



The Foundation for The Gator Nation

Board of Trustees

AGENDA

Conference Call

January 14, 2009

9:30 A.M. EST

- 1.0 Call to Order and Welcome Dianna Morgan, Chair
- 2.0 Verification of QuorumAssistant Secretary
- 3.0 Action Items (Consent) (5 min.)..... Dianna Morgan, Chair

Committee on Governance (GV)

GV1. Approval of Amendment to the Articles of Incorporation of Shands
Teaching Hospital and Clinics, Inc.

- 4.0 Adjourn

COMMITTEE ACTION ITEM GV1

UNIVERSITY OF FLORIDA BOARD OF TRUSTEES

Committee on Governance

January 14, 2009

SUBJECT: Approval of Amendment to the Articles of Incorporation of Shands Teaching Hospital and Clinics, Inc.

BACKGROUND INFORMATION

See attached summary.

PROPOSED COMMITTEE ACTION

Approve the amendments to the Articles of Incorporation of Shands Teaching Hospital and Clinics, Inc. in Resolution R09-50. (This is the same resolution as was distributed for the December 2008 meeting.)

SIGNIFICANT POLICY ISSUES FOR COMMITTEE TO CONSIDER

None.

Supporting Documentation Included: See attached.

Submitted by: Earl Powell, Chair, Committee on Governance

SUMMARY OF SHANDS RESTRUCTURING

January 14, 2009 (same as December 4, 2008)

I. OBJECTIVE:

- A. To enhance opportunities for the UF & Shands endeavor, the restructuring provides sufficient flexibility to develop relationships with outsiders (e.g., 3rd party healthcare providers in non-Gainesville markets, Moffitt-like arrangements, etc.), without involving or affecting the Shands Teaching Hospital (“Hospital”).
- B. UF also intends, through appropriate continued control, to be able to ensure that all Shands entities, including the Parent, are serving UF’s interests in some manner, directly or indirectly.

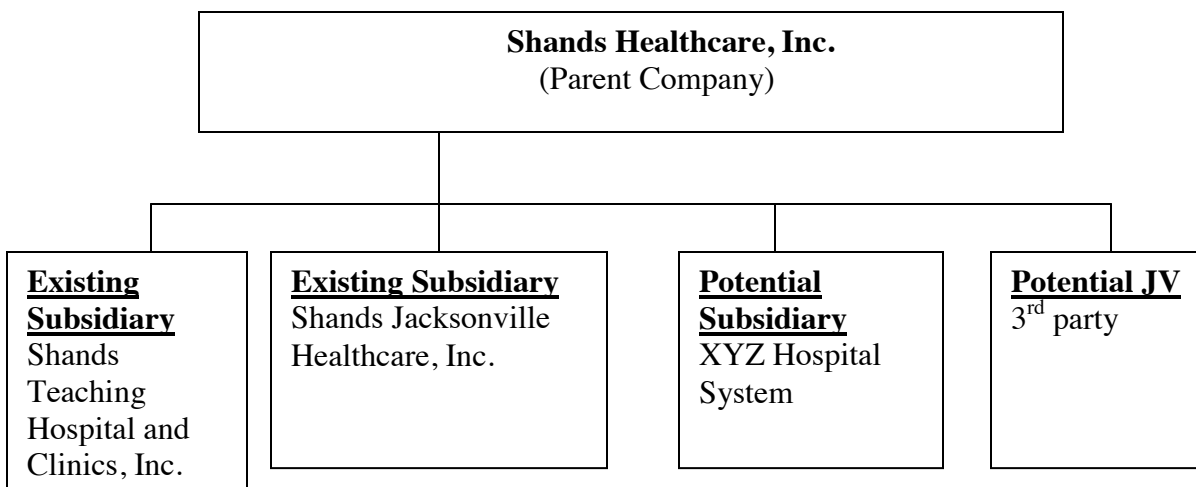
II. TODAY:

- A. UF BOT, through UF President, controls the Hospital Board by having appointment power for the whole board. The Hospital Board is the governing board of the Hospital.
 - 1. Hospital CEO is appointed and removed by the Hospital Board.
 - 2. Hospital Board and UF BOT approve Articles changes and Hospital Board approves Bylaws changes.
 - 3. UF President/Chair of Hospital appoints all committee chairs and members, except for those specified in the Bylaws.
- B. Hospital CEO reports to the Board, but on clinical matters/operations reports to the UF VP Health Affairs, whose approval is also required for Hospital’s clinical strategy, legislative, media-relations and community activities. (Applies when new VP starts.)

