

**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, September 18, 2024 at 8:30 a.m. in the Scott Bieler Clinical Science Center, 9th Floor, Patrick P. Lee Conference Room.

Present: R. Buford Sears, Committee Chairman
Linda Dobmeier (*via Teams*)
Candace S. Johnson, Ph.D., President & CEO
Elyse NeMoyer (*via Teams*)
Lee Wortham

Excused: Leecia Eve, Esq., Board Chairperson

Present by

Invitation: Lisa Damiani, Board Member (*via Teams*)
Laurel DiBrog, Senior Vice President & Chief Marketing Officer
Meghan Dobson, Esq., Associate General Counsel
Betsy Doty-Lampson, Board Administrator
Ryan Grady, Chief Financial Officer
George Hickman, Chief Digital and Information Officer
Julia Faller, D.O., Chief Medical Officer
James C. Kennedy, Vice President, Government and Community Relations
Todd Maier, Vice President, Finance and Payor Relations
Michael B. Sexton, Esq., Senior Vice President, Chief Legal Officer &
Corporate Secretary
David Tear, Vice President, Strategy, Business Development and
Network Integration

I. Opening/Safety Message/Minutes

Mr. Sears opened the meeting at 8:30 a.m., thanking everyone for attending. He then turned the meeting over to Mr. Maier, who provided a brief safety message focused on being present and aware rather than disengaged on a cellphone, in order to avoid accidents.

Mr. Sears then turned to a review of the draft Minutes from the Finance Committee meeting held on June 21, 2024. There being no questions or comments, *a motion was made by Mr. Wortham to approve those Minutes, which was seconded by Dr. Johnson and unanimously carried.*

II. Contracts/Capital Expenditure Projects

a. Legal Services – Professional and Contracted Services

Mr. Sexton presented on a request to proceed with executing twenty-nine (29) engagement

letters with law firms for outside legal services at an estimated \$10 million cost over five (5) years. These legal services resulted from an RFP and cover twenty-three (23) practice areas. After Mr. Sexton completed his presentation, he discussed with Mr. Wortham how pricing factored into the RFP scoring process. Mr. Sears commended Mr. Sexton for Roswell Park's transparency and granularity with this procurement, with Mr. Sexton acknowledging Ms. Hineman's leadership role. Mr. Sexton and Mr. Grady concluded by explaining that a \$10 million expenditure over a five (5) year period provides management with greater flexibility than a set annual expenditure amount as legal fees vary annually. *A motion was then made by Mr. Wortham to approve this expenditure request, which was seconded by Ms. NeMoyer, and unanimously approved.*

b. Architectural and Engineering Services – Term Contracts

Mr. Sexton then presented on a request to execute twenty-two (22) term contracts for design professional services to support Roswell Park's capital and maintenance work for a total expenditure not to exceed \$6 million (\$1 million per year, for six years). These contracts consist of eight (8) architecture service contracts, seven (7) architecture and engineering service contracts, four (4) engineering services contracts, and three (3) specialty engineering contracts. Mr. Sexton reviewed the background and justification for this expenditure request as well as the procurement process. He highlighted that having these term contracts in place allows Roswell Park to timely select the appropriate firm from its current roster on a per project basis. There being no commentary or questions, *Mr. Worthman moved to approve this \$6 million total expenditure request (\$1 million per year) for architectural and engineering services over a six-year period, which was seconded by Ms. NeMoyer and unanimously approved.*

c. Construction Management Services – Term Contract

Mr. Sexton reviewed a not to exceed \$4.5 million expenditure request for a six-year term contract with LiRo-Hill Engineers for construction management services for smaller projects. Construction management services for larger capital projects will be bid out separately. Mr. Sexton reviewed the factors supporting management's conclusion to continue outsourcing these services rather than bring them in-house. He concluded with a detailed review of the RFP process for this procurement. *A motion was then made by Mr. Wortham to approve this not to exceed \$4.5 million expenditure with LiRo-Hill Engineers for construction management services over a six-year period. The motion was seconded by Dr. Johnson and unanimously approved.*

