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, June 16, 2021 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 S. Johnson, Ph.D., President & CEO
Kenneth Manning, Esq.
Elyse NeMoyer
Dennis Szefel

Excused: Michael Joseph, Board Chairman

Present by Invitation: Laurel DiBrog, Vice President of Marketing & Communications
Betsy Doty-Lampson, Board Administrator
Thomas Furlani, PhD, Chief Information Officer
Ryan Grady, Chief Financial Officer
Kathryn Hineman, Vice President and General Counsel
Shirley Johnson, Senior Vice President/Chief Clinical Operations Officer
James C. Kennedy, Vice President, Government & Community Relations
MaryAnn Long, Senior Vice President
Todd Maier, Assistant Vice President, Finance
Jon Neumeister, Executive Director, Clinical Revenue Cycle & Clinical Practice Plan
Raghu Ram, MD, Vice President of Value-Based Care Optimization & Community Clinical Collaboration
Thomas Schwaab, MD, PhD, Chief of Strategy, Bus Dev & Outreach
Michael B. Sexton, Esq., Sr. Vice President, Chief Legal Officer and Secretary

OPENING/MINUTES

Mr. Sears opened the meeting and welcomed all attendees. He then acknowledged that Ryan Grady is now the Chief Financial Officer of the organization. Mr. Sears saluted the work done by Gregory McDonald over the previous seventeen (17) years, noting that Mr. Grady had been mentored well by Mr. McDonald and that he looked forward to working with him.

Mr. Sears then turned to a review of the Minutes from the Finance meeting held on March 16, 2021. After review, a motion was made by Mr. Manning, seconded by Ms. NeMoyer to approve the Minutes, which was unanimously carried.
CONTRACTS/CAPITAL EXPENDITURE PROJECTS

Mr. Sears then turned the meeting over to Mr. Furlani for a review of contracts being submitted to the Committee for approval.

_Hewlett Packard (HP) Hardware Support._

Mr. Furlani stated that this is a three (3) year, $1.3M maintenance contract for the HP hardware supporting clinical systems. He noted that the warranty period for the hardware had ended and it was necessary to implement a support contract. The technology and patches are proprietary to HP and the systems are critical to clinical operations. A tiered service model has been negotiated. Critical infrastructure response time will be four (4) hours with all other response times twenty-four (24) hours. _A motion for approval was made by Ms. NeMoyer, seconded by Mr. Manning, and unanimously approved._

_Virtual Desktop Infrastructure._

Mr. Furlani noted that this is a $3.8M expenditure over three (3) years. This new infrastructure system will provide an enhanced level of security for Roswell Park’s IT network. It will allow system wide patching through patching of servers rather than requiring patching of individual workstations. It will also provide for much faster sign-on for clinicians, maintaining continuity with a fifteen (15) second reconnection time as physicians move from clinic to clinic. The user experience for both physician and patient will be much enhanced. Cost and cost savings for the infrastructure project were reviewed. Feedback so far for the early stages of this project has been very positive. Implementation will be clinic by clinic with phased in conversion to help with workflow changes. _A motion was made for approval by Mr. Manning, seconded by Mr. Szefel, and unanimously approved._

Mr. Manning made a request for improved metrics to measure the benefit of these types of projects going forward.

_Investment Management Systems._

Mr. Grady presented on the renewal of the Wilmington Trust investment management contract. This will have a three (3) year term with two (2) one year renewal opportunities. The cost will be $1.2M over the five (5) years. An RFP was done in March, 2021 and three vendors responded. Wilmington lowered its fee by $200,000 over the five (5) year period. After review, _a motion was made for approval by Mr. Szefel, second by Ms. NeMoyer, and unanimously approved._ Mr. Manning abstained from the voting.

Mr. Sears noted that the following sole source and post implementation reviews on the agenda were in the Directors Desk materials with detailed financial write-ups for pre-meeting review by all attendees.

SOLE SOURCES (INFORMATIONAL)

- Hylomorphic Solutions.
- Globus Medical.
- Ovitex Reinforced Tissue Matrix.
- Aurora Flow Cytometry.
POST IMPLEMENTATION REVIEW (INFORMATIONAL)

- Interpretation Services.
- Hematology Analyzer.
- TCT Clinic Renovation.
- Varian LINAC Service.
- Backup Storage.