III. PROPOSED RESTRUCTURING:

- A. New Parent (holding company) Board has control of Parent Entity and Hospital, and creates and controls all other Shands entities. This will foster third-party relationships and, as structured, also safeguards core UF needs for the Hospital.

1. Hospital CEO's appointment and reporting relationships remain the same as today.
2. Parent will become the new sole "member" of the Hospital (i.e., the body that controls all major actions of the Hospital). Previously, the members were the individuals who also serve as directors of the Hospital.
3. Hospital's Board continues to be the governing board and to make major decisions. The UF President continues to appoint all Hospital Board directors.
4. Parent, with its Chair (the UF President) voting in favor, must also approval all major Hospital Board decisions. The Parent may make decisions for the Hospital (typically, if the Hospital's Board fails to act when needed).
5. Parent, with its Chair (UF President) voting in favor, must approve Hospital Articles and Bylaws changes. UF BOT also must approve Articles changes.



- B. UF through the Parent Board Chair (the UF President) has control of 9 of 17 Parent Board seats at full membership, and also controls the Parent Board through the Chair's voting rights.
1. The Parent Chair appoints (and may remove, with or without cause) all Parent Members/Directors, other than the outsiders.
 2. Outsider Members/Directors may be appointed only if the Parent Chair votes in favor. They may be removed for cause by the Parent Chair.

3. To be effective, the Parent Chair must vote in favor of major decisions affecting the Parent and/or any outsider members.
4. Major decisions pertaining to insider entities (e.g., Hospital), require majority approval of Parent Directors who are UF-controlled (appointed and removed by UF President).
5. Parent's Chair appoints all Parent committee chairs and members.
6. CEO of the Parent (who is also CEO of the Hospital) and UF VP Health Affairs are *ex officio* non-voting members of the Parent Board.
7. Other than the Parent Chair (the UF President), no UF or Shands employee may be a voting Member/Director.
8. The Parent Board may amend the Parent Articles and Bylaws only if the Parent Chair votes in favor.



BOARD OF TRUSTEES
RESOLUTION

NUMBER: R09-50

Subject: Approval of Amendment to the Articles of Incorporation of Shands Teaching Hospital and Clinics, Inc.

Date: January 14, 2009

The University of Florida Board of Trustees approves the amendment of the Articles of Incorporation for Shands Teaching Hospital and Clinics, Inc. (Teaching Hospital) as follows:

- The “member” of the Teaching Hospital (i.e., the body that has final authority on all major actions of the Teaching Hospital) will be changed to a newly created Parent Corporation.

Previously, the members were the individuals who also serve as directors of the Teaching Hospital.

- Any future amendment of the Teaching Hospital’s Articles of Incorporation must be approved by *both* the new Parent Corporation and, as previously, the University of Florida Board of Trustees.
- The Articles will provide for the Bylaws to specify the number, categories, qualifications, terms of office and voting requirements of directors on the Teaching Hospital’s board and the term of service of the officers. The University President will retain board appointment authority.
- The Teaching Hospital’s board of directors will continue to approve adoption and amendment of the Bylaws, but the Parent Corporation must also approve them. The Chair of the Parent’s board (who is the President of the University) must vote in favor.
- Minor clarifications of other provisions will be made to give effect to these changes.

- Corresponding changes will be made in the Shands Jacksonville Healthcare, Inc. (“Shands Jax”) Articles of Incorporation and, if needed, Bylaws to reflect that Shands Jax is also a subsidiary of the Parent Corporation.
- The President of the Teaching Hospital (who is the President of the University) is authorized to approve the preparation and filing of documentation implementing the changes authorized by this Resolution.

Adopted this 14th day of January, 2009.

Brian C. Beach, Assistant Corporate Secretary

J. Bernard Machen, President