

**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 Friday, June 21, 2024 at 9:00 a.m. in the Scott Bieler Clinical Science Center, 10th Floor, Joseph Family Conference Room.

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

Present by

Invitation: Christopher Choi, Ph.D., Senior Vice President
Anthony Dakwar, M.D., Staff Physician, Department of Surgical Oncology
Lisa Damiani
Meghan Dobson, Esq., Associate General Counsel
Betsy Doty-Lampson, Board Administrator
Ryan Grady, Chief Financial Officer
George Hickman, Chief Digital and Information Officer
James C. Kennedy, Vice President, Government & Community Relations
Todd Maier, Vice President, Finance and Payor Relations
Crytal Rodriguez-Dabney, Esq., Senior Vice President, Diversity, Equity & Inclusion (*via Teams*)
Michael B. Sexton, Esq., Senior Vice President, Chief Legal Officer & Corporate Secretary
Sai Yendamuri, M.D., Chief Strategy Officer, Senior Vice President of Business Development & Outreach, Chair, Department of Thoracic Surgery

I. Opening/Minutes

Mr. Sears opened the meeting at 9:04 a.m., asking Mr. Maier to provide a brief safety message. Mr. Maier's safety message recounted how the Accounts Receivables Department correctly identified a fake invoice before issuing payment by following established procedure. The meeting was then placed on hold until a quorum was attained, and resumed once Ms. NeMoyer joined the meeting.

Mr. Sears then called for a review of the draft minutes from the Finance Committee meeting held on March 13, 2024. There being no questions/concerns raised, *a motion for approval of these minutes was made by Mr. Wortham, seconded by Mr. NeMoyer, and unanimously carried*

II. Contracts/Capital Expenditure Projects

a. Clinical Trials Management System

Mr. Hickman presented on a \$1.71 million expenditure request for five, 1-year contract renewals with Advarra Technology Solutions for Roswell Park's Clinical Trials Management System, OnCore. During his presentation, he highlighted that switching to a different system would involve an estimated 10,000 hours of IT/project management/business staff over a 1-year period. After brief commentary, *a motion to approve this expenditure was made by Mr. Wortham, seconded by Ms. NeMoyer, and unanimously approved.*

b. da Vinci Surgical Robotic System – 3rd Robot

After an introduction by Mr. Grady, Dr. Dakwar presented on a \$5.24 million expenditure request to acquire a third Intuitive da Vinci Xi surgical robotic system. He explained the 3-prong need for this robot, which was: (1) to provide newly recruited physicians dedicated robotic time; (2) to reduce time for booking robotic procedures [REDACTED] and (3) to allow for planned growth and innovation of the robotics program.

Mr. Grady provided a brief financial summary for this expenditure, highlighting that the selected leasing option presents the lowest cost of ownership over five years. [REDACTED]

There was then a brief discussion on the lack of any competing robot vendor and whether a fourth robot was warranted now. Mr. Wortham then inquired about the use of robots by Roswell Park's competitors, with Mr. Grady noting that both Catholic Health and Kaleida have robotics programs. Dr. Dakwar also advised that robotic surgery wait times will decrease by fifty (50%) percent upon Roswell Park acquiring this robot in response. [REDACTED]

[REDACTED] Mr. Wortham then inquired if each surgical procedure using the robot are cash positive, which Mr. Grady confirmed. There being no further commentary or questions, *a motion to approve a \$5.24 million expenditure was made by Mr. Wortham, seconded by Ms. NeMoyer, and unanimously carried.*

c. TriNav Catheters

Mr. Grady reviewed a \$5.8 million expenditure request to procure TriNav microcatheters from TriSalus Life Sciences for use in the administration of microspheres in patients with non-resectable liver tumors. In response to a question from Mr. Wortham, Mr. Grady advised that there is a [REDACTED] margin with each procedure. *A motion was then made by Mr. Wortham to approve this expenditure. This motion was seconded by Mr. Sears and unanimously approved.*

III. Informational Only – Infusion Scheduling Application (Single Source), ClinicMacs (Sole Source), and Medical Gases (Single Source)

As there were no questions on the Informational Only materials, Mr. Sears moved on to the next agenda topic.

