USF Board of Trustees Executive Committee
Special Conference Call Meeting
University of South Florida
March 3, 2009

A G E N D A

I. Call to Order and Comments                                         Chair
II. New Business – Action Items
    a. FL 101 – Review and Approval of LHV Term Sheet                  Dr. Steve Klasko
III. Adjournment                                                      Chair
Issue: Proposed Terms for Lehigh Valley Health Network/University of South Florida Affiliation Agreement

Proposed action: Approval of Proposed Terms for LHV/USF Affiliation

Background information:

The purpose of this term sheet is to express the mutual interest and desire of the University of South Florida (USF) Board of Trustees, on behalf of the USF College of Medicine (“USF COM”), and Lehigh Valley Health Network (“LVHN”) to negotiate and enter into an affiliation for the purposes of establishing a new collaborative program of undergraduate medical education for a discrete cohort of medical students at the USF COM (for the first and second years) and at LVHN (for the third and fourth years of the students’ undergraduate medical education), hereafter referred to as the USF-LVHN Health Care Leadership Track (HLCT). This term sheet represents a non-binding framework for development of the USF-LVHN relationship, with the intent that the details of the affiliation will be set forth in one or more definitive agreements to be signed by the authorized representatives of the parties.

PROPOSED TERMS

1. Goals and Objectives.

USF, a premier State of Florida university with a medical school accredited by the Liaison Committee on Medical Education (“LCME”), and LVHN, an advanced community-based teaching hospital accredited by The Joint Commission, seek to establish a new, LCME-accredited, collaborative program of undergraduate medical education for a discrete cohort of students who apply to and are accepted by the USF COM to such program, the USF/LVHN Health Care Leadership Track (HCLT). This HCLT will provide the participating USF medical students with an opportunity to obtain their first and second years of medical education at the USF COM in Tampa, Florida, and their third and fourth (clinical) years of medical education and training at LVHN.

As a USF COM-affiliated training site LVHN will provide clinical experience to between twenty-four (24) and fifty-six (56) USF medical students in both the third and fourth years of their undergraduate medical education. The agreed upon number of USF medical students who are assigned for their third and fourth years of education and training at LVHN will be achieved within five years from the first
enrollment (e.g., a full cohort of students will begin their clinical experience at LVHN within seven years from the time the first students participate).

2. **Structure.**

LVHN and USF are separate legal entities and shall maintain their separate legal structures and their independent authority and responsibilities for their respective missions, programs, personnel, facilities and other resources. The parties intend their affiliation to be an independent contractor relationship and not a partnership, joint venture, agency or other form of legal relationship. LVHN is a non-profit 501(c)(3) corporation, licensed under the Commonwealth of Pennsylvania. USF is a public body corporate of the State of Florida, created and governed by Florida law. The Board of Trustees at each institution will retain full control over the operations of each party as may be required under articles of incorporation, applicable laws, regulations and by-laws.

An Affiliation Committee will be established by the parties to facilitate their affiliation and will meet at least annually. This Affiliation Committee shall consist of equal representation from LVHN and USF and may include independent members; the definitive agreements will define the manner of appointment of the members, the specific duties, and other details regarding the Affiliation Committee. The parties agree to consider the appointment of an individual from LVHN to the USF Board of Trustees Health Sciences and Research Workgroup and the appointment of an individual from USF to the LVHN Board.

The USF COM Dean will select and appoint, with the concurrence of the LVHN Chief Executive Officer, a full time Associate Dean of the USF College of Medicine HCLT, who will be based at LVHN and be responsible for day-to-day oversight and administration of the HCLT. USF COM will provide compensation for this Associate Dean. This Associate Dean will report to the USF COM Dean or his designee for the academic responsibilities and for the day-to-day administrative responsibilities shall be jointly accountable to USF’s Dean and LVHN’s Chief Executive Officer, who may delegate their responsibility to other individuals within their organizations. Additional assistant/vice deans for the HCLT may be considered, requiring agreement by both parties.

Due to the innovative nature of this curriculum and its role in a changing national academic medical center environment, a national advisory board of thought leaders in academic medicine, health policy, information technology and leadership will be jointly appointed by USF and LVHN to provide insight and advice regarding the development of the program.

3. **Education of Medical Students.**

A cohort of students who apply for admission to the HCLT will be selected by the USF COM, in accordance with policies and procedures developed for the HCLT, for admission to such Program.

In accordance with USF COM policies and procedures, admission criteria will consist of both traditional criteria such as MCAT scores and college prerequisites but also consider other criteria such as emotional intelligence, experience in business, public health, social services and other activities that demonstrate substantive leadership skill or potential.

Curriculum of the HCLT will emphasize excellence as “practitioners” and as clinical leaders. Specifically, curricular focus will include:
• Longitudinal education in the incorporation of quality and safety into the clinical modules across the HCLT experience
• Inter-professional education whereby the high powered team approach including nursing, public health and pharmacy is taught and encouraged
• Measurement and demonstration of effectiveness and efficiency in utilization of resources for the delivery of healthcare services
• Incorporation of information technology and innovation in education, clinical delivery and decision support as well as identification of appropriate uses and risks of the technology revolution
• Preparation of physicians to be collaborative members and leaders of interdisciplinary healthcare teams
• Training and preparation of primary care physicians
• Physicians as members of a larger community.

