

Board Meeting  
July 23, 2015

APPROVE AFFILIATION AGREEMENT WITH THE CARLE FOUNDATION  
ESTABLISHING THE "CARLE ILLINOIS COLLEGE OF MEDICINE," URBANA

**Action:** Approve Affiliation Agreement with The Carle Foundation Establishing the  
"Carle Illinois College of Medicine"

**Funding:** Carle Health System in Partnership with the Urbana-Champaign Campus

By resolution at its March meeting, the Board of Trustees directed the President of the University to initiate implementation actions for the creation of a new, separately accredited College of Medicine on the Urbana-Champaign campus and to report back on several specific issues. President Emeritus B. Joseph White, on behalf of the President's Advisory Task Force on the College of Medicine, reported in May to the Academic and Student Affairs Committee on the following:

- The future of the current Medical Scholars Program (M.D./Ph.D.) at the Urbana-Champaign regional campus;
- the future of current non-Medical Scholars Program students; and,
- plans for a governance structure that will facilitate collaboration between the Chicago campus and the Urbana-Champaign campus.

In furtherance of the Board's March resolution, the President now recommends approval of the Affiliation Agreement with Carle to establish the "Carle Illinois College of Medicine." The proposed name recognizes Carle's significant

contribution to the founding and ongoing operations of the new College of Medicine, while at the same time distinguishes it from the “University of Illinois College of Medicine,” which is a unit of the Chicago campus.

The Affiliation Agreement, which has been negotiated earnestly by the parties over the past several months, defines how the Carle Illinois College of Medicine will be created, governed, and operated in perpetuity within the University structure and in accordance with University policies. The Affiliation Agreement also describes the financial commitments of the parties and includes an updated, detailed 10-year budget plan based on the comprehensive business plan presented at the March 14, 2105, meeting. An Executive Summary of the Affiliation Agreement is attached hereto. The Affiliation Agreement includes the following key provisions:

- The College will be a unit of the University, separately accredited from the UIC College of Medicine and subject to all University policies.
- A Joint Liaison Committee with equal representation by the Parties will provide ongoing advice and guidance to the Provost, the Carle Chief Medical Officer and the Dean, particularly in coordinating the operating and capital budgets and strategic plans; providing input on faculty recruitment, compensation plans and joint searches for physician faculty; and resolving conflicts between the Parties.

- Carle will fund \$50.0 million over the initial five years in five equal, annual installments. Another \$50.0 million will be similarly payable over the subsequent five-year period following the College's receipt of LCME provisional accreditation.
- Illinois is committed to using its best efforts to achieve minimum fundraising goals agreed by the Parties. The initial budget forecast contemplates fundraising milestones totaling \$135.0 million by Year 8. The fundraising commitments will be reviewed and may be adjusted as part of the annual budgeting process.
- The Parties will prepare a 10-year budget forecast, will agree on the annual College operating and capital budgets, and will share in any annual deficits subject to certain conditions.
- There will be a joint search for the Dean, who also will serve in the role of Carle Chief Academic Officer. The Parties will agree on the division of effort, but Illinois will be the employer. Either Party may request that the Dean/CAO be dismissed prior to expiration of his/her administrative appointment, so long as the action complies with University and Carle policies and the employment agreement.
- The College will be organized and the faculty appointed according to University *Statutes*. Initial faculty may include one or more Carle physicians currently tenured at Illinois.
- The Affiliation Agreement is perpetual but provides for certain termination rights.
- Disputes that cannot be resolved through normal channels are escalated in a defined process.

In its March resolution, the Board directed that *"any subsequent agreement with Carle concerning this matter include a provision indicating that for any reason Carle is unable or unwilling to execute the Agreement and perform its obligations under it, the University will not seek to replace Carle as a partner and clinical provider and will not pursue a separately accredited College of Medicine on the Urbana-Champaign*

*campus.*" Carle has indicated that it is ready, willing, and able to execute and perform its obligations under the Affiliation Agreement. The Affiliation Agreement provides for an unwinding of the College in the event of an unresolvable dispute or breach, following a detailed process for informal and formal dispute resolution. Carle also remains obligated to its ten-year funding commitment in the event there is a change of ownership and the University does not authorize an assignment of the affiliation to the new owner. In light of these circumstances, it is recommended that the provision in question is unnecessary.

The Board action recommended in this item complies in all material respects with applicable state and federal laws, University of Illinois *Statutes*, *The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.