IV. Post Implementation Review – Echo Services, Replacement CT Scanners, Cerner Renewal and Valet Services

Mr. Sears then turned to a review of the Post-Implementation Review materials provided to the Committee. Mr. Wortham asked that management comment on the Post-Implementation Review of the Echo Services Project given that operating spend exceeded the approved amount by \$112,000 (22%). [REDACTED]

[REDACTED] Mr. Sears commented that this review demonstrates the importance of performing these reviews, which was a process suggested by Dennis Szeffel during his tenure on the Finance Committee.

Mr. Wortham then moved that the Committee go into Executive Session for reports on the Debt Sub Committee, Government Relations activities and the Revenue Cycle Implementation, as well as for a FY'24 Year End Financial Review. The motion was seconded by Mr. Sears and unanimously approved.

V. Revenue Cycle Implementation Update

Mr. Grady provided an update on the impact of the Change Healthcare cyberattack. [REDACTED]

[REDACTED] Thus far, Change Healthcare has not identified Roswell Park as a customer whose patient data was leaked in the cyberattack, but Mr. Grady noted that he would not be surprised if it is later discovered that Roswell Park patient data was breached. Primary cash flow assistance is being provided by Change Healthcare's parent, Optum, with a modest amount of assistance from CMS. Mr. Wortham, Mr. Hickman and Mr. Sexton then each provided brief commentary on this agenda topic.

Mr. Grady then updated the Committee on the Revenue Cycle Implementation Project ("Project"). He highlighted the internal training efforts underway to train Roswell Park end users on the system. He also noted that Roswell Park aims to have a revenue loss of less than 1.5% following go-live, explaining that a 1.5% revenue loss is the current industry standard. Mr. Grady also explained that Change Healthcare personnel will work within this new revenue cycle system, but noted that Roswell Park incurs less risk by having Change Healthcare personnel work within a system that is entirely under Roswell Park control. [REDACTED]

[REDACTED] Upon Mr. Wortham's request, Mr. Grady also explained how he will deploy resources to process professional billings once Optum returns online.

VI. Debt Sub Committee Update

Mr. Grady then provided an update on the Debt Issuance Project, advising that four investment banks have been selected. Management has engaged with the NYS Division of Budget ("DOB") using Greenberg Trautman with no red flags raised thus far by the DOB. Mr. Grady explained that DOB must approve Roswell Park's issuance of debt, and whether DASNY must be used as a conduit to issue the actual debt. Management is currently working to obtain financial ratings and to finalize the engagement of outside counsel to assist in this project.

In response to Ms. Damiani's request, Mr. Grady elaborated on the strategic capital projects that Roswell Park intends to fund via the debt issuance. He noted that approximately half of the capital funds that Roswell Park receives from NYS support operating costs for previously deployed capital projects. Upon Mr. Sears' request, Mr. Maier advised that he would review the Board resolution to confirm that the resolution authorized Roswell Park to issue debt within a 12-month period.

VII. Government Relations Update

Mr. Kennedy began his update by highlighting that Roswell Park was apportioned \$55.3 million in capital funds and \$55.4 million in operating funds in the NYS budget, including [REDACTED]. He then reviewed recent state legislation that would impact Roswell Park.

Mr. Kennedy then reviewed the summer/fall priorities for his office, which include revising Roswell Park's current Investment Policy so that it aligns with the investment policies of similar NYS entities. He detailed the steps required to revise Roswell Park's policy, including an amendment to Roswell Park's enabling legislation that would allow funds to be invested in accordance with guidelines established by Roswell Park's Board of Directors. Mr. Wortham expressed surprise that it has taken this long for Roswell Park to realign its Investment Policy.

Mr. Kennedy then concluded his review by discussing the recent site-neutral federal legislation, with both he and Mr. Grady explaining the significant financial impact on Roswell Park should this legislation move forward.

VIII. FY' 24 - Year End Financial Review

Mr. Grady provided a detailed Year-End Financial Review, during which he reviewed the impact of lower inpatient and outpatient volumes on the FY'24 financial results, reporting a [REDACTED] Operating EBIDA Margin, and [REDACTED] Days Cash on Hand (DCOH). He also reviewed the quarterly EBIDA trends during FY'24, referencing the margin optimization plan implemented by management mid-fiscal year.

Mr. Grady then briefly reviewed the financial results currently available for FY'25, highlighting a [REDACTED] Operating EBIDA achieved for April 2024 and the May 2025 clinical volumes, which were ahead of budget and last year's volumes.

