

**WESTCHESTER COUNTY HEALTH CARE CORPORATION  
COMBINED FINANCE AND AUDIT COMMITTEE MEETING**

**April 3, 2019**

**5:00 P.M.**

**BOARD ANNEX ROOM**

**EXECUTIVE OFFICES**

**FINANCE COMMITTEE MEMBERS PRESENT:** Mr. Shroff  
Mr. Hochberg  
Mr. Wishnie  
Mr. Tulis  
Mr. McCoy  
Mr. Geist  
Mr. Vodola  
Mr. Heimerdinger  
Mr. Rosenblut  
Mr. Israel

**AUDIT COMMITTEE MEMBERS PRESENT:** Mr. Heimerdinger  
Mr. Hochberg  
Mr. McCoy  
Mr. Wishnie  
Mr. Tulis  
Mr. Vodola  
Mr. Israel

**BOARD MEMBERS PRESENT:** Dr. Frishman  
Ms. Gevertz

**STAFF PRESENT:** Mr. Brudnicki  
Ms. Switzer  
Mr. Fersko  
Ms. Ariel  
Mr. Ingber  
Mr. Costello  
Mr. Ratner  
Mr. Palovick  
Mr. Ross  
Dr. Leahy  
Ms. Fernandez

**GRANT THORNTON:** Michael Sorelle  
Lou Feuerstein  
Derrick McGrow

The April 3, 2019 meeting of the Westchester County Health Care Corporation combined Finance and Audit Committees was called to order at 5:00 p.m. by Mr. Heimerdinger, Chair, Audit Committee. A quorum was present.

***Grant Thornton***

Michael Sorelle, the Engagement Partner from Grant Thornton, addressed the Committees and introduced his colleagues, Louis Feuerstein, Managing Director and Derrick McGrow, Senior Manager. He presented the 2018 Westchester County Health Care Corporation's ("WCHCC") audit results together with the 2018 final draft audited financial statements to the Committees, reviewing the respective responsibilities of Grant Thornton, WCHCC's management and those charged with governance. Mr. Sorelle outlined the scope of the 2018 audit as follows: issue an opinion as of and for the year ended December 31, 2018 on the financial statements of WCHCC, in conformity with accounting principles generally accepted in the U.S.; and issue an opinion on WCHCC's Federal Award compliance, now referred to as Uniform Guidance Report; issue an opinion on the financial statements of the Westchester Medical Center Foundation; issue an opinion on the financial statements of HealthAlliance, Inc.; and issue an opinion on the financial statements of Bon Secours Charity Health System, Inc. He noted that the financial statements of WCHCC (Bermuda) Limited were audited by a correspondent firm. In addition, Grant Thornton will issue a letter on Internal Controls. Mr. Sorelle noted that no significant deficiencies or material weaknesses were identified during the audit.

Mr. McGrow informed the Committees of Grant Thornton's areas of emphasis during the 2018 audit as follows: patient accounts receivable, net patient service revenue, and related contractual allowances and bad debt reserves; estimated settlements with third party payors; cash and cash equivalents, investments, assets restricted as to use and investment income; capital assets; long term debt, compliance with debt covenants and debt transactions; accrued liabilities, including self-insured liabilities and contingencies and other liabilities; other postemployment benefit (OPEB) liabilities; net pension liability; subsequent events; financial reporting and financial statement presentation; tax matters related to not-for-profit component units; and fraud procedures.

Mr. Sorelle informed the Committees of the following GASB updates for 2019: GASB 83 – Certain Asset Retirement Obligations, GASB 84 – Fiduciary Activities, GASB 87 – Leases, GASB 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, GASB 89 – Accounting Interest Cost Incurred before the end of a Construction Period, and GASB 90 – Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61.

A discussion ensued.

Mr. Sorelle advised the Committees that Grant Thornton is prepared to issue an unmodified opinion (previously referred to as unqualified opinion) on WCHCC's financial statements. He advised the Committees that the audit report for WCHCC's Bermuda Captive has been issued. He stated that this was a very good audit and thanked management for their hard work and cooperation.

