interest and depreciation from the new building.

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Mr. Wexner:

Next year it'll be \$10 million or \$120 million, that's what we got to find to get to even; let alone better.

Mr. Geier:

We continue to have a good salary variances to budget and holding the line. As I said, there wasn't anything in December. I always cautioned that I thought the numbers would get a little weird and move around. They haven't. Actually they've stayed strong but I anticipate maybe what a new normal will look like once we close out January and I'll have a much better confidence level in what the forecast will look like to end the fiscal year at that time.

When we put all that together, again, all the hospitals are over budget, relative to their consolidated bottom line which produces the EBIDA days cash and debt service numbers that we see at the bottom of the page.

Ms. Krueger:

The operating EBIDA margin is substantially higher than what we projected in the last year. What's driving that?

Mr. Geier:

Well it's a combination of what we talked about. We have higher volumes and revenue. It is really earnings before interest and depreciation. That is core earning margins. It is a combination of higher volumes, primarily surgical volumes, which is outpatient and inpatient that's driving revenue. If you look at the absolute total expenses, we're up \$20 million over last year. We budgeted to be up over \$35-40 million. It is better margin, more revenue, less expense.

Ms. Krueger:

Is it an issue of mix type of surgeries we're doing?

Mr. Geier:

It can be. There are better reimbursements in some than others: cancer surgeries and some outpatient. Transplants are an incredibly high margin business; Steve has talked about some of the transplants. The mix of surgical volume, yes, you get better reimbursements.

That concludes my report.

Ms. Krueger:

Thank you.

Mr. Wexner:

Accreditation and resolutions?

Dr. Gabbe:

Thank you. I want to welcome Dr. David Evans who's here and leads our trauma program. We are a level one trauma center and we're verified for that status by the American College of Surgeons. We are verified every three years. We have a two-day site visit that'll be coming up. Lots of documentation and pre-review of those documents.

The verification by the American College of Surgeons is required by law in Ohio for us to be able to admit trauma patients and of course level one is the highest level, as I've said. We also have to have, for the American college of Surgeons, a resolution of support from the board. That's why we have that resolution in your books.

I want to point out that in 2013, our trauma center had 2,720 admissions. Incredibly busy service and I want the board to know that we have the lowest mortality rate for any large level one trauma center in the country. The lowest mortality rate for any large level one trauma center in the country. 2700 plus patients every year.

Mr. Wexner:

How many of them are there?

Dr. Gabbe:

David.

Dr. Evans:

About 130, I think on that data.

Dr. Drake:

Sounds about right.

Dr. Gabbe:

We are asking for your support for that resolution as we go forward with our verification from the American College of Surgeons again this year.

Ms. Link:

May I have a motion?

#### **TRAUMA VERIFICATION**

Resolution No. 2015-85

Synopsis: Support of the application for a level 1 Trauma verification, is proposed.

WHEREAS The Ohio State University Wexner Medical Center's mission is to improve people's lives through innovation in research, education and patient care; and

WHEREAS The Ohio State University Wexner Medical Center continues to provide emergency, specialty and subspecialty clinical trauma services, as well as professional and public education, injury prevention, research, and performance improvement programs (collectively, the "Trauma Program"); and

WHEREAS The Ohio State University Wexner Medical Center intends to continue to meet all requirements and criteria to maintain level 1 trauma center verification and support its trauma program:

**NOW THEREFORE**

**BE IT RESOLVED** that The Ohio State University Wexner Medical Center Board commits to maintain the high standards needed to provide optimal care of all trauma patients and supports the application for a level 1 trauma verification by the American College of Surgeons, Committee on Trauma.

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Upon motion of Mr. Price, seconded by Ms. Krueger, the Wexner Medical Center Board members adopted the foregoing motion by unanimous roll call vote, cast of board members Mr. Chatas, Dr. Gabbe, Dr. Drake, Dr. Wadsworth, Mr. Price, Mrs. Wexner, and Ms. Krueger.

Mr. Wexner:

If I understood correctly, when it comes to civil language, out of 130 large scale emergency rooms across the country, we have the best safety record?

