

**American Academy of Orthopaedic Surgeons
Board of Directors Virtual Meeting
Monday, July 17, 2023**

APPROVED MINUTES

Members of the Board present for all or portions of the American Academy of Orthopaedic Surgeons Board of Directors virtual meeting on Monday, July 17, 2023 were as follows:

Kevin J. Bozic, MD, MBA, FAAOS, President
Paul Tornetta, III, MD, PhD, FAAOS, First Vice-President
Annunziato Amendola, MD, FAAOS, Second Vice-President
Michael L. Parks, MD, FAAOS, Treasurer
Felix H. Savoie, III, MD, FAAOS, Past-President
Alfonso Mejia, MD, FAAOS, Board of Councilors Chair
Joel L. Mayerson, MD, FAOS, Board of Councilors Chair-Elect
Michael J. Leddy, III, MD, FAAOS, Board of Councilors Secretary
Adolph J. Yates, MD, FAAOS, Board of Specialty Societies Chair-Elect
Michael P. Bolognesi, MD, FAAOS, Board of Specialty Societies Secretary
Evalina L. Burger, MD, FAAOS, Member-at-Large
Chad A. Krueger, MD, FAAOS, Member-at-Large
Toni M. McLaurin, MD, FAAOS, Member-at-Large
Monica M. Payares, MD, FAAOS, Member-at-Large
Lilly Marks, Lay Member
Lisa N. Masters, MBA, Lay Member

Armando F. Vidal, MD, FAAOS, Board of Specialty Societies Chair, was unable to participate.

Council Chairs participating for all or portions of the meeting were as follows:

Adam J. Bruggeman, MD, FAAOS, Advocacy Council Chair
David S. Jevsevar, MD, MBA, FAAOS, Research and Quality Council Chair
Elizabeth G. Matzkin, MD, FAAOS, Membership Council Chair
Andrew H. Schmidt, MD, FAAOS, Education Council

Staff participating for all or portions of the meeting were as follows:

Thomas E. Arend, Jr., Esq., CAE, Chief Executive Officer (Ex-Officio)
Laura Abrahams, Chief Human Resources Officer
Todd Applebaum, MBA, Director, Strategic Planning
Rachel Bowers, MBA, CPA, Director, Finance
Dino Damalas, MBA, Chief Operating Officer
Nathan Glusenkamp, MA, Chief Quality and Registries Officer

Donna Malert, CAE, Director, Governance and Affiliate Relations
Anna Troise, MBA, Chief Commercial Officer
Melissa Young, JD, General Counsel

I. Call to Order

The American Academy of Orthopaedic Surgeons Board of Directors meeting was called to order by Kevin J. Bozic, MD, MBA, FAAOS, President, at 7:00 p.m. CT.

Dr. Bozic welcomed everyone to the meeting and noted there was a quorum in attendance to conduct business. Dr. Bozic introduced the new Lay Member, Ms. Lilly Marks, and briefly commented on her vast wealth of knowledge in the areas of governance, public health, and finance among many other areas of expertise. He added that Ms. Marks served on the Board of Directors of the Federal Reserve Bank of Kansas City and the Association of American Medical Colleges (AAMS).

Dr. Bozic asked for a moment of silence in memory of Benjamin Mauck, MD, FAAOS, an orthopaedic colleague from the Campbell Clinic who recently passed away. The AAOS also distributed a Press Release in memory of Dr. Mauck.

He commented on several topics for the meeting today, and he reminded Board members on sensitivity of discussions held by the Board and the importance of keeping the discussions confidential. He added that Board materials are confidential and should not be shared outside of the BoardEffect portal.

As with all meetings of the Board of Directors, Dr. Bozic drew attention to the Ground Rules, Strategic Plan, Core Values and Governance Principles as resources for the Board to keep in mind when discussing the various agenda topics.

II. Disclosure

Dr. Bozic reminded the Board about the disclosure policy and the enhanced financial information that is required to be completed by the Board of Directors and Council Chairs. He noted that disclosures are reported in agenda books for Board meetings and made available to other AAOS members as well as to the public through the AAOS Orthopaedic Disclosure Program.

Dr. Bozic asked meeting participants to disclose any new conflicts and to update the AAOS Orthopaedic Disclosure Program as changes occur. No new disclosures were reported. He also reminded Board members to communicate with Ms. Malert if any new potential conflict of interest matters are identified. Ms. Malert will facilitate a discussion with the Committee on Ethics and Outside Interests (CEOI) as needed.

III. President's Report

A. *Board of Directors Fiduciary Role*

Dr. Bozic briefly commented on the importance of the Board's responsibility as a fiduciary of the AAOS. In their Board role, it means being an exclusive fiduciary and requires being bound both legally and ethically to act in the other's best interest. The Board should keep this in mind during its discussions and when considering actions required by the Board of Directors.

B. *Board Assessment Project – Action Plan Check-In*

Dr. Bozic informed the Board that earlier today, he met with the co-chairs of the Governance Committee, M. Bradford Henley, MD, MBA, FAAOS and Stuart L. Weinstein, MD, FAAOS, to begin transition on the oversight of the Board Assessment Project to the Governance Committee.

The Board Assessment Project – Action Plan Check-In will be a standard agenda item for each meeting of the Board of Directors as a reminder of the Board's commitment to improving Board engagement and being recognized as a high-performing Board.