d. IT Staffing and Professional Services

Mr. Hickman presented on a request for approval to award sixteen (16) contracts for the supply of Information Technology (IT) temporary staffing resources and professional services for larger-scale IT and Information Security (IS) projects at a \$9.5 million estimated cost over three (3) years. The proposed spend represents a 20% reduction compared to the typical annual run rates of temporary staffing and professional services due to FTE conversion and an IT cost management plan. All engagements are at-will, with no minimum purchase commitments. Mr. Sears praised the transparency and granularity of the procurement process for these staffing resources. There being no further commentary, *Mr. Wortham made a motion to approve a \$9.5 million expenditure for IT staffing and professional services over a three-year period, which was seconded by Dr. Johnson, and unanimously approved.*

III. Informational Only – Single Source – Intuitive Service Agreement

Mr. Sears then directed the Committee's attention to the Single Source PEF for the Intuitive Service Agreement provided to the Committee for informational purposes. He observed that the surgical robot field has become more competitive since Roswell Park procured its first surgical robot and anticipated that Roswell Park will be issuing RFPs for surgical robots in the near future.

IV. Post Implementation Reviews (Radiation Oncology Upgrades and Olympus Endoscopy Equipment Lease)

Mr. Sears then turned to the Post-Implementation Review materials provided to the Committee, commenting that all projects had "green" ratings. Mr. Tear provided brief commentary on the Olympus Endoscopy Equipment Lease Project. With respect to this project, Mr. Wortham inquired how management balanced financial costs with clinical need, expressing concern with the prior equipment's functionality and condition prior to replacement. Mr. Grady advised that management has worked with clinical departments to integrate equipment upgrades into the financial planning process.

Mr. Wortham then moved that the Committee go into Executive Session for reports on the Debt Issuance project, Government Relations activities, Managed Care activities, the Revenue Cycle Implementation project, the HRI Transition project, and the Change Healthcare cyberattack. The motion was seconded by Dr. Johnson and unanimously approved.

V. Debt Update

Mr. Grady updated the Committee on the Debt Issuance Project, reporting that management selected Ropes & Gray as Roswell Park's counsel. Hawkins will serve as bond/tax counsel, which DASNY selected as the conduit issuer. Greenburg Taurig continues to engage with DASNY and the New York State Division of Budget ("DOB"), with management advised to use DASNY as the conduit issuer for this debt issuance with the potential for Roswell Park to issue debt itself in the future. Credit ratings will be sought later in the year.

[REDACTED] The targeted debt issuance date, 1st Quarter of CY 2025, will likely be delayed.

Mr. Grady and Mr. Sexton then advised that during discussions with DASNY, it was identified that legislation is going to be necessary to eliminate the requirement that Roswell Park operating revenues pass through the Health Income Fund before going to Roswell while any Department of Health bond issuances are outstanding. Any needed legislative changes will likely delay the timeline of this new debt issuance. Mr. Sears commented that this is the first of many curveballs the project will likely encounter. Mr. Grady concluded the presentation by reviewing the draft finance plan for management's use of the new debt.

Mr. Grady then responded to questions. He confirmed that the bond debt will be fixed with a prepayment penalty. He also clarified that the draft plan for the first issuance does not include the

funding of the new EMR. [REDACTED]

VI. Government Relations Update

Mr. Kennedy provided a government relations update, discussing a \$106.7 million base subsidy request to be submitted by Roswell Park in the NYS FY'26 Budget. He advised that Roswell Park asked for an additional \$4 million to \$6 million one-time budget allocation to expand 907 Michigan Avenue. He also highlighted NYS's agreement that Roswell Park may use NYS-allocated capital funds to fund: (1) environmental services contracts, building and maintenance personnel, and facilities team members salary lines; and (2) debt service payments. Mr. Sears commended Mr. Kennedy for these accomplishments. Mr. Kennedy concluded his update by reviewing ongoing Roswell Park projects with NYS involvement.

Mr. Kennedy turned to a review of federal government relations, reviewing efforts to preserve telehealth flexibilities, advocate for outpatient hospital services rate reimbursement, reduce unnecessary Medicare Advantage burdens, and advocacy efforts with CMS for better network adequacy. Mr. Sears commented that Roswell Park is well served by Mr. Kennedy and his team.