Summer clerkships for first year medical students will be provided at LVHN as well as other opportunities for these students to be exposed to and/or to work at LVHN. LVHN and USF will exercise their best efforts to make available clerkship opportunities for other USF medical students (who are not enrolled in the HCLT) who wish to spend time at LVHN.

4. Faculty.

It is the intent of the parties that the instructors for the HCLT will consist of both USF COM faculty in Tampa and also qualified members of the LVHN medical staff who apply for and obtain USF faculty appointments in order to provide the highest quality instructional services to the students in the HCLT.

To facilitate the intent that a cohort of qualified LVHN medical staff have academic appointments at USF COM, USF COM shall consider qualified members of the LVHN medical staff who participate in the education and training of USF medical students at LVHN for appointments and re-appointments as members of the COM Faculty in accordance with the USF COM’s guidelines and procedures (hereafter referred to as “USF COM/LVHN Faculty”). While some of those USF COM/LVHN Faculty receiving appointments at USF COM may receive compensation for their educational assignments in the HCLT commensurate with faculty with appointments at USF COM, they are not eligible for tenure-earning appointments at USF COM nor will tenure be granted to them. USF COM LVHN Faculty are eligible to receive traditional “academic” titles in accordance with USF COM guidelines and procedures for appointments and promotions.

USF COM/LVHN Faculty shall be eligible for and be encouraged to accept assignments by the USF COM to participate in USF COM Committees and assignments which would specifically include, but not be limited to, curriculum, appointments and promotions, student admission, and student promotion. Composition of subcommittees under those committee structures will be addressed in detail in the Affiliation Agreement.

Both parties agree to provide opportunity and encouragement for USF COM LVHN Faculty to participate in first through fourth year curriculum. USF COM/LVHN Faculty will be assigned as mentors to students in the HCLT from time of admission to the USF COM.
In order to meet these objectives, both parties have the expectations that there is a need for the travel to and presence at respective USF and LVHN campuses for faculty leaders from both organizations. This would include a physical presence at the other party’s campus at least once per year. It is also the expectations of both parties that USF COM/LVHN Faculty will begin participation in the above-referenced activities promptly following the signing of the definitive agreement(s) contemplated by this term sheet.

5. **Research.**

Both parties will actively pursue opportunities to collaborate on research initiatives. Rules will be established for funded research grants, the details of which will be addressed in the Affiliation Agreement. A Joint Research Advisory Committee will be created to provide recommendations for research at LVHN under the Affiliation.

6. **Finance.**

USF and LVHN acknowledge that the current reported expenditure per USF MD student is approximately $60,000 per year (across all four years). It is the intent of the parties to demonstrate a comparable level of support for students in the HCLT through tuition, allocation of resources and in-kind services.

USF and LVHN agree to collect the tuition for students in the HCLT based on tuition rates established for out of state USF attendees, but in no event will the tuition exceed that which is authorized by Florida law or applicable regulations. It is the intent that students will pay the out of state tuition rate all four years regardless of year of program or state of residency.

Financial aid sources will be secured to assure that loans and scholarships for HCLT students are sufficient to assure that the indebtedness of such students is comparable to national benchmarks.

LVHN will provide a gift to USF of an amount up to Two Million ($2,000,000) Dollars for the renovation of classrooms, one major auditorium, instructional labs and study space required to meet LCME guidelines for the HCLT expansion. Upon receipt of the gift, USF will seek a dollar for dollar state match through the Facility Enhancement Challenge Grant Program. It is understood that the specifics of those renovations as well as the funds needed will be finalized prior to the signing of the Affiliation Agreement.

Subject to final negotiation, HCLT net tuition revenue (minus tuition related fees) will be allocated between the parties as follows: 5% off the top will be set aside all four years in a financial aid reserve; for HCLT students enrolled in years one and two, 90% of their tuition will be distributed to USF COM, 5% to LVHN, and 5% to a reinvestment reserve account; for HCLT students enrolled in years three and four, 5-20% of their tuition will be distributed to USF COM, 70-85% will be distributed to LVHN and 10% to a reinvestment reserve account, disbursements from which will be by mutual agreement as articulated in the Affiliation Agreement. Additional details outlining the collection and distribution of funds will be set forth in definitive agreements contemplated by this term sheet.
7. **Other Terms.**

Both parties recognize that these proposed terms are not meant to completely capture the full detail of an Affiliation Agreement and that a more definitive agreement will address matters pertaining to medical student housing, specific admission criteria, term and termination of the affiliation, and other necessary details in order to fully and completely effectuate our mutual objectives. The parties will each bear their own costs and expenses for their respective staff, attorneys, advisors and other representatives and activities incidental to the negotiation and execution of this term sheet and any ensuing definitive agreement(s). Either party may elect at any time to terminate the discussions and negotiations with the other party and withdraw from the planned affiliation described by this term sheet, without any liability or obligation to the other party.

Signatures below reflect that the terms as stated accurately capture our discussion and understanding of a proposed affiliation. Once agreement on general principles as set forth in this term sheet have been confirmed, we will finalize terms and enter into a binding commitment through a formal Affiliation Agreement.

Elliot Sussman, M.D., President, CEO
Lehigh Valley Health Network

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Stephen K. Klasko, MD, MBA
Senior Vice President for USF Health
Dean, College of Medicine
University of South Florida

Strategic Goal(s) Item Supports:
Workgroup Review: Executive Committee, 2/26/09
Prepared by: Pat Haynie