

**ROSWELL PARK CANCER INSTITUTE CORPORATION
FINANCE COMMITTEE
OF THE
BOARD OF DIRECTORS**

A meeting of the Finance Committee of the Board of Directors of Roswell Park Cancer Institute Corporation was held on Wednesday, March 22, 2017 at 8:30 am in the Scott Bieler Clinical Science Center, 9th Floor, Patrick P. Lee Board Room.

Present: R. Buford Sears, Committee Chairperson
Linda Dobmeier (telephonically)
Anne Gioia
Donna Gioia
Candace Johnson, Ph.D.
Michael Joseph, Chairman of the Board
Kenneth Manning, Esq. (telephonically)
Elyse NeMoyer
Dennis Szefel (telephonically)
Steven J. Weiss, Esq.

Excused: Judge Salvatore Martoche

Present by

Invitation: Betsy Doty-Lampson, Administrator for Board of Directors
Mark Ernstoff, Senior Vice President Department of Medicine
Victor Filadora, Chief of Clinical Services
Ryan Grady, Director, Finance Transformation
Shirley Johnson, Chief Nursing Officer
Kerry Kerlin, Vice President, Information Technology
Gregory A. McDonald, Chief Financial Officer
Kunle Odunsi, Deputy Director & Chair of Gynecologic Oncology
Thomas Schwaab, MD, Chief of Strategy of Business Development
& Outreach
Michael B. Sexton, Esq., Chief Institute Operations Officer,
General Counsel and Corporate Secretary
David Taber, Assistant Vice President, Fiscal Administration

Reporter: Matt Ricchiazzi, Represented himself as an *Art Voice* Reporter

I. OPENING/MINUTES

Mr. Sears brought the meeting to order and asked for review of the Minutes from the quarterly Finance meeting held December 6, 2016 and the Special Finance Meeting of January 17, 2017. After review, and *on motion made by Ms. Donna Gioia, seconded by Ms. NeMoyer, those Minutes were unanimously approved.*

II. Contracts/Capital Expenditure Projects

Environmental Services Contract. Mr. Sexton spoke on the request of the environmental services management contract with Sodexo Management Inc., for management services for the environmental Services function. This contract is for a three-year initial term with the option to renew for three additional one-year terms. The projected expense for the first three years is \$4,145,000. With the three one-year renewal options for the total six year value of this contract is approximately \$8,632,000. Funding for this contract is included in the Facilities Management FY18 and subsequent operating budgets. He also reviewed the RFP process for this contract.

Upon motion made by Ms. Anne Gioia, seconded by Ms. NeMoyer, the contract with Sodexo Management in the total contract amount of \$8,632,000 was unanimously approved.

Insurance Renewals. Mr. Sexton indicated that RFP's are done every four or five years for the insurance broker. This was done two years ago and M&T insurance was the successful broker. The overall increase for all seven policies is only \$26,442 and the increase is mainly due to the Worker's Compensation payroll. The international coverage will be thru Chubb Insurance as they provided the best premium coverage and required only 24 hour notice for travel notification. Mr. Sexton indicated that management requests the annual renewal of the Insurance contracts to be awarded to M&T Insurance in the amount of \$1,287,324.

Upon motion made by Ms. Donna Gioia and seconded by Ms. NeMoyer, the premium amount of \$1,287,324 was awarded to M&T Insurance and was unanimously approved.

Medical Research Center (MRC) Retro-commissioning – Phase III. Mr. Sexton spoke next on the MRC retro-commissioning work. He indicated that management recommends Finance approval of the third and final phase of the renovation and updating of the Medical Research Center. The project cost for Phase III is expected to be \$1.2M, with funding provided in the Facilities Management FY18 and FY19 capital budgets.

Upon motion made by Ms. Donna Gioia and seconded by Ms. NeMoyer, for approval of the \$1.2M for the Medical Research Center (MRC) Retro-commissioning – Phase III, which was unanimously approved.

Terrace Construction. Mr. Sexton introduced the project to construct a rooftop terrace on about 2,500 SF on the roof of the 1st floor of the hospital. The project is expected to cost about \$1M with funding provided by the Roswell Park Alliance Foundation. The start of the project would be in June and to be completed by September of 2017.

