

**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 20, 2019 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
Candace Johnson, Ph.D.
Kenneth Manning, Esq. (telephonically)
Elyse NeMoyer
Dennis Szefel (telephonically)
Steven J. Weiss, Esq.

**Present by
Invitation:** Betsy Doty-Lampson, Administrator for Board of Directors
Christopher Darlak, Interim Director, Information Technology
Laurel DiBrog, Senior Vice President of Marketing
Thomas Furlani, Chief Information Officer
Pam Giesie, Vice President / Chief Nursing Officer
Ryan Grady, Vice President of Finance
Shirley Johnson, Senior Vice President/Chief Clinical Operations Officer
Laura Krolczyk, Vice President of Government Relations
Gregory A. McDonald, Chief Financial Officer
Raghu Ram, MD, Vice President of Value-Based Care Optimization &
Community Clinical Collaboration
Thomas Schwaab, MD, Chief of Strategy, Business Development
& Outreach
Michael B. Sexton, Esq., Chief Administrative Officer, General Counsel
and Secretary

**Invited
Guests:** Nick Adams, Wilmington Trust
Dominick D'Elamo, Wilmington Trust

OPENING/MINUTES

Mr. Sears opened the meeting by welcoming all in attendance. There was a review of the draft Minutes from the Finance Committee meeting held on December 12, 2018. After review, a *motion was made to approve those Minutes by Mr. Weiss, seconded by Ms. NeMoyer and unanimously approved.*

There was a review of the draft Minutes from the Special Finance Committee held on January 29, 2019. *On motion by Mr. Weiss, seconded by Ms. NeMoyer, those Minutes were unanimously approved.*

CONTRACTS/CAPITAL EXPENDITURE PROJECTS

Mr. Sears then turned to the review and approval of contracts and other capital expenditure projects being submitted to the Committee. The following projects were presented to the Committee, and were reviewed:

1. C&V Air Handler Replacement. (\$6.7 million; 3 year project)
2. MH Lobby Renovation. (\$652,000; 6 month project)
3. Parking Garage Renovation. (\$2.6 million; 4-5 year project)
4. Annual Insurance Renewals.
5. APP Coverage. (\$14 million; \$2 million/year for 7 years)
6. Immunocor BioArray Imaging System. (\$1.6 million; 5 year project)
7. Enterprise Resource Planning (ERP) System Implementation. (\$20.4 million; 2 year project)

Each of the projects was reviewed by the Committee and with respect to each project, *a motion was made by Mr. Weiss, seconded by Ms. NeMoyer and each project was unanimously approved.*

Single/Sole Source Contracts. Informational Only.

Olympus Orbeye. (\$449,000)

Cerus Pathogen Reduction. (\$675,000)

Post Implementation Review.

Locum Tenens.

Radiology Equipment - 3rd MRI.

Radiation Therapy Equipment.

CT Simulator.

Next Generation Sequencing Upgrade.

Clinical Trial Management System.

Several post implementation reviews were in the Director's Desk materials for the meeting. Mr. Sears thanked Mr. Szeffel for suggesting that post implementation reviews be prepared and reviewed. There were no questions.

Mr. Weiss made a motion to move into Executive Session for status reports on Business Development initiatives, government relations, reimbursement contract renewals, and a review of a proposed transaction affecting a Roswell Park investment, the motion was seconded by Ms. NeMoyer and was unanimously carried.

BUSINESS DEVELOPMENT UPDATE

Dr. Schwaab then continued with a review of the various Business Development initiatives being conducted by the Institute. He reviewed the various locations in the Western New York region and across New York State where a Roswell Park presence has been established. He also reviewed revenue projections generated from the sites approximating between \$5-10 million over the next five (5) years.

GOVERNMENT RELATIONS UPDATE

Ms. Krolczyk gave the government relations report. She noted that the state is experiencing a significant budget shortfall, yet Roswell Park continues to be targeted for \$102.6 million state support. She also noted that the federal government proposals to cut NIH funding which will be very challenging, and also that CAR-T cell reimbursement at the federal Medicare level is not being successful. The Trump Administration is opposing the phase in of Medicare coverage for CAR-T cells, which is having a significant impact on the cancer centers.