Dr. Gabbe:

That is absolutely right.

Mrs. Wexner:

Safety or mortality?

Dr. Gabbe:

That's survival.

Dr. Evans:

This is of the trauma centers that are ACS (American College of Surgeons) verified and have more than 600 beds.

Mr. Price:

What type of trauma do we have a lot of?

Dr. Gabbe:

I know it's hard to see, and I apologize but Dr. Evans provided this data. You see this little red bar over here, that's us. To the left, is everybody else. That is where we are in terms of survival.

Mr. Wexner:

If we ran into all of the major trauma centers, of which there are 130, we save more lives. We're number one. We're the national champion. I'm word smithing it. Ok, I'll figure out how to do it.

Dr. Drake:

I think it's a very good point. You're number one on the gridiron but also number one in the trauma center and that's a real difference. If you look at the difference, I didn't look at the graph clearly, but if you looked at the difference between the top and average, it's a real number of lives that are different. It is a real difference, about half of what the average would be. That is a very good thing and it means very good work. We applaud at the magnet status at the hospital for nurses.

Mr. Wexner:

Thank you.

We've got two things that we're suggesting. One is the approval of the Upper Arlington Ambulatory Center and also the approval to go forward and the planning for the brain and spine hospital.

**LEASE**

Resolution No. 2015-86

**AMBULATORY CARE CENTER LOCATED IN UPPER ARLINGTON  
KINGSDALE SHOPPING CENTER - ZOLLINGER ROAD  
UPPER ARLINGTON, OHIO 43221**

Synopsis: Authorization to negotiate and enter into a series of agreements providing for the construction and occupancy of a multidisciplinary medical office facility approximately 100,000 square feet in size located in the Kingsdale Shopping Center along Zollinger Road in Upper Arlington, Ohio, is proposed.

WHEREAS The Ohio State University issued a Request for Expressions of Interest on November 19, 2012 for multi-specialty medical office facility space in the Upper Arlington area able to accommodate up to a 100,000 sf building with accompanying parking, and the university met with certain responsive developers to discuss criteria of the various sites proposed, including access, visibility, strategic fit, cost issues and growth potential; and

WHEREAS the City of Upper Arlington owns the desired site and has authorized the sale of the real property associated with said site to Medstone Realty Company, LLC, a subsidiary of Campus Partners for Community Urban Redevelopment, an affiliate of The Ohio State University; and

WHEREAS Medstone Realty Company, LLC shall construct the medical office facility to suit the Wexner Medical Center; and

WHEREAS The Ohio State University through its Wexner Medical Center will initially occupy approximately 80,000 to 90,000 square feet of finished medical office space upon completion of construction, through a lease or other occupancy agreement with Medstone Realty Company, LLC, and a variety of healthcare services shall be offered at the facility including primary care, heart care, women's health, and other medical specialties; and

WHEREAS the Wexner Medical Center has determined that this site and the proposed facility meet the objectives and requirements of the Wexner Medical Center's Strategic Plan, and the funds necessary to meet the university's obligations under the agreements will be provided through the Wexner Medical Center:

NOW THEREFORE

BE IT RESOLVED, That the Wexner Medical Center Board hereby approves and proposes that the lease for the Ambulatory Care Center in Upper Arlington be recommended to the University Board of Trustees for approval; and

BE IT FURTHER RESOLVED, That the Wexner Medical Center Board hereby recommends that the Board of Trustees authorize that the president and the senior vice president for business and finance each be authorized to enter into a series of agreements providing for the construction and occupancy of a medical facility approximately 100,000 square feet in size located in the Kingsdale Shopping Center along Zollinger Road in Upper Arlington, Ohio, on such terms and conditions as deemed to be in the best interests of the university, which shall (i) include an option to purchase the medical office facility, subject to Board approval and other conditions and (ii) provide for all sums paid by the university to Medstone Realty Company, LLC under the lease to be creditable to the option purchase price. In no event shall the consideration paid by the university to Medstone Realty Company, LLC pursuant to the lease agreement, including pre-paid rent and tenant improvements if any, exceed \$25,000,000.

