

**ROSWELL PARK CANCER INSTITUTE CORPORATION
FINANCE COMMITTEE MEETING**

A meeting of the Finance Committee of the Board of Directors of Roswell Park Cancer Institute was held Wednesday, December 11, 2024 at 8:30 a.m. in the Patrick Lee Conference Room, 9th Floor of the Scott Bieler Clinical Science Center.

Present: Buford Sears (video conference)
Lisa Damiani
Lee Wortham
Elyse NeMoyer (video conference)
Linda Dobmeier (video conference)
Candace S. Johnson, Ph.D., President and CEO

Excused: Leecia Eve, Esq. (Board Chair)

Staff: Betsy Doty-Lampson, Administrator to Board of Directors
Mike Wong, M.D., Physician-in-Chief
Ryan Grady, Chief Financial Officer
Julia Faller, M.D., Chief Medical Officer
Michael B. Sexton, Esq., Senior Vice President and Chief Legal Officer, and Secretary
Andrew Storer, Ph.D, Senior Vice President and Chief Nursing Officer
David Tear, Senior Vice President and Chief of Hospital and Network Operations
Buddy Hickman, Chief Digital and Information Officer
Sai Yendamuri, M.D., Senior Vice President, Business Development and Outreach and Chief of Strategy
Carl Morrison, M.D., Senior Vice President, Scientific Development and Integrative Medicine
Dale Henry, Chief Scientific Operations Officer
Paul Hosking, M.D., Vice Chair, Anatomic Pathology
Todd Maier, Vice President, Finance
James Kennedy, Vice President, Government Affairs
Kathryn Hineman, Esq., Vice President and General Counsel

I. Opening/ Minutes

Mr. Buford Sears opened the meeting at 8:30 a.m. and welcomed Ms. Lisa Damiani to the Committee. Mr. Sears then asked for a review of the Minutes of the Finance Committee meeting held on September 17, 2024. After review, *a motion was made for*

approval of those Minutes by Mr. Lee Wortham, which was seconded by Ms. Elyse NeMoyer, and unanimously approved.

II. Contracts/Capital Expenditure Projects

a. Agilent Technologies (Reagent Consumables) and Blood Product Suppliers

On behalf of the Department of Pathology and Laboratory Medicine, Dr. Carl Morrison (Department Chair) presented a request for approval of a three (3) year contract renewal with Agilent Technologies (a/k/a Dako) for the purchase of reagents and consumables under a sole source procurement exemption. Dr. Morrison explained that the proprietary testing consumables are used with the Immunohistochemistry (IHC) and in-situ hybridization (ISH) testing platform to support patients across all disease sites. The estimated expenditure over the three-year renewal term is approximately \$2.18M.

Dr. Morrison also presented a request for approval of the award of contracts for the purchase of blood products from four (4) blood product suppliers (Community Blood Center of Wisconsin, Impact Life, Connect Life of Buffalo, and Rhode Island Blood Center) resulting from Request for Proposal ("RFP") Number 25-512 for Blood Products. The suppliers will be awarded three (3) year contracts with two (2) automatic one (1) year renewals, with anticipated aggregate spend of approximately \$32.8M over five (5) years.

A motion for approval of the Agilent Consumables Agreement and the Blood Supplier Agreements was made by Mr. Wortham, seconded by Ms. NeMoyer, and unanimously approved.

b. Linen Services Agreement

Mr. Sexton presented a request for approval to award a linen management services agreement to Denovo Laundry Acquisition a/k/a Logan's Linens for management of linen services (bed linens, lab coats, towels, and scrubs). Three vendors responded to the RFP including Roswell Park's current vendor (Vantage). Mr. Wortham asked whether there had been consideration of bringing the service in house. Mr. Sexton advised that in-house servicing would be significantly more expensive but that it is periodically assessed. Mr. Sexton further advised that the Agreement imposed liquidated damages on the vendor for failure to deliver on time. Mr. Sexton advised that a similar arrangement with the current vendor (Vantage) resulted in Vantage being assessed damages on a monthly basis, but management is hopeful that Logan's Linens will provide more timely service.

A motion for approval of the Logan's Linens contract award was made by Ms. Dobmeier, seconded by Mr. Wortham, and unanimously approved.

c. Biorepository Project

Mr. Dale Henry presented a request for approval of a project consisting of the design and renovation of the first and seventh floors of the Gratwick Basic Science Building (GBSB) and for the purchase of an ultra-low temperature automated specimen storage system. The system, to be housed on the first floor of GBSB, is critical to the consolidation and modernization of Roswell Park's biobanking shared resource. This project will create a centralized and state-of-the-art Biorepository and Laboratory Service (BLS), ensuring efficient sample handling, storage, and retrieval, while maintaining sample integrity and improving research outcomes. The current estimated cost of the construction and equipment is \$9.53M, which includes design, construction and equipment costs. Funding will be provided by the National Institutes of Health (NIH) C06 Construction Support Grant awarded in October 2024 (PI: Christine Ambrosone, Ph.D.) for \$7.73M and Roswell's scientific capital budget for \$1.8M.