Dr. Bozic drew attention to the Board Action Plans provided in the agenda book. He highlighted progress to date on several action items. The Action Plans are also available in the Board Resource Library on the BoardEffect platform. He also noted that once the Governance Committee begins oversight, a timeline will be prepared for addressing specific actions.

IV. Strategic Goal 4: Organizational Excellence

A. *AAOS Finances*

Dr. Michael L. Parks, Treasurer, addressed the Board on the overall financial position of the AAOS. He indicated that the format for reporting on the AAOS finances continues to be a work-in-progress in an effort to enhance the reporting mechanism.

Dr. Parks acknowledged the members of the Finance Committee and staff and thanked them for their efforts. He also recognized Ms. Bowers and the finance staff for their efforts.

Dr. Parks presented key highlights noting that Reserves are health, dues are strong in collection and courses are currently trending downward. Year to date operating results were reported at \$21.0 million, \$85,000 better than budget. The overall financial health of the AAOS is very good.

Total assets reported to date are \$215,991 million and represent a 12.0% increase versus the April 2022.

The Permanent Fund continues to be impacted by market volatility and reported a 15% loss in April compared to April 2022. There are currently 201 days of operating cash on hand as of April

30, 2023. Cash reserves were reported at \$34.1 million. Dr. Parks highlighted the spending from reserves to date and noted the Board will continue to be updated on the spending from reserves at future meetings. The current balance of the Board Contingency Fund was reported at \$373,000.

Dr. Parks reviewed the various dashboards and drew attention to potential risks related to declining industry support for registries and lower course registrations which also impacts industry support. He also highlighted the forecast noting that overall, the change in net income is driven by short-term interest income and lower consulting/outside services as indicated in the dashboards. Dr. Parks reminded the Board that Financial Dashboards are available for review in the BoardEffect Resource Library within the Finance folder.

Dr. Parks encouraged the Board to share further feedback on the enhancements to the various financial dashboards and financial summaries.

B. Enterprise Risk Management

Dr. Parks briefed the Board on the Enterprise Risk Management (ERM) approach and oversight by the Finance Committee to determine potential risks for the future. ERM is a business strategy that helps organizations to identify, assess and manage risks in a comprehensive and systematic manner. A standardized framework is utilized for identification, management and monitoring. The AAOS Strategic Plan and performance dashboard provide the required foundation for objective setting. Once ERM topics are identified, it is important to understand the impact the risk will have on the AAOS and the required action that will be needed.

Dr. Parks noted that there are currently 26 total risks tracked, and most recently, the following five additional risks have been discussed by the Finance Committee with recommendations to add these risks to the register with the exception of the PA Membership Acquisition. This is considered to be a short-term risk.

- Biologics Initiative Revenue Growth Targets
- Course Registration and Viability of Skills Program
- Member Publications
- WK Agreement Renewal
- PA Membership Acquisition

Based on ERM practices, the Finance Committee also reviewed environmental factors and determined two risks to modify: Industry Support – Registries; and Member Acquisition/Retention. The following risks were also recommended to be removed from the risk register:

- AAOS/WK Bookstore inaccessible
- ABOS' Web-Based Longitudinal Assessment
- Orthopaedic Learning Center Liability

The Board engaged in discussion and agreed with the Finance Committee's recommendations. Given the nominal risk of the PA Membership Acquisition, it was felt this is a short-term risk and does not need to be included on the risk register.

Dr. Parks entertained questions from members of the Board of Directors. Dr. Bozic noted that future Board discussions will focus on two of the risks: Course Registration and Viability of Skills Program and Member Acquisition and Retention.

ACTION: Ms. Malert and Ms. Bowers will work on next steps with the ERM topics.

ACTION: Dr. Bozic and Ms. Malert will confirm ERM topics for future Board meetings.

D. 2023 Strategic Plan Dashboard

Mr. Todd Applebaum, Director, Strategic Planning, addressed the Board and reported on a revised format to share high priority strategic initiatives in addition to the detailed dashboard that can be found in the BoardEffect Resource Library. Mr. Applebaum touched on the recent 2023 accomplishments to date, and also shared upcoming milestones that continue to be tracked to ensure that deadlines are met. As part of the process, quarterly reports will continue to be shared with the Board.

V. Consent Agenda

Dr. Bozic drew attention to the items listed under the consent agenda for approval. He reminded Board members of the opportunity to remove topics in advance of the meeting if further discussion is needed. There were no requests received to remove consent agenda items.

The following topic was approved via the consent agenda:

- May 19-20, 2023 Board of Directors Meeting Minutes

MOTION

Upon a motion duly made and seconded, the Board of Directors approved the recommendations for the Consent Agenda items as presented.

VI. Recap of Actions

Prior to adjournment of the meeting, and as part of best governance practices, Ms. Malert provided a recap of the actions approved by the Board.

VII. Executive Session

At 8:20 p.m., Dr. Bozic moved the American Academy of Orthopaedic Surgeons Board of Directors Meeting into executive session to discuss topics as needed.

VIII. Adjournment

There being nothing further to come before the Board of Directors of the American Academy of Orthopaedic Surgeons, the meeting was adjourned at 8:35 p.m. CT.

XI. Check-In for New Board Members

At the conclusion of the Board meeting, the new 2023 Board members participated in a brief check-in to share feedback on what could be shared to better prepare new Board members for future Board meetings. Board members appreciated the background materials received in preparation for the meeting, and also noted the discussions were very engaging.

Prepared by: Donna J. Malert, CAE, Director, Governance and Affiliate Relations