(See appendix XI for background information, page 293)

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**APPROVAL TO ENTER INTO PROFESSIONAL SERVICES CONTRACTS**

Resolution No. 2015-87

**300 W. 10TH BRAIN AND SPINE INSTITUTE**

Synopsis: Approval to enter into professional services contracts, as detailed in the attached materials, is proposed.

WHEREAS in accordance with the attached materials, the university desires to enter into professional services contracts for the following projects; and

	Design Approval Requested	Total Project Cost	
300 W. 10th Brain and Spine Institute	\$1.1M	\$14.3M	Health System auxiliary funds

NOW THEREFORE

BE IT RESOLVED, That the Wexner Medical Center Board hereby approves and proposes that the professional services contracts for the 300 W. 10th Brain and Spine Institute be recommended to the University Board of Trustees for approval.

BE IT FURTHER RESOLVED, That either the president or the senior vice president for business and finance be authorized to enter into professional services and construction contracts for the projects listed above in accordance with established university and state of Ohio procedures, with all actions to be reported to the Board at the appropriate time.

(See appendix XII for background information, page 295)

Mr. Wexner:

I think we can combine those into a motion. Does that need a roll call?

Ms. Link:

Just a voice vote.

Mr. Wexner:

Voice vote, Ok. All in favor?

Upon motion of Mr. Wexner, seconded by Mrs. Wexner, the Wexner Medical Center Board members adopted the foregoing motion by unanimous roll call vote, cast of board members Mr. Chatas, Dr. Gabbe, Dr. Drake, Dr. Wadsworth, Mr. Price, Mrs. Wexner, and Ms. Krueger.

Mr. Wexner:

Please don't hesitate to give me feedback. At our level of engagement, I want to get to the future faster and would appreciate any feedback you have. Field trips, bringing in guest speakers, anything that can inform us, so that we can get to that future faster. We have enormous opportunities. I think we have more financial opportunity than constraints and I hope we can challenge and continue to challenge Urban Meyer in his small field of endeavor, and maybe get him on our team too.

Thank you. We're adjourned.

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Attest:

Leslie H. Wexner  
Chairman

Heather A. Link  
Associate Secretary



(APPENDIX XI)

**BACKGROUND**

**Background**

The Ambulatory Care Strategy is a key component of the Ohio State University Wexner Medical Center (OSUWMC) Strategic Plan and its mission to improve people's lives through innovation in research, education and patient care. The ambulatory plan was first completed in 2006 with input from leading consultants, and then fully evaluated and updated again in 2010. The plan emphasizes strategic growth of programs that are patient and community focused that overall best support OSUWMC's growth.

The ambulatory plan's primary objectives include:

- Improve access and quality for our patients
- Lower cost of providing care
- Optimize use of space on campus
- Ensure financially self-sufficient entities
- Become geographically preferable to payers
- Target growth - focus on Signature Programs
- Provide appropriate teaching and research sites
- Aligned management and consistent ambulatory performance standards

Over the last five years, the Wexner Medical Center has successfully implemented many of its ambulatory growth priorities. These new locations equate to approximately 600,000 square feet (SF) of new and accessible ambulatory care space in communities around the greater Central Ohio area.

OSUWMC has now over 50 ambulatory care locations ranging in size from 3,000 SF offering single specialty services such as primary care, to comprehensive ambulatory care centers such as the 320,000 SF Martha Morehouse Medical Plaza on Kenny Road. By the end of FY2014, OSUWMC's outpatient visits equated to nearly 1.6M patient care visits – a solid 7.3% growth over the previous fiscal year. This significant ambulatory expansion has been essential to fueling the Medical Center's strategic growth, and will become even more critical in the future as health care reform aims to reduce cost, and improve access and the overall health in the communities that we serve.

Currently more than 4,000 OSU employees and more than 13,000 OSU alums consider Upper Arlington their home. OSU offers more than 200 Advanced Placement courses to Upper Arlington High School students and more than 70 of these students annually choose OSU as their destination for undergraduate education. OSU employees, students and visitors to our hospitals utilize Upper Arlington businesses and the related spending generates significant economic impact. We share roads whose connectivity often depends upon both of us working closely together. We share neighborhoods whose development depends on our cooperation and alignment of purpose. The City of Upper Arlington and OSU are natural partners and our success is truly interdependent.