GOVERNMENT RELATIONS UPDATE

Mr. Kennedy reported on the status of government relations, noting that the $13M in cuts implemented early in the budget year had been reversed by the New York State government and added back to operations. He also noted that the NYS support is budgeted for FY’22 at $102,767,000 with $51,463,000 of that being operating funds.

Mr. Kennedy noted that the pension expense for the previous fiscal year significantly increased. He’s expecting that in Fiscal Year 2023 there should be some relief in this expense as markets recover. He also reviewed the status of the Medicare Relief funding that Roswell Park received. $56M in Medicare accelerated payments were received which will be repaid through recoupments of over approximately a two (2) year period.

Mr. Kennedy also reviewed NIH and NCI funding trends, noting that currently the NCI is only funding 8% of grant applications. Dr. Johnson noted that Roswell Park is currently assessing research faculty productivity. Roswell Park currently requires only 30% salary recovery which is low compared to its peer group.

Mr. Manning inquired about Department of Defense funding and Dr. Johnson noted that Roswell Park does receive DOD grants and many younger faculty members will be applying to both DOD and NCI simultaneously.

Mr. Sears complimented Mr. Kennedy on his work since he has taken over as head of Government Relations at Roswell Park.

Mr. Manning made a motion to move the meeting to Executive Session for reports on Managed care and Payor negotiations; an update on Business Development activities and a Fiscal Year End ‘21 Financial performance review. The motion was seconded by Mr. Szefel and unanimously carried.

Health Plan Partnership Update: Payer Negotiations
Mr. Grady noted that IHA has hired a new CFO, Jim Dunlop formerly the Chief Financial Officer of Catholic Health System.

**Business Development Update**

Mr. Manning asked historically how accurate Roswell Park’s projections were on these projects. He noted that his question is whether the 10% sensitivity analysis is sufficiently conservative. Discussion ensued and it was noted that the 10% sensitivity analysis is intended to address projection risk and currently management believes this is sufficient, but projections will be monitored on this issue going forward.

**Year End Financial Review**

Mr. Grady then presented the year-end financial review. He reviewed key performance indicators including days cash on hand, operating EBIDA, total margin, MADS coverage, capital spending and capital spending ratios. Each of these indicators met its target for the year. He noted an 8.3% EBIDA during the pandemic is a remarkable performance. He also noted that without Covid relief EBIDA would have been 6.5% for the year.

Mr. Grady noted that current cash on hand is 193 days which puts Roswell Park in the middle of the pack in terms of its peer Institutions. An 8.3% EBIDA during Covid is very favorable in comparison to other peer Institutions and the NCI comprehensive cancer centers, and is extremely favorable compared to Kaleida, ECMC and Catholic Health System locally.

*Mr. Manning made a motion to return to Open Session which was seconded by Ms. NeMoyer and unanimously carried.*
4th Quarter Combined Financial Statements

Mr. Grady presented on Financial performance. He reviewed clinical volumes through the end of Fiscal Year 2021 noting that they were very close to projected budget. EBIDA trends during the year showed the impact of the pandemic and the recovery at the end of the third and fourth quarters. Mr. Grady reviewed the $48.3M EBIDA and the factors that contributed to that including the volume recovery, drug cost, turnover, cost savings and other management actions. He also reviewed the full consolidated margins summary for Fiscal Year 2021. The net effect of Covid was $12M after accounting for all relief payments and management activities.

A motion was made for approval of the 4th Quarter Financials by Mr. Manning, seconded by Mr. Szefel, and unanimously approved.

4th Quarter Investment Report

After review, Mr. Szefel made a motion to approve the investment report, seconded by Dr. Johnson and approved. Mr. Manning and Mr. Sears abstained.

Annual Review of Investment Policy.
After review and discussion, a couple of minor changes were made to the Policy.

On motion by Mr. Manning to approve those changes to the policy, which was seconded by Ms. NeMoyer, those changes were unanimously carried and approved.

Periodic Reviews

Mr. Sexton reviewed the Finance Charter for the year.

After review, a motion was made to approve the Finance Charter by Mr. Manning, seconded by Ms. NeMoyer and unanimously approved.
NYS Annual Report.
Mr. Grady submitted the NYS Annual Report to the Committee for approval.

After review, a motion to approve the Annual Report was made by Ms. NeMoyer, seconded by Mr. Manning and unanimously approved.

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

Michael B. Sexton, Secretary