

**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 Thursday, June 27, 2018 at 8:30 a.m. in the Scott Bieler Clinical Science Center, 9th Floor, Patrick P. Lee Board Room.

Present: R. Buford Sears, Committee Chairman
Linda Dobmeier
Anne Gioia
Donna Gioia
Candace Johnson, Ph.D.
Kenneth Manning, Esq.
Elyse NeMoyer
Dennis Szefel
Steven J. Weiss, Esq.

Excused: Michael Joseph, Chairman of the Board
Judge Salvatore Martoche

**Present by
Invitation:** Betsy Doty-Lampson, Administrator for Board of Directors
Christopher Darlak, Interim Director, Information Technology
Laurel DiBrog, Senior Vice President/Chief Marketing
& Communications Officer
Victor Filadora, Chief of Clinical Services
Ryan Grady, Vice President of Finance
Kathryn Hineman, Deputy General Counsel
Shirley Johnson, Chief Nursing Officer
Laura Krolczyk, Vice President of Government Relations
Boris Kuvshinoff, Chief Medical Officer
Gregory A. McDonald, Chief Financial Officer
Adekunle Odunsi, MD, PhD, Deputy Director & Chair of Gynecologic
Oncology
Thomas Schwaab, MD, Chief of Strategy, Business Development
& Outreach
Michael B. Sexton, Esq., Chief Administrative Officer, General Counsel
and Secretary

OPENING/MINUTES

Mr. Sears opened the meeting by welcoming all and extending birthday wishes to Elyse NeMoyer.

Mr. Sears then asked if there were any questions or concerns with respect to the Minutes from the meeting held on March 29, 2018. There were none. *On motion made by Mr. Weiss, seconded by Mr. Szeffel, those Minutes were unanimously approved.*

CONTRACTS/CAPITAL EXPENDITURE PROJECTS

Enterprise Resource Planning

Mr. Darlak spoke on the replacement of the Enterprise Resource Planning ("ERP") software solution. After discussing the justification, he reviewed the procurement process and detailed scoring rationale for the determination that

Mr. Darlak indicated that this would be brought back to the August 29th & 30th Finance and Board meetings, respectively, for approval.

Cisco Switch Refresh

Mr. Darlak then turned to the Cisco Switch Refresh (Phase III) project. The procurement process again was reviewed and the recommendation from IT leadership to approve the \$941,931 expenditure for Cisco Access Switch refresh through Coranent Corp., an authorized reseller of Cisco.

On motion made by Mr. Manning and seconded by Ms. NeMoyer, the Cisco purchase in the amount of \$941,931 was unanimously approved.

Microsoft License Upgrade

Mr. Darlak presented on extending the Microsoft License for the Outlook operating system for the remaining 2 years of an existing 3 year license agreement with Microsoft Corporation. The 2-year extension will cost \$1,999,676. In addition, IT is looking for a \$500,000 amendment to this license in order to upgrade the workstation structure from Windows 10 Pro to Windows 10 Enterprise. Therefore, the combined total spend request will be \$2,499,676 over 2 years. Funding is provided in IT's FY19 and FY20 operating budgets.

On motion made by Ms. Dobmeier and seconded by Mr. Szeffel, the Microsoft License upgrade in the amount of \$2,499,676 over two years was unanimously approved.

Traffic Circle Reconstruction

Mr. Sexton spoke on the Traffic Circle Reconstruction project and indicated that management would be requesting approval for the project that will renovate and expand the traffic turnaround in front of the hospital. The total cost of this project is expected to be \$1,080,000 capital and \$90,000 operating expense. Funding for the Construction Phase is included in the FY 19 Facilities Capital Budget. Funding for the additional valet and traffic control staff (and operating expense) is included in Facilities operational budget.

On motion made by Ms. Dobmeier and seconded by Mr. Szeffel the Traffic Circle Reconstruction project in the total cost of \$1,080,000 capital and \$90,000 operating expense was unanimously approved.

Terrace Project

Mr. Sexton indicated that the Terrace Project was funded by the Alliance Foundation with a \$1,000,000 donation from a donor. He indicated that the project is being brought back before this committee because it is over budget. The total is \$1,250,000. The cause of the overage is unforeseen circumstances including weather, design changes, and the complexity of the project. There is money in the Facilities capital budget and also money from the Alliance Foundation that could pay for the additional cost. Mr. Sears indicated that he will leave it up to Mr. McDonald to determine which account he will use to fund the overage.

On motion made by Mr. Weiss and seconded by Mr. Manning the approval of the additional \$250,000 needed for completion of the Terrace Project was unanimously approved.