**Project Summary**

OSU issued a Request for Expressions of Interest on November 19, 2012 for multi-specialty medical office facility space in the Upper Arlington area able to accommodate up to a 100,000 SF building with accompanying parking, and the University met with certain responsive developers to discuss criteria of the various sites proposed, including access, visibility, strategic fit, cost issues and growth potential. OSU identified the Kingsdale Shopping Center site on Zollinger Road as the preferred site.

On December 8, 2014, the City of Upper Arlington passed an ordinance granting the City Manager the authority to sell approximately 5.35 acres of land on Zollinger Road to an affiliate of OSU for the purposes of constructing an ambulatory medical office building. Medstone Realty Company, LLC, a subsidiary of

Campus Partners for Community Urban Redevelopment, an affiliate of OSU, will buy the land from the City and then enter into a series of agreements in order to develop and construct an approximately 100,000 SF ambulatory medical office building with approximately 80,000 to 90,000 SF to be initially finished and the remaining space to be shelled for future growth. Construction of the facility is to commence no later than August 1, 2015 and be substantially completed no later than December 31, 2016. Upon substantial completion, OSUWMC will occupy and maintain the building pursuant to a lease with Medstone Realty Company, LLC, and such lease shall provide (i) for not less than a ten (10) year term, (ii) an option for OSUWMC to purchase the building, and (iii) for all sums paid by OSUWMC to Medstone Realty Company, LLC under the lease to be creditable to the option purchase price.

The proposed new OSUWMC Upper Arlington ambulatory care center will include a multi-dimensional outpatient facility that brings together a wide range of clinical outpatient services, and physicians in a mix-used and revitalized Kingsdale Shopping Center at the heart of the City. When completed, the new center will be recognized as a vibrant community asset that will enhance the lives of the City's residents and beyond, and provide an economic impact that will benefit the City, local businesses, and their school system. Services to be offered will include primary care, behavioral health, heart care, women's health, internal medicine specialties, general surgery clinic, ancillary services including lab and imaging.

**Location and Description**

The property will be located on Zollinger Road at the southern end of the Kingsdale Shopping Center between Tremont Road to the west and Northwest Boulevard to the east.

The site will offer free parking, great access and visibility in a revitalized and thriving Kingsdale Shopping Center.

Today, we are presenting a resolution for approval for OSU to enter into a lease with Medstone Realty Company, LLC.

(APPENDIX XII)

Project Data Sheet for Board of Trustees Approval

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**300 W 10<sup>th</sup> Brain and Spine**

OSU-130683 (CNI# 14000439)

Project Location: 300 W 10<sup>th</sup> (former James Cancer Hospital)

59,100 GSF

- **approval requested and amount**

professional services to include design and estimating (provided by the construction manager) \$1.1M

- **project budget**

construction w/contingency	\$10.9M
professional services	\$1.1M
equipment, other	\$2.3M
<hr/>	
total project budget	\$14.3M

- **project funding**

- university debt
- development funds
- university funds
- auxiliary funds (health system)
- state funds

- **project schedule**

BoT professional services approval	1/15
design/bidding	3/15 – 10/15
construction	10/15 – 4/16

- **project delivery method**

- general contracting
- design/build
- construction manager at risk

- **planning framework**

- this is a signature project backfilling spaces vacated by the Medical Center Expansion
- this project is included in the FY 2015 Capital Investment Plan

- **project scope**

- the project will house the inpatient component of a Brain and Spine Hospital on three floors, totaling 80-90 private inpatient beds
- planned specialty care units include: cognitive and dementia, neuro trauma (brain and spinal cord), spine, stroke, neuro restoration, acute neuro rehabilitation and clinical trials
- exterior signage, lobby signage and lobby upgrades
- requirements for ADA toilet room upgrades

- **approval requested**

- approval is requested to enter into professional services contracts



