



FINANCE COMMITTEE MEETING
September 13, 2018
4:00pm – 5:30pm

Conference Center Located at Highland Care Pavilion
1411 East 31st Street Oakland, CA 94602
Ronna Jojola Gonsalves, Clerk of the Board
(510) 535-7515

LOCATION:

Open Session: HCP Conference Center

FINANCE COMMITTEE MEMBERS

Kinkini Banerjee
Gary Charland
Louis Chicoine, Chair
Joe DeVries

MINUTES

THE MEETING WAS CALLED TO ORDER AT 4:05 pm

ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:
Kinkini Banerjee, Louis Chicoine, and Joe DeVries.

ABSENT: Gary Charland (Excused)

A quorum was established.

A. ACTION: Approval of the Minutes of the July 12, 2018 Finance Committee Meeting

ACTION: A motion was made and seconded to approve the minutes of the July 12, 2018 Finance Committee Meeting. The motion passed.

AYES: Trustees Banerjee, Chicoine, and DeVries

NAYS: None

ABSTENTION: None

NOTE: In the event that a quorum of the Board of Trustees participates on this Committee, the meeting is noticed as a Special Meeting of the Board of Trustees; however, no final Board of Trustees action can be taken.

B. INFORMATION/DISCUSSION: Operating Reports

1) Finance Report

Nancy Kaatz, Interim Chief Financial Officer

- a) June 2018 Financial Report
- b) July 2018 Financial Report

Ms. Kaatz reviewed the presentation available here:

<http://www.alamedahealthsystem.org/meeting-agendas-and-minutes/>.

Trustee DeVries asked, if it had been the practice of AHS to base revenue on month to month projections throughout the year, how previous years were smoothed out considering the variables that accumulate over the year. He asked if that was why the Earnings Before Interest, Depreciation, and Amortization (EBIDA) dropped off at the end of the year. Delvecchio Finley, Chief Executive Officer, said that the EBIDA dropped off from the budget, but they budgeted for the EBIDA to drop from the previous year. He added that it was likely a combination of the revenue calculations, the overperformance in supplementals and the historic over compensation for the underperformance in net patient service revenue.

Trustee Banerjee asked how Emergency Department (ED) visits were budgeted as they had been lower than budgeted. Mr. Finley said he'd have to double check, but he thought they were projected to be flat, but they declined. He said there was a seasonality to ED visits, but overall across the market staff determined there has been and continued to be declining ED visits.

Trustee Chicoine said they had a clearer picture now, it wasn't as pretty, but now they could move forward with the rest of the year.

Trustee DeVries asked how a lower than projected EBIDA would affect existing large projects such as the Electronic Health Records (EHR) project. Mr. Finley explained that the EHR was a capital project and recognized in a different place than income but was cash flow. The operating income was designed to generate and create cash flow to fund capital projects. Challenges in achieving that EBIDA target would result in the inability to maintain the net negative balance.

Trustee Banerjee asked if they were estimating the supplemental revenues to taper off in October and November. Mr. Finley said for this year they budgeted what they expected to get from the various supplemental programs that were already approved or were expected to be approved. Ms. Kaatz added that there were some programs they didn't have confirmation on yet, but they were expecting the revenue. The timing of the payments did impact the net negative balance and could create some issues. Mr. Finley reminded the Board that the risk in 2020 was greater than the current year.

- 2) Chief Operating Officer Report
Luis Fonseca, Chief Operating Officer
 - a) July 2018 Operations Report

Mr. Finley reviewed the presentation beginning on page 48 of the agenda packet.

Trustee DeVries asked if the labor partners would have concerns about shift changes and hour reductions. Mr. Finley said it was a possibility, but he didn't recall that it was an issue before. Mr. Redmond said it was an assessment of how many nurses were on each shift, but the numbers would fall within ratio and contract requirements. They would manage staffing according to census and acuity

C. INFORMATION/DISCUSSION: Status of Pension and Retirement Plan Liabilities
Tony Redmond, Chief Human Resources Officer

Mr. Redmond reviewed the presentation beginning on page 60 of the agenda packet.

Trustee DeVries asked if employees stopped using ACERA in 2012 or was it one of three options. Mr. Redmond said it wasn't a choice, it was available to all represented employees within the core. Every employee hired prior to that remained in ACERA. Unrepresented employees after that date went into the AHS plan.

Trustee Chicoine said he struggled to determine which plans were defined benefits. Mr. Redmond said they were all defined in various ways.

Trustee Chicoine said it was the purview of the committee to identify financial liabilities and he requested a presentation in the future on unfunded liabilities and risk.

D. CONTRACT APPROVAL: ACTION ITEMS/DISCUSSION

- 1) Renewal agreement with **Morrison Management Specialists, Inc.** for the provision of management personnel, supplies, and materials in support of the AHS food and nutrition services program. The term of the proposed agreement shall be from October 1, 2018 through September 30, 2021. The estimated impact of the proposed agreement is \$18,263,070.00.
Luis Fonseca, Chief Operating Officer
Baljeet Sangha, VP, Support Services

ACTION: A motion was made and seconded to recommend approval of the renewal agreement with Morrison Management Specialists, Inc. The motion passed.

AYES: Trustees Banerjee, Chicoine, and DeVries

NAYS: None

ABSTENTION: None

E. DISCUSSION: Committee Planning

1) Issues Tracking

Trustee DeVries said he was looking forward to the deeper dive into Alameda at the next meeting.

TRUSTEE COMMENTS: None

ADJOURNMENT: 5:23 pm

This is to certify that the foregoing is a true and correct copy of the minutes of the Finance Committee September 13, 2018 meeting as approved on October 11, 2018:


Romya Jojola Gonsalves
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: _____


M/D. Moya
General Counsel