1.5T MRI Scanner

Dr. Filadora presented on the replacement of the 1.5T MRI scanner. He indicated that the current machine is over 20 years old and in need of replacement. Management is requesting approval of the contract with General Electric for the purchase of \$1,500,000 for the scanner and \$810,000 for installation construction. The operational costs for the service component for years 2 through 5 will be \$545,000. Total project cost is \$2,855,000. Funding is available for the equipment acquisition and construction in the FY19 capital budget and the operating expense for the service component is funded in the FY19 to FY22 operating budgets.

On motion made by Mr. Szefel and seconded by Mr. Weiss, the purchase of the 1.5T MRI Scanner in the amount of \$2,855,000 was unanimously approved.

Expansion of 2 West Recovery Area

Dr. Filadora then spoke on the expansion of the 2 West recovery area which serves as the recovery area for Interventional Radiology and CT. The capital expense associated with project is \$923,000 for construction and \$60,000 for FF&E. The total project cost is \$983,000. Funding is provided for in the FY19 capital budget.

On motion made by Mr. Weiss and seconded by Ms. Dobmeier, the expenditure of \$983,000 for the 2 West recovery area was unanimously approved.

Post Implementation Review

The Post Implementation Review for informational purposes only were in the board portal for the following: the HP Service Contract; the Diagnostic Radiology Upgrades & IR Equipment and Suite Renovations; Interpretation Services; Clinical Pathway Development; MRC Air Handlers and the Valet Parking contract.

Mr. Manning made a Motion to move into Executive Session purposes of discussion of the Business Development Initiatives and Government Relations updates, which was seconded by Ms. NeMoyer and unanimously approved.

BUSINESS DEVELOPMENT UPDATE

Dr. Schwaab gave an update on the Cuba project, Roswell's captive professional corporation, and a summary of the GBCT FY18 financial results. He also addressed the expected spend on bringing Cuban negotiations to conclusion.

On motion made by Mr. Weiss and seconded by Ms. NeMoyer, the expected additional expense for the Cuban project, estimated at \$1.1M was unanimously approved.

GOVERNMENT RELATIONS UPDATE

Ms. Krolczyk gave a Government Relations report.

YEAR END FINANCIAL REVIEW

Mr. McDonald provided a Year End Financial Review for Roswell Park. He also indicated that there is 178 days cash on hand, which is an appropriate level for an organization of this size. Mr. Sears congratulated Mr. McDonald and his team.

Mr. Manning asked for a motion to return to Open Session which was seconded by Ms. NeMoyer and unanimously approved.

4TH QUARTER COMBINED FINANCIAL STATEMENTS

Mr. McDonald presented the 4th Quarter Combined Financial Statements. Excluding the accrued cost of retiree health and the NYS pension, the total margin was 4.1% for the year which compared favorable to the budget of 3.1%. Mr. Sears noted that OmniSeq, Roswell's subsidiary, was seeking additional investment funding, which will dilute Roswell's ownership equity unless it invests further.

On motion made by Mr. Weiss and seconded by Mr. Szeffel, the 4th Quarter Combined Financial Statements were unanimously approved.

Mr. McDonald spoke on the reconciliation of the Audited Financial statements to the internal Financial Statements.

4TH QUARTER INVESTMENT ACTIVITY

Mr. Grady presented the 4th Quarter Investment Activity, noting rising interest rates.

On motion made by Mr. Weiss and seconded by Ms. Dobmeier, the 4th Quarter Investment Activity Report was approved. Abstaining from the vote were Mr. Manning, Ms. Donna Gioia and Mr. Sears.

Mr. Grady gave the annual review of the Investment Policy with minor changes noted in the material on Director's Desk.

On motion made by Mr. Weiss and seconded by Ms. NeMoyer, the changes to the Investment Policy were unanimously approved.

The Investment Audit material was for review purposes only.

PERIODIC REVIEWS (CONSENT APPROVAL)

Mr. McDonald advised that the New York State Annual Report was added for consent approval into Directors Desk and asked if there were any questions or concerns.

On motion made by Mr. Weiss and seconded by Mr. Szefel, the New York State Annual Report was unanimously approved.

Mr. Sexton gave the annual review of the Finance Committee charter. The only change was a numbering change, changing Section 5.5 to Section 5.6.

On motion made by Mr. Manning and seconded by Mr. Weiss, the edit to the Finance Charter was unanimously approved.

Mr. Manning made a motion to move into Executive Session for the purposes of discussing a specific litigation matter which was seconded by Ms. NeMoyer and unanimously approved.

In Executive Session Mr. Sexton presented a detailed summary of the settlement proposal for the Underwood case.

A motion was made to return to Open Session, which was seconded and unanimously approved.

A motion was made to approve the settlement proposal outlined by Mr. Sexton for the Underwood case, which was seconded and unanimously carried. Mr. Manning abstained.

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



Michael B. Sexton, Secretary