

## **FINANCE & INVESTMENT COMMITTEE MEETING MINUTES**

Wednesday, May 10, 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

Donna Clarke, Board Chair

David Klein, Committee Member

Ben Spence, Chief Financial Officer and Committee Sponsor

### **MEMBERS VIRTUAL**

Kathy Bridge-Liles, Committee Member

Peter Andruskiewicz, Committee Member

Bill Gruver – Committee Member

### **MEMBERS ABSENT**

Dr. Tim Daugherty

### **OTHERS PRESENT**

George Knott, Board Counsel

Blake Schofield, Senior Counsel

Tracy Pyles - Vice President Senior Deputy General Counsel

Marcelo Zottolo – VP Data Analytics and Continuous Improvement

Peter Glennon – SEI

Brian Bono – SEI

Jeff Pigott – VP Compliance and Internal Audit

Kris Fay – Chief Officer – Community Based Care

Patty Duquette – VP Finance

Mary McGillicuddy – Chief Legal Officer

David Rybicki – VP Outpatient Services

Michael Nacheff – VP Government Relations

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 David Klein to approve the minutes of 2/8/2023. The motion was seconded by Donna Clarke and passed without opposition.**

### SEI Update

Mr. Peter Glennon, SEI Client Portfolio Manager, presented a report on the overall investment performance for FY 2023 year to date. The total return on investment performance for the last 6 months was 9.9%. Mr. Glennon explained the challenges that have occurred in financial markets over the past several years and how SEI has attempted to mitigate those risks. Mr. Brian Bono, EI Managing Director, presented an overview of the overall investment market and projected potential market conditions. He further explained they are projecting overall inflation staying high for the foreseeable future.

The Finance committee discussed and agreed to review the investment policy sooner than the annual process review date established due date of 2025.

The Committee then asked questions about financial targets, risk mitigation and future investment strategy.

### Veterans Parkway 13 Acre Land Acquisition Opportunity

Ms. Kris Fay, Chief Officer Community Based Care, and Mr. David Rybicki, VP Outpatient Services, presented an opportunity to purchase 13 acres of real estate in Cape Coral for expansion of outpatient offerings. Included in the potential service offerings could be urgent care, primary care, surgical services, orthopedics and oncology. After discussion, the Committee unanimously approved the following motions:

- 1. A motion was made by David Klein and seconded by Donna Clarke to recommend to the Lee Health Board of Directors the approval of the purchase of the property located at 2525 Southwest 3<sup>rd</sup> Avenue in Cape Coral, for a**

**purchase price of \$8,605,000. Subject to the terms and conditions of the purchase agreement, including satisfactory completion of due diligence. This motion carried without opposition.**

- 2. A motion was made by David Klein and seconded by Donna Clarke to recommend to the full board of directors to authorize Lee Health's CEO or CFO to execute all purchase and closing documents with terms consistent with those presented to the Board of Directors and subject to final review and approval of these documents by Lee Health counsel and counsel to the Board of Directors. This motion also carried without opposition.**

#### Best Care Assurance LLC – Final/Closing Annual Report

Ms. Fay and Ben Spence, Chief Finance & Business Services Officer, presented an overview of the history of Best Care Assurance and its managed Medicaid plan offering, Vivida. Mr. Spence provided a detailed 4 year overview of financial results for Vivida. The plan membership was sold to Evelance Health on November 1, 2022. The plan net gain to Lee Health including the sales proceeds for the 4 year period was \$24 million. Ms. Fay provided an overview of lessons learned by the health system and how they will be translated to future value-based care initiatives.

#### Financial & Statistical Report Fiscal Year to Date as of 3/31/23

Mr. Spence presented the financial results for Fiscal Year 2023 for the six months ending 3/31/23. The results reflected the impacts of Hurricane Ian and financial resiliency efforts. Overall, the fiscal year to date gain from operations turned positive in March with a FYTD gain from operation of \$12 million. This equates to an operating margin of 0.8% and a shortfall from budget of \$73 million. The system has been trending in a positive direction since December and has offset early losses due to Hurricane Ian and other fiscal challenges. Mr. Spence compared and contrasted the financial results to the prior years, budget and to the national trends. He also shared that S&P affirmed our A+ credit rating, demonstrating external confidence in our health system financial current and projected financial performance.

Mr. Spence shared a comprehensive overview of the primary drivers for those financial results and detailed potential financial hurdles moving forward. Strong revenue performance resulted from higher than expected volumes, robust growth in specialty pharmacy and higher net revenue per adjusted admission than forecast. Staffing challenges continue to require the use of high cost contract labor that has led to higher than expected labor cost. Partially offsetting the unfavorable average hourly labor rate are productivity improvements resulting from the financial resiliency efforts. Greater discipline in daily operations has led to greater than budgeted efficiencies on labor and

anticipated annual savings from budget of approximately \$25 million in FY 2023. Inflation and hurricane related expense have caused non-labor expenses to exceed budgeted targets.

FYTD non-operating results are greater than budget by \$125 million. This is the result of strong return on investment performance, philanthropy and the proceeds from the sale of the Vivida Health Plan for \$26 million.

Mr. David Collins and Mr. David Klein requested that a slide be included in this report and for reference that breaks down physician visits to include details on primary care and urgent care visits. Mr. Spence will provide this information.

The Committee asked questions about the financial performance and projections for FY2023.

#### NEXT REGULAR MEETING

Next meeting of the Finance & Investment Committee will be Wednesday, June 7, 2023 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 11:45 am by David Collins Board Member and Committee Chair

Minutes were recorded by Heide Maclean

Date: 5-10-2023

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

David Collins  
09/06/2023 09:27 EDT