Roswell Park is in the process of selecting a vendor for the automated biobanking storage system through an RFP procurement. RFPs for the necessary design services, and management of the construction project on a guaranteed maximum price (GMP) basis will be issued in late 2024.

A motion for approval of the biorepository project was made by Ms. Nemoyer, seconded by Ms. Dobmeier, and unanimously approved.

d. Haemonetics SafeTrace Tx and BloodTrack Tx

On behalf of the Department of Information Technology, Mr. Buddy Hickman presented a request for approval two (2) software contract awards to Haemonetics under single source procurement exemptions: (i) a contract for the renewal and upgrade of Roswell Park's existing Haemonetics SafeTrace Tx system, an FDA-approved blood establishment computer system (BECS), and (ii) a contract for procurement of Haemonetics BloodTrack Tx, a bedside verification and transfusion administration solution. The awards are designed to enhance current blood management and transfusion safety systems. The cost of the combined SafeTrace Tx upgrade and BloodTrack Tx implementation is estimated at \$1.5M over six (6) years to be funded by the Information Technology capital and operating budgets.

A motion for approval of the Haemonetics contract awards was made by Ms. Nemoyer, seconded by Mr. Wortham, and unanimously approved.

e. Stansbury and Knight Advanced Practice Provider Services

Mr. David Tear presented a request for approval of a \$2M increase to Roswell Park's existing contract with Stansbury and Knight ("S&K") for Advanced Practice Provider Services. Mr. Tear advised that in March of 2019, the Finance Committee approved a seven (7) year contract award to S&K resulting from an RFP, with anticipated spend of \$13M-

\$14M over the term. Mr. Tear explained that due to increased patient volumes and vacancy coverage needs, Roswell Park now anticipates spending approximately \$16M over the term and is requesting Finance Committee approval of the additional anticipated spend.

Mr. Sears asked Mr. Ryan Grady to remind Committee what the standard practice is for lookback and approval of increases. Mr. Grady advised that if spend is anticipated to exceed ten percent (10%) or more of the approved amount, the additional spend is brought back to the Committee for review and approval.

f. Locum Tenens Services

Mr. Tear presented a request for an approval of an additional expenditure of \$3.3M under previously approved contracts for locum tenens services with three (3) locum tenens vendors (Worldwide Travel Staffing, Medical Doctor Associates and LocumTenens.com). Mr. Tear advised that in December 2017, the Committee approved the award of locum tenens contracts to these vendors with aggregate anticipated spend of \$4.2M over seven (7) years. Mr. Tear explained that due to numerous unanticipated provider vacancies and leaves of absences within the Department of Anesthesiology, the total estimated spend is anticipated to increase by \$3.3M over the seven (7) year terms.

Mr. Wortham asked whether there are quality concerns with this level of locum services. Mr. Tear advised that management does not have concerns, and that locums are primarily scheduled to cover lower risk procedures (e.g. endoscopy suite).

Ms. Damiani asked why Roswell Park is all of a sudden experiencing these coverage issues. Mr. Andrew Storer explained that anesthesiologists can earn significant compensation doing mild sedation procedures at surgery centers, making recruitment for hospital and OR settings more difficult. Mr. Tear explained that the Departments also has several providers out on extended leaves which is adding to coverage issues.

g. Histosonics Edison Histotripsy System

Mr. Tear presented a request for approval of the award of a purchase of a Histosonics Edison Histotripsy System and related five (5) year consumable purchase and equipment service agreement, all under a sole source procurement exemption. The total estimated expenditure is \$6.7M over the five (5) year term, comprised of \$1.66M in capital equipment, \$4.4M in consumables, and \$598K in service post one-year warranty. Histotripsy is a recently FDA approved, minimally invasive liver ablation treatment option for patients with liver disease, many of whom do not have any other treatment options. Mr. Tear advised that FDA is considering approval for other disease indications as well.

A motion for approval of the Stansbury and Knight contract increase of \$2M, the \$3.3M increase to the locum tenens contract spend, and the Histosonics contract was made by Mr. Wortham, seconded by Ms. NeMoyer, and unanimously approved.

III. Informational Only Items

Mr. Sears noted that information only contracts with KLS Martin for CMF Implants (Single Source) and Medtronic for service on the exiting StealthStation stereotactic neurosurgical navigation systems were in the materials for information. There were no questions on those items.

IV. Post Implementation Reviews

Mr. Sears referenced the post-implementation reviews of the environmental services contract, parking garage renovation contract, and Workday renewal in the Committee materials. Mr. Sears asked Mr. Michael Sexton what the timing is for replacement of the parking garage. Mr. Sexton advised that an engineering firm is assessing the garage and advising on a replacement plan, which will be a large project in the \$60-\$80M range. Mr. Sexton also advised that every three (3) years a comprehensive engineering study is performed on the ramp and submitted to the state in accordance with applicable law. Mr. Sexton advised that Roswell Park will need a replacement ramp within the next 6-10 years, and that planning for that project needs to start soon. The project will require planning for alternate site parking of approximately 1,800 cars daily.