Mr. Grady then reviewed the FY'24 revenue sources in detail, highlighting that Roswell Park achieved over \$1 billion in patient revenues for the first time. He also reviewed the FY'24 Key Performance Indicators and Strategic Planning Targets, noting that as part of the planned debt issuance, there will be debt covenants requiring Roswell Park to maintain MADS Coverage 1.1. Mr. Sears then provided some education on MADS Coverage for the Committee's benefit. Operating EBIDA Margin Trends, DCOH and MADS Coverage were also reviewed in detail over a 5-year period.

Mr. Grady then moved to a detailed comparison of Roswell Park's FY'24 financial indicators against those of its national peer organizations, local peer organizations, and academic center peer organizations.

Mr. Grady concluded his presentation by reviewing Roswell Park's Consolidated Net Income Budget to Actual Variance to demonstrate the funding of the institution's research activities. He noted that Roswell Park's research mission is a net investment that does not "make money", similar to other academic organizations. He cited Fred Hutch as an example, which invests approximately \$1 billion in research activities each year, but only recovers \$600 million. Mr. Wortham inquired if research activities are reviewed with the same rigor as clinical activities. Mr. Grady advised that management uses a variety of metrics to review research progress, such as salary recovery. Dr. Johnson also provided commentary on how difficult it is for research faculty to fully fund research activities using extramural funding sources, and ways in which Roswell Park defrays research costs, such as by its core facilities providing compensated services to outside parties. There was then a discussion on the expectation that the new cGMP facility is expected to generate income, as well as the successful efforts of the Technology Transfer Office to generate revenue during the past year.

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

Upon return to Open Session, *Mr. Sears entertained a motion to approve the 4th Quarter Financial statements. This motion was made by Mr. Wortham, seconded by Dr. Johnson, and unanimously approved.*

IX. 4th Quarter Investment Activity

Mr. Maier presented on the key financial indicators and the fourth quarter investment activity for FY'24. He reviewed the U.S. Treasury's yield curve as well as recent job reports.

Mr. Maier then reviewed Roswell Park's cash and investments by entity as well as summarizing the malpractice and HRI investment funds performance. He highlighted the 9.3% return generated by the HRI investment fund in FY'24. Mr. Wortham advised that if Roswell Park wants to push into other asset classes, management may want to consult with outside investment firms, with Mr. Grady advising that he will do so, and report back to the Committee. There being no further commentary, *a motion was made by Mr. Wortham to approve the 4th Quarter Investment Activity Report, which was seconded by Dr. Johnson, and unanimously carried.*

X. Annual Review of Investment Policy & Finance Charter

Mr. Maier advised the Committee that the Investment Policy is reviewed and approved on an annual basis. There have been no changes to the policy other than to update dates. Mr. Wortham advised that he has a conflict of interest as he is on the board of Evans Bank, which is a listed bank on Exhibit B. He also noted that in the second sentence of the Internal Reporting section of the policy, "bases" should be corrected to "basis". Mr. Wortham also advised that he had never heard of the "Savings and Loan Bank of the State of New York", which was referenced in Appendix A. Mr. Grady advised that he will investigate this.

Mr. Sexton then advised the Committee that it must approve the Finance Committee Charter on an annual basis. He advised that there are no proposed changes, but noted that the Charter requires that the Committee be composed of not less than 3 directors, with the Board Chair serving as a member. Mr. Sears advised that he wants at least 5 Finance Committee members in addition to the Board Chair, noting that Mr. Whitfield recently resigned from the Committee, leaving 4 members. Mr. Sexton advised on the process provided for in the Bylaws for adding new Committee members.

There being no further commentary, *Dr. Johnson made a motion to approve the Investment Policy, as amended to incorporate those edits proposed by Mr. Worthman incorporated, which was seconded by Mr. Worthman, and unanimously approved.*

A motion to approve the Finance Committee Charter was made by Dr. Johnson, seconded by Mr. Wortham, and approved.

XI. FY'24 NYS Annual Public Authorities Report

Mr. Grady then drew the Committee's attention to the FY'24 Annual Public Authorities Report included in the meeting materials, and which the Board must approve for filing. After brief commentary, *a motion was made by Dr. Johnson to approve the financial sections of the Annual Report, which was seconded by Mr. Wortham and unanimously approved.*

XII. Other Items/Adjournment

There being no further business, *a motion to adjourn the meeting was made by Dr. Johnson, seconded by Mr. Wortham, and unanimously approved.*

Michael B. Sexton, Secretary