Mr. Sears wanted it noted in the minutes that this committee is very grateful to the Alliance Foundation for its generosity on this project.

Upon motion made by Mr. Weiss and seconded by Ms. Anne Gioia the terrace construction project was unanimously approved.

Imaging Equipment Maintenance Contract. Dr. Filadora spoke on three 5-year service contracts to provide full service maintenance, certification, emergency response, on-demand remote system troubleshooting and repairs of RPCICI owned Diagnostic Imaging equipment. The five year total for the three service contracts is about \$8.78M. The breakdown is as follows:

GE \$6.78M; Philips \$1,202M; Hologic \$796,000 for total of \$8.78M. Funding for the three service contracts is included in the Facilities Management FY18 and subsequent operating budgets. The RFP process was reviewed.

Upon motion made by Ms. NeMoyer and seconded by Mr. Weiss the Imaging Equipment Maintenance Contract was unanimously approved.

Diagnostic Radiology Upgrades – Interventional Radiology, Waiting Room and Ultrasound. Dr. Filadora along with management recommends Finance Committee and Board approval of Phases 2 and 3 for a total of \$2.77M. This request relates to the second and third phases of a three-phased approach to relocation/construction of a state of the art interventional radiology suite.

Upon motion made by Ms. NeMoyer and seconded by Ms. Anne Gioia the Phase 2 & 3 project was unanimously approved.

IT Temporary Staffing. Mr. Kerlin requested approval to increase the previously approved spending limit (approved March 2016) of \$3M over a three year period for IT staffing services to \$4.5M. Mr. Manning indicated that this was previously approved at the IT Committee meeting on March 9th.

Upon motion made by Mr. Weiss and seconded by Ms. NeMoyer the additional monies of \$1.5M needed for Temporary IT staffing was unanimously approved.

Next on the agenda was the Consent item; Cisco Switch replacement. Mr. Sears asked if there were any questions, none were made so he moved on to Dr. Filadora.

Post Implementation Review. Dr. Filadora spoke on Echocardiogram Services and the CT Scanner and asked if there were any questions. There were no questions.

Mr. Kerlin spoke on the ITMS Software, IT Temporary Staffing and Enterprise SAN Lease and asked if there were any questions. There were no questions.

Mr. Sexton spoke on the GCDC Program Additions and asked if there were any questions. None were made.

Mr. Weiss made a Motion to move into Executive Session for a discussion of the Pediatric Oncology collaboration, business development and OmniSeq spinoff activities and a status report on the Institute's reimbursement, finances and managed care contract renewal negotiations, which was seconded by Mr. Joseph and unanimously approved.

III. **OmniSeq Update**

Mr. Sears gave an update on OmniSeq. There will be a special Finance/Board meeting in April for OmniSeq to provide updates on its study/capital raise progress and to supply an enterprise valuation.

A motion was made by Mr. Weiss and seconded by Ms. NeMoyer to extend the timeframe from March 31, 2017 to April 30, 2017 in order for OmniSeq to provide to the Roswell Park Board documentation of measurable positive technical performance and documentation of the market value of the company. Said motion was unanimously approved with Dr. Johnson, Mr. Manning and Mr. Sears abstaining in the vote as they are Board members of OmniSeq.

IV. Pediatric Oncology Collaboration Update

Dr. Filadora gave an update and said that he will be meeting with key staff on both Institutions this week to continue with negotiations.

V. Ambulatory Project Update

Ms. Shirley Johnson gave an update on the Ambulatory Redesign project material of the project.

VI. Managed Care Update: Payor Negotiations

Mr. McDonald gave the Managed Care update.

VII. Government relations Update

Material was made available in Director's Desk. Dr. Johnson indicated that she was summoned to New York City to meet with the Governor to discuss the pending healthcare issues.

VIII. Business Development Update

Dr. Schwaab gave an update on the Captive PC, which continues to have financial challenges.

IX. FY18 Budget Presentation

Mr. McDonald gave an update on the FY18 Budget. Material is located in the Director's Desk.