Mr. Sears asked Dr. Candace Johnson whether parking is still a key topic of discussion at the Buffalo Niagara Medical Campus meetings. Dr. Johnsons advised that since COVID there are more vacancies in BNMC lots so parking is not as frequently raised at BNMC meetings.

Mr. Sears asked Mr. Hickman how Workday is panning out in terms of user friendliness. Mr. Hickman reported that from a workforce perception survey the numbers look pretty good, with an upward climb since implementation.

Upon a motion made by Mr. Wortham, seconded by Ms. NeMoyer, and unanimously approved, the Committee moved to Executive Session for purposes of hearing reports from Management on the strategic transformation process, including reports on discussions with Albany, business development and physician practice affiliations, provider collaborations, and the status of managed care reimbursement negotiations

V. Government Relations Update.

Mr. Jim Kennedy presented a government relations update, including updates on the New York State budget process and Roswell Park's appropriation, debt issuance update, preserving telehealth flexibility, proposed site neutrality policies, and Medicaid Dual Eligibility legislation.

VI. Debt Project Update.

Mr. Grady presented an update on the bond issuance project and advised that progress is being made on drafting of legislation necessary to eliminate the requirement that Roswell Park operating revenues pass through the State Health Income Fund. Mr. Grady advised that the target is mid-July to get the bonds to market. Mr. Grady advised that Roswell Park's outstanding debt from the current bonds will be defeased with proceeds from the new bond issuance, and that the state is still identifying how it will defease other Department of Health facility outstanding debt. Mr. Grady advised that Roswell Park will be going through the rating agency process in the future and is evaluating whether a bond insurance package might make sense

Mr. Grady also presented a proposed reimbursement resolution that supplements a previous resolution approved by the Board to add an additional anticipated \$12M in capital expenditures to the project. The reimbursement resolution allows Roswell Park to reimburse itself from bond proceeds for project-related expenses incurred prior to the bond issuance.

VII. Managed Care Update.



VIII. Revenue Cycle Project Update.

Mr. Grady presented an update on the Revenue Cycle system replacement project. Mr. Grady advised that management is seeing a slow-down in billing (7-8 days cash impact currently) and that claims production has lagged more than expected. Mr. Grady advised that Roswell Park is currently 2x its normal level of unbilled claims. Mr. Grady advised that in general, expectations and change management was not where it should have been for back end users, billers, coders, and physicians, but that things have stabilized now and are on the pathway to getting back to business as usual. Mr. Tear confirmed that staff is in a period of stabilization with respect to the new system and that a daily 7:30am touch base on the system for key stakeholders has been helpful. Mr. Grady advised that the project is still tracking \$2.2M ahead of budget, with augmentation to extend resources. Management is still planning to track to see if Roswell Park has had any

true revenue loss due to lost charges or timely filing issues, with an expected loss of 1.5% (approx. \$16M). Mr. Grady advised that he has requested Internal Audit's assistance with assessing losses.

IX. Health Research, Inc. (HRI) Discussion.

Mr. Grady presented on the plan to separate from HRI and establish a new Roswell Park-affiliated grant administration entity to exclusively support Roswell Park research. Mr. Sexton advised that Roswell Park is working with DOH on approval of the Certificate of Incorporation, and that assuming PHHPC approval is required, the next meeting is in February. Mr. Grady discussed expected costs to be incurred on this transition, which will be significant, including legal costs for asset and grant transfers, labor counsel, and corporate work, as well as consultative assistance with the grants administration and WorkDay labor platforms implementation.

Mr. Wortham made a motion to return to open session, which was seconded by Ms. NeMoyer and unanimously approved.

OPEN SESSION

A motion for approval of the capital expenditure reimbursement resolution for the bond project was made by Mr. Wortham, seconded by Ms. NeMoyer, and unanimously approved.

A motion for approval of \$2.25 - \$2.75M in expenditures to support the HRI transition project was made by Mr. Wortham, seconded by Ms. Dobmeier, and unanimously approved.

X. 2nd Quarter Combined Financials.

Mr. Grady presented on second quarter financials. Mr. Grady advised that Roswell Park's daily census has been stronger, that clinics have been busy (where typically there is a slowdown in Q3), that clinical volumes are ahead of plan, and that Roswell Park's EBIDA trends looks positive.

A motion for approval of the second quarter financials was made by Mr. Wortham, seconded by Ms. NeMoyer, and unanimously approved.

XI. Preliminary Budget Submission.

Mr. Grady presented a proposed preliminary budget for fiscal year 2026 to be filed with the New York State Authorities Budget Office.

XII. 2nd Quarter Investment Activity.

Mr. Maier presented on key financial indicators and first quarter investment activity.

Mr. Wortham made a motion to approve the second quarter investment activity report, which was seconded by Ms. NeMoyer and unanimously carried.

There being no further business., a motion to adjourn was made by Mr. Wortham, seconded by Ms. NeMoyer, and unanimously approved. The meeting adjourned at 10:03 a.m.



Michael B. Sexton, Secretary