A meeting of the Finance Committee of the Board of Directors of Roswell Park Cancer Institute Corporation was held on Thursday, August 22, 2019 at 9:30 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., President & CEO  
Michael Joseph, Board Chairman  
Kenneth Manning, Esq.  
Dennis Szefel  
Steven H. Weiss, Esq.  

Excused:  
Elyse NeMoyer  

Present by Invitation:  
Laurel DiBrog, Vice President of Marketing & Communications  
Betsy Doty-Lampson, Board Administrator  
Thomas Furlani, Chief Information Officer  
Ryan Grady, Vice President of Finance  
Kathryn Hineman, Deputy General Counsel  
Shirley Johnson, Senior Vice President/Chief Clinical Operations Officer  
James C. Kennedy, Director, Government & Community Relations  
Laura Krolczyk, Vice President of External Affairs  
Gregory A. McDonald, Chief Financial Officer  
Kunle Odunsi, MD, PhD, FRCOG, FACOG, Deputy Director  
Thomas Schwaab, MD, PhD, Chief of Strategy, Bus Dev & Outreach  
Michael B. Sexton, Esq., Chief Administrative Officer, General Counsel and Secretary

OPENING/MINUTES

Mr. Sears opened the meeting thanking everyone for attending. There was a review of the draft Minutes from the Finance Committee meeting held on June 19, 2019. After review, there was a motion by Mr. Manning to approve those minutes, seconded by Mr. Joseph, and unanimously carried.

CONTRACTS/CAPITAL EXPENDITURE PROJECTS

Mr. Sears then turned the meeting over to Mr. Thomas Furlani for a review of procurement contracts:
**PC Refresh ($972,000)**

Mr. Furlani submitted a request, upon recommendation of the IT Oversight Committee, to add $971,615 from the FY’20 budget to the project to replace or upgrade 1,064 personal computers and 25 apple computers and to finish the Windows 10 upgrades. Thirty percent (30%) of the machines will have to be replaced and the rest will be updated as part of the Windows 10 upgrade. Mr. Furlani discussed the pilot project to do virtual workstations which will save money and resources.

After review, a motion was made by Mr. Manning, seconded by Mr. Szefel and unanimously carried to approve the proposal.

**Infusion Center Scheduling Optimization APP ($1,567,000)**

Ms. Shirley Johnson presented on the chemo optimization project to add a scheduling application in the infusion center. This proposal will improve wait times and optimize the use of chemotherapy chairs.

Ms. Johnson is expecting in the long-term to see a large decrease in overtime costs and significant improvement in wait times. After review, a motion was made by Mr. Joseph to approve the purchase, which was seconded by Mr. Manning and unanimously carried.

**Lobby Project (additional funds) ($138,000; new total $790,000)**

Mr. Sexton presented on a request to increase the budget for the lobby renovation project by $138,000. This project was originally approved at the March, 2019 meeting with a budget of $652,000. The construction RFPs resulted in a significantly increased construction due to tight labor availability. The Facilities Department conducted a value engineering exercise which significantly reduced the construction cost, but still results in an increase in the overall project in the amount of $138,000. After review, a motion was made for approval by Mr. Weiss, seconded by Mr. Szefel, and unanimously carried.

**POST IMPLEMENTATION REVIEW**

There was material posted on Director’s Desk regarding post implementation review of four projects which was for informational purposes only. Those projects were: Microsoft License Update, PC Refresh, Viracor Reference Laboratory Testing and the replacement of the 1.5 Telsa MRI. There were no questions on the post implementation reviews.

Mr. Manning made a motion to move into Executive Session for a status report on Business Development initiatives, business and clinical performance of the Pediatric joint venture, a discussion of cost reduction initiatives from the transformation project, and a status report on payor contract negotiations. The motion was seconded by Mr. Szefel and was unanimously carried.
BUSINESS DEVELOPMENT UPDATE

Dr. Schwaab gave the Business Development report.

Mr. Manning made a motion to approve this proposal, which was seconded by Mr. Szefel and unanimously carried.

Dr. Schwaab then gave a status report on the community practice conducted by the PC.

Dr. Schwaab informed that the revenue cycle contract for the PC with Flattron has been terminated and this activity will be brought in-house, which should result in significant cost savings. New patient scheduling has also been brought in-house at the PC, to be integrated with the main Roswell Park hospital in-patient scheduling activities.

Dr. Schwaab gave a report on the Orchard Park community practice leased office. The building is now open with the Garbes medical oncology practice moving in, to be followed by Dr. Lele and Dr. Rothman (Dermatology). It is also anticipated that some surgeons will see patients at this location. There is a possibility that a patient resource center will be located at the Orchard Park offices as well.