Ms. Donna Gioia made a motion to return to Open Session which was seconded by Ms. NeMoyer and unanimously approved.

X. 3rd Quarter Financials

Mr. McDonald asked if there were any questions to the 3rd Quarter Financials. *Ms. Donna Gioia made a motion to approve the FY17 3rd Quarter Financials which was seconded by Mr. Weiss and unanimously approved.*

HRI Funding Resolution. Mr. McDonald asked if there were any questions to the HRI Resolution which is below:

**RESOLUTION OF THE
ROSWELL PARK CANCER INSTITUTE BOARD OF DIRECTORS**

WHEREAS, Health Research, Inc. ("HRI"), is a New York State not-for-profit corporation, the purpose of which is, among other things, to support the health, research and academic mission of the Roswell Park Cancer Institute ("RPCI"); and

WHEREAS, in furtherance of that mission, HRI, on behalf of RPCI, administers research grants, holds title to intellectual property, negotiates patent applications and licenses, contracts with attorneys and other consultants, employs grant funded research staff as well as administrative personnel, and utilizes revenues generated through the HRI operations at RPCI to cover the costs of these activities on behalf of RPCI; and

WHEREAS, in part by utilizing funding generated by intellectual property held by it on behalf of RPCI, HRI has assisted in funding the strategic recruitment plan of RPCI, which has resulted in the recruitment of significant numbers of top level physicians and scientists, which recruitment will continue on an annual basis into the future as part of RPCI's effort to attain Top Ten Cancer Center status; and

WHEREAS, research grant funding administered by HRI provides for portions of the cost of research activities and laboratory support staff, and does not provide additional funding for other activities; and

WHEREAS, the funding generated by royalty bearing licenses held by HRI on RPCI's behalf has become insufficient to cover all of the annual costs generated by the aforementioned activities as well as the administrative costs and expenses of technology transfer activities of RPCI, and therefore RPCI's Board of Directors has determined it to be necessary to transfer funds to HRI to cover deficits that are projected to accrue in fiscal year 2018.

THEREFORE, BE IT

RESOLVED, that RPCI shall transfer to HRI: (i) the sum of up to \$15.54 million to cover RPCI associated costs being borne by HRI in FY2018 for strategic recruitment; (ii) up to \$800,000 for other costs associated with RPCI such as, but not limited to research and administrative staff costs, attorney's fees and other costs associated with technology transfer and patent costs for RPCI intellectual property held by HRI; and be it

FURTHER RESOLVED, that at its option, RPCI may refrain from requisitioning payment from HRI portions of amounts representing investigator salary recovery recovered by HRI on RPCI grants, in order to reduce the deficit RPCI will be covering as contemplated in this resolution; and be it

FURTHER RESOLVED, that RPCI is authorized to allocate all amounts on its financial books and records as shall reflect these resolutions and the management determinations contemplated herein; and be it

FURTHER RESOLVED, that the officers of RPCI are hereby authorized and directed to proceed as directed herein.

A motion to adopt and approve the HRI Resolution was made by Mr. Joseph and seconded by Ms. Donna Gioia and unanimously approved.

Section 203. Mr. Taber presented and asked if there were any questions concerning the FY18 Budget Section 203 filing with New York State Budget Office.

A motion made by Ms. NeMoyer and seconded by Ms. Donna Gioia was made to approve the Section 203 FY18 Budget filing, which was unanimously approved.

XI. 3rd Quarter Financials FY17

Mr. McDonald reviewed the 3rd Quarter Financials for FY17. *A motion made by Mr. Joseph and seconded by Ms. Anne Gioia was made to approve the 3rd Quarter Financials for FY17, which was unanimously approved.*

OPEB Update. Mr. McDonald gave an update on OPEB.

3rd Quarter Investment Report. Mr. Taber gave the 3rd Quarter Investment Activity report. *A motion was made by Ms. NeMoyer and seconded by Ms. Donna Gioia approving the 3rd Quarter Investment Activity report, which was unanimously approved. Mr. Sears abstained from the vote.*

There being no further business a motion was made by Ms. NeMoyer and seconded by Mr. Manning to adjourn the meeting, which was unanimously approved.



Michael B. Sexton, Secretary