

FINANCE & INVESTMENT COMMITTEE MEETING MINUTES

Wednesday, November 1, 2023

Teleconference 1-415-655-0002 Access Code 733 575 474

GCMC Boardroom 13685 Doctors Way, Suite 190 Fort Myers, FL 33912

MEMBERS PRESENT

David Collins, Board Treasurer and Committee Chair

Ben Spence, Chief Financial Officer and Committee Sponsor

Bill Gruver – Committee Member

David Klein – Committee Member

MEMBERS VIRTUAL

Kathy Bridge-Liles, Committee Member

Peter Andruskiewicz, Committee Member

Dr. Tim Daugherty – Committee Member

OTHERS PRESENT

George Knott – Board Counsel

Michael Nachev – VP Government Relations

Nick Grant – Director, Government Relations

Katie Larsen – Program Manager, Government Relations

Blake Schofield – Senior Counsel

Patty Duquette – VP Finance

Peter Glennon – SEI

Tom Harvey – SEI

Brian Bono - SEI

Dana Begley – VP Well & Recovery

Teri Isacson – VP Assistant Deputy General Counsel

The Finance and Investment Committee Meeting was called to order at 9:30 am by David Collins, Board Treasurer and Committee Chair

WELCOME AND INTRODUCTIONS

David Collins welcomed committee members to the meeting.

PUBLIC INPUT STATEMENT

David Collins, Board Treasurer and Committee Chair read the Public Input Statement.

FINANCE & INVESTMENT COMMITTEE MEETING MINUTES

A motion was made by Peter Andruskiewicz and seconded by David Klein to approve the minutes of 9/13/2023 as written. This motion carried without opposition

SEI Investment Update

This was presented by Peter Glennon, Tom Harvey and Brian Bono

The SEI team shared an overview of investment performance for the Lee Health investments. Overall, Lee Health investment portfolio earned approximately a 9.7% return.

- This exceeded market benchmarks by 0.6%.
- An overview of the investment weights was given and the performance of each major area of investments was provided.

An overview of the next steps in developing a new investment policy for Lee Health was presented. These include the following steps:

- Financial integration analysis (This step was part of the Committee Discussion in this meeting). Stress testing to with margins to zero percent was recommended.
- Fiduciary education session to the Board with benchmark data and long-range financial plan assumptions and projections
- Risk tolerance questionnaire to Board Members
- Report findings from questionnaire
- Proposed Investment Policy Statement and approval
- Implementation of new asset allocation

Fort Myers Rehab Hospital Construction Update

This was presented by Dana Begley, Lee Health VP of Wellness and Recovery

- The Committee was presented a breakdown of cost increases from prior amounts the Board of Directors had approved, and which necessitate increasing overall contributions to build the new Rehabilitation Facility
- A project pro forma for financial operations for the Fort Myers facility was presented
- The Committee unanimously approved the following motion: **“Recommendation to Board of Directors to approve an additional capital contribution of \$10,804,000 in Community Healthcare Innovations, LLC, for the purpose of building a 60-bed Rehabilitation Hospital in Fort Myers in partnership with Encompass Health, Fort**

Myers Holdings, LLC

Pediatric Ambulatory Surgery Center/Medical Office Building – Landmark Proposal

This was presented by Mr. Ben Spence, Chief Financial and Business Services Officer of Lee Health.

- An overview of a project to build a two-story building that could house pediatric outpatient surgery suites as well as a medical office building
- A unique opportunity with Landmark Development to build the building was presented that would require no cash outlay on behalf of Lee Health for the building. Lee Health would lease the land to Landmark and lease back the building from new LLC that Lee Healthcare Holdings would be 50% equity owner. The lease would include options to buy the building at various time periods.
- The Committee unanimously approved the following motion:
Motion to recommend to the Board of Directors approval to move forward with the negotiation of a land lease for the Lee Health owned 9.5 acre parcel at Health Park Circle with Landmark Development subject to Board of Director review and approval AND

Motion to recommend to the Board of Directors approval of the concept of the zero cost 50% ownership model pursuant to which Lee Health will lease a newly constructed ASC/MOB from a newly formed LLC in which Landmark and Lee Healthcare Holdings LLC will be owning Members with equal interests.

Fiscal Year 2023 Financial REsults

Mr. Ben Spence, Chief Financial & Business Services Officer, presented an overview of the final financial results for the FY 2023. Highlights are as follows:

- Significant financial recovery after Hurricane Ian caused a nearly \$33 Million loss in October of 2022
- Fiscal Year End Gain from operations of \$42 Million, operating margin of 1.4%
- Key drivers of the positive results for FY 2023 were overall revenue growth of 93 million. 7% year over year growth in surgical services, a 6% reduction in average length of stay, and premium labor reduction from prior year of \$75 million
- Information was also provided to detail the financial performance of Primary Care providers for Lee Physician Group
- Key Challenges were identified including increases in labor costs related to productivity and purchased services cost increases
- Bottom line excess revenues over expenses were \$215.4 million on a budget of 215.9 million

NEXT REGULAR MEETING

Next meeting of the Finance & Investment Committee (TBD) will be Wednesday, February 7, 2024 at 9:30 am in the Gulf Coast Medical Center, Medical Office Building, Boardroom, 13685 Doctors Way, Fort Myers, FL 33912.

ADJOURNMENT

The Finance & Investment Committee Meeting was adjourned at 11:52 am by David Collins Board Member and Committee Chair

Minutes were recorded by Heide Maclean

Date: 11-1-2023

A handwritten signature in black ink, appearing to be 'DC', with a horizontal line extending to the right.

David Collins
02/09/2024 06:11 EST