Dr. Schwaab also gave a financial update for the PC. Overall the PC activities remain positive to Roswell Park as a system. Dr. Schwaab noted that it is becoming harder to assess the PCs overall impact due to the increasing integration of PC activities with Roswell Park.

Dr. Schwaab reviewed GBCT finances with the Committee. This involves expenditures for Cuba. Revenue and expenses to date for the Cuba joint venture were reviewed. Overall costs so far have totaled $11 million in expenses plus $5.5 million in equity investment. Most of the equity investment remain unspent. Some lab equipment purchases are being proposed by the venture. There is no real estate development at the present time by the joint venture. The OFAC renewal process is proceeding and Dr. Schwaab expressed optimism in the renewal. He also noted that Spanish investors have been approached and there is some promise in this regard. A U.S. company,
MultiVere has expressed interest in licensing the IL-2 mutant compound that has been licensed by the joint venture. Bristol Myers Squibb has also expressed some interest in the CimiVax licensing.

**PEDIATRIC JOINT VENTURE PRESENTATION**

Mr. Grady gave a presentation on the pediatric joint venture. Operations commenced on December 1, 2017.

Payor discussions continue to try to achieve reimbursement neutrality for the joint venture with the previous collaborative activities of the two facilities. BMT volumes were higher than expected, which is a bright spot. Roswell Park will be auditing Kaleida’s financial results to validate. Mr. Grady noted that outpatient volumes were higher than expected, and he also noted that the financial results were probably slightly skewed by two patients who received costly immunotherapy treatments where the reimbursement does not cover the cost of the treatment.

Overall the clinical integration has gone well, and the volumes have been positive and outcomes also positive. BMT outcomes have been very positive.

**GOVERNMENT RELATIONS UPDATE**

Ms. Krolczyk gave the New York State government report. Federal Car-T cell reimbursement remains a work in progress. The government programs reimburse only 65% of drug costs, and Roswell Park as a DRG exempt facility does not receive this much. The cost report submission will hopefully get Roswell Park some additional revenue to cover costs. She also reported that legislation to reduce DSH payments has been deferred for two (2) years by the house of representatives. It remains to be seen what the Senate will do.

**MANAGED CARE UPDATE: Payor Negotiations**

Mr. Grady also gave the managed care update, updating the Committee on the current status of payor negotiations. Roswell Park is in the middle of negotiations with both Independent Health and Blue Cross Blue Shield.

**TRANSFORMATION PROJECT UPDATE**

Mr. Grady reviewed the current results of the transformation project. He reviewed cost-cutting initiatives and their current status as shown in the realization grid.

**1st QUARTER COMBINED FINANCIALS**

Mr. McDonald gave the 1st quarter financial results, reviewing variances from budget. Highlights included the closing of the OmniSeq transaction, cost reimbursements for Car-T cell therapy, and the positive Car-T cell revenues realized from Canadian patients. He reviewed volumes and the financial results of the pediatric joint venture. He noted that a $1 million payment had been received from Kaleida as a true-up for previous results of the joint venture which had a favorable budget impact. He also reported on favorable labor costs and investment earnings being up by $2.5 million due increased interest rates. He presented the consolidated margin summary.
Roswell Park has . numbers excluding post-retirement costs.

Mr. McDonald reported on the results of the OmniSeq transactions. A $1.9 million equity valuation has been removed the books and replaced with a new valuation of Roswell Park's interest of $12.4 million after the LabCorp transactions. Roswell Park now owns thirty-four percent (34%) of the company.

Mr. McDonald also reviewed the expenses of the Cuba joint venture.

Mr. McDonald then did a budget margin analysis comparing the margin variances from budget.

_A motion was made by Mr. Manning to return to Open Session, seconded by Mr. Joseph and unanimously carried._

In Open Session, _Mr. Manning made a motion to approve the financial report, which was seconded by Mr. Weiss and unanimously carried._

**1st QUARTER INVESTMENT ACTIVITY**

Mr. Grady gave the investment report and gave a description of the current yield curve picture. Long-term rates now exceed short-term rates by 41 basis points. The inverted yield curve presented is often thought to be a pre-cursor of recession. He reviewed the performance of Roswell Park's various portfolios which are positive to their benchmarks. Mr. Grady noted that overall, Roswell Park is earning $10 million per year in investment gains on its portfolios.

_A motion was made to approve the investment report by Mr. Joseph, seconded by Mr. Szefel and carried by majority. Ms. Gioia, Mr. Sears and Mr. Manning abstained from the vote._

There being no further business, _a motion to adjourn the meeting was made by Mr. Weiss, seconded by Mr. Szefel, and unanimously approved._

\[Signature\]
Michael B. Sexton, Secretary