VII. Managed Care Update

Mr. Grady then updated the Committee on the status of management's contract negotiations with Highmark and Independent Health. [REDACTED]

Mr. Grady concluded by updating the Committee members on contract negotiations with Aetna, United Healthcare and CDPHP.

VIII. Revenue Cycle Implementation Update

Mr. Grady then updated the Committee on the current status of the Revenue Cycle Implementation Project (the "Project"), advising that the new system went live on September 1st. He reviewed the top issues thus far, early in the go-live process, which have been refined to three (3) issues that management is actively working on. Management also continues to monitor the new

system against KPIs. Mr. Sears commended management on the successful go-live. Mr. Grady then highlighted that the Project would end \$2 million favorable to plan, and that revenue loss attributable to the go-live of the new system continues to be measured and monitored against the reserved loss amount. Before moving on to the next agenda topic, Mr. Sears praised management for total Project costs coming in under budget, observing that in his professional experience, such an achievement is rare.

IX. HRI Transition

Mr. Grady then reviewed the HRI transition plan, detailing the significant work involved with this transition.

Mr. Kennedy advised that legislation is necessary for this new entity to provide employees with NYS-benefits, such as NYS pension eligibility. Mr. Grady advised that a Fall 2025 transition date is targeted as negotiations continue with a signed MOU already in place.

X. Change Healthcare

Mr. Grady updated the Committee of the impact of Change Healthcare's Optum cyberattack on Roswell Park's finances, reviewing the cash advances that Roswell Park received during the Optum downtime given its inability to process Clinical Practice Plan billings during this time. He provided a detailed update on the status of these billings now that Optum is back online. He also reported that Change Healthcare has completed reviewing approximately 90% of the data compromised in the cyber-attack, and has not identified any Roswell Park data yet. After Mr. Grady concluded his presentation, Mr. Hickman praised Mr. Neumeister and his team's work in processing this backlog of professional billings at the same time as the Go-Live of the new revenue system.

Upon a motion made by Mr. Wortham, seconded by Mr. Sears, and unanimously approved, the Committee returned to Open Session.

XI. 1st Quarter Financial Statements – FY'25

Mr. Grady then reviewed the 1st Quarter Financial Statements for Fiscal Year 2025 ("FY'25"), detailing Roswell Park's strong financial performance during this quarter.

Mr. Grady also previewed the July and FY'25 YTD financial performances, noting that typically, July is a slower month in part due to Summer vacations.

There being no further commentary or questions, a motion to approve the 1st Quarter Statements of FY'25 was made by Mr. Wortham, seconded by Dr. Johnson, and unanimously approved.

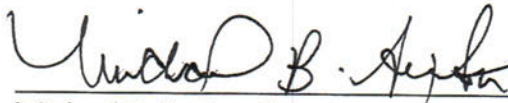
XII. 1st Quarter Investment Activity - FY'25

Mr. Maier presented on the key financial indicators and the investment activity for the 1st Quarter of FY'25. He reported that today, the Federal Reserve is expected to make its first cut to the federal funds rate since the COVID-19 pandemic. He also reported that CPI was currently at 2.5%, which was the lowest rate since the current wave of inflation started.

Mr. Maier also reviewed Roswell Park's cash and investments by entity, and summarized the malpractice and HRI investment funds performance. He advised that Roswell Park's investors are monitoring whether Roswell Park should increase the duration of treasuries given that the federal fund rate is expected to begin dropping. Mr. Grady and Mr. Maier also discussed the opportunity to discuss Roswell Park's investment policy with NYS as the federal funds rate begins to decrease. Mr. Maier also reported that overall, Roswell Park's investment portfolio was stable. There being no questions or significant commentary, *Mr. Wortham made a motion to approve the 1st Quarter Investment Activity, which was seconded by Dr. Johnson and unanimously approved.*

XIII. Adjournment

There being no further business, Mr. Sears asked for *a motion to adjourn the meeting, which was so moved by Mr. Wortham, seconded by Dr. Johnson and unanimously approved.*



Michael B. Sexton, Secretary