Mr. Weiss noted that other state entities are getting increases in their state support from New York State and asked about whether Roswell's strategy should not be turning toward getting an increase in state support. Ms. Krolczyk indicated that a request had been submitted for \$3 million additional support to the administration which was refused. Both Ms. Krolczyk and Dr. Johnson talked about next year's state strategy.

MANAGED CARE UPDATE: Payor Negotiations

Mr. Grady gave the managed care report, and introduced Raghu Ram, M.D., who has recently joined the Managed Care team as Vice President of Value-Based Care Optimization and Community Clinical Collaboration. Dr. Ram gave his background. Dr. Johnson indicated that the payors seem very intrigued and pleased that Roswell Park has added Dr. Ram to its staff, as he has strong connections with the payors and also in the primary care community.

FY'19 BUDGET Presentation

Mr. McDonald gave the FY'20 budget highlights, and also compared FY'20 to FY'19 results. He also reviewed costs for OmniSeq and the Cuba initiative.

He also reviewed the next five years projections and the impact of the strategic plan and large capital projects on performance, including ERP, EMR and revenue cycle.

Mr. McDonald reviewed the significant cash cost increases for post-retirement benefits and employee health care. He reviewed market pension plans and compared them to Roswell Park's obligations under the New York State retirement system.

Mr. McDonald reviewed clinical revenue growth and trends for FY2014-FY2020 as well as grant revenue for the same period. Finally he reviewed labor contract negotiations underway and his assumptions as to compensation cost increases that would be negotiated. He also reviewed large capital projects and their costs for the coming years including ERP, the electrical substation, expanded inpatient capacity and revenue cycle.

Mr. Sears reiterated the importance of confidentiality on all these matters. He reviewed Mr. McDonald's comments about labor costs and urged Management to continue to pursue the positive impact of local bargaining power. Mr. Manning suggested establishing a subgroup to deal with the post-retirement fringe benefit issues and other costs. Mr. Sears recommended that Dr. Johnson and Mr. Joseph consider establishment of an adhoc Committee for this purpose.

A motion was made by Mr. Weiss to return to Open Session, seconded by Ms. NeMoyer and unanimously carried.

The proposal by Dr. Schwaab for approval of a proposed lease by the Professional Corporation

was made by Ms. NeMoyer, seconded by Mr. Weiss for approval, the motion carried by majority with Mr. Manning abstaining.

A motion was made by Ms. NeMoyer for approval of the FY2020 Budget, seconded by Mr. Weiss and unanimously carried.

FY2020 BUDGET

HRI Funding Resolution

Mr. Grady reviewed the \$11.3 million HRI funding resolution. This is the same resolution adopted every year at this time for support to Health Research, Inc. to cover the cost of PBC costs paid out of HRI. *A motion was made by Mr. Weiss for approval, seconded by Ms. NeMoyer and unanimously carried.*

Section 203

The amendments to the Section 203 budget submission were reviewed to reconcile for the actual FY2020 budget. *A motion was made for approval by Mr. Weiss, seconded by Ms. NeMoyer and unanimously approved.*

3rd QUARTER COMBINED FINANCIALS FY'19

Mr. McDonald then reviewed the 3rd quarter financial statements. He indicated that it looks like Roswell Park will finish the year ahead of budget. After review, *a motion was made for approval of the 3rd quarter financials by Mr. Weiss, seconded by Ms. NeMoyer and unanimously carried.*

The Investment Report was provided. Two representatives from Wilmington Trust gave a report on the investment of Public Benefit Corporation funds in U.S. treasuries and commercial paper. They gave a review of short term and long term interest rates and comparisons to benchmark. Performance by the fund was positive in comparison to benchmarks. Wilmington Trust also indicated that the duration of investments is likely to be increased from 1.25 to 1.5 years on average.

Mr. Sears thanked the Wilmington Trust representatives for their report.

3rd QUARTER INVESTMENT REPORT

3rd Quarter Investment Activity

Mr. Grady gave the 3rd quarter investment report, describing the portfolio earnings both for the PBC funds and for the malpractice trust at PFM. He noted that the \$14.1 million invested at PFM may be transferred to Wilmington over the next year. *A motion was made by Ms. NeMoyer to approve the 3rd quarter investment report, seconded by Mr. Weiss and carried by majority. Mr. Manning abstained from the vote.*

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



Michael B. Sexton, Secretary