MR. HEIMERDINGER ASKED FOR A MOTION FOR APPROVAL TO ISSUE THE 2018 AUDITED FINANCIAL STATEMENTS IN FINAL FORM. MR. SHROFF MOTIONED, SECONDED BY MR. TULIS. THE MOTION CARRIED UNANIMOUSLY.

MR. HEIMERDINGER MOTIONED TO MOVE INTO EXECUTIVE SESSION TO MEET WITH THE AUDITORS WITHOUT MANAGEMENT, SECONDED BY MR. TULIS. THE MOTION CARRIED UNANIMOUSLY.

THE COMMITTEES MOVED OUT OF EXECUTIVE SESSION.

**Minutes of March 6, 2019 Finance Committee Meeting**

MR. SHROFF ASKED FOR A MOTION TO APPROVE THE MARCH 6, 2019 WESTCHESTER COUNTY HEALTH CARE CORPORATION FINANCE COMMITTEE MEETING MINUTES. MR. WISHNIE MOTIONED, SECONDED BY MR. VODOLA. THE MOTION CARRIED UNANIMOUSLY.

**Resolution**

Mr. Morgan presented a Resolution to the Committee for WMC to enter into a lease financing arrangement with Insight Investments in an amount up to \$22.0 million to finance certain medical equipment, IT equipment and furniture for the Ambulatory Care Pavilion (“ACP”). He advised that the lease would have an interest rate based on the five year swap rate plus 3.63%, with a not to exceed rate at closing of 6.5%, for a term of sixty six (66) months and on such other terms and conditions as Management shall in its discretion determine to be appropriate. Mr. Morgan informed the Committee that the monthly payment for the first 6 months is approximately \$203,000 and approximately \$412,000 thereafter. He stated that WMC’s 2019 Capital budget included \$40.9 million of lease financing, including \$26.9 million provided for the ACP.

MR. SHROFF ASKED FOR A MOTION TO RECOMMEND TO THE BOARD APPROVAL OF THE RESOLUTION AUTHORIZING THE CORPORATION TO ENTER IN TO THE INSIGHT INVESTMENTS LEASE. MR. WISHNIE MOTIONED, SECONDED BY MR. HEIMERDINGER. THE MOTION CARRIED UNANIMOUSLY.

**Capital Lease**

Mr. Morgan presented the following Capital lease for recommendation of approval:

Medtronic USA – autoLog IQ Autotransfusion System      \$268,950.00    3.90% 60 months

MR. SHROFF ASKED FOR A MOTION TO RECOMMEND TO THE BOARD APPROVAL OF THE MEDTRONIC CAPITAL LEASE. MR. TULIS MOTIONED, SECONDED BY MR. WISHNIE. THE MOTION CARRIED UNANIMOUSLY.

**Investment Performance**

Mr. Morgan informed the Committee that the Investment performance for March 2019 was positive and comparable to that of February 2019. He stated that year to date returns on the WMC Captive’s portfolio were 5.1%, and year to date returns on the WMC Foundation’s portfolio were 8.2%.

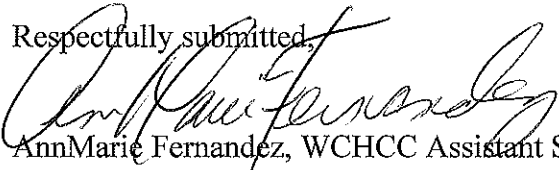
**Executive Session**

MR. SHROFF ASKED FOR A MOTION TO MOVE INTO EXECUTIVE SESSION FOR THE PURPOSE OF DISCUSSING FINANCIAL STRATEGIC PLANNING, MR. WISHNIE MOTIONED, SECONDED BY MR. TULIS. THE MOTION CARRIED UNANIMOUSLY.

A MOTION WAS MADE BY MR. SHROFF, SECONDED BY MR. HOCHBERG, TO MOVE OUT OF EXECUTIVE SESSION. THE MOTION CARRIED UNANIMOUSLY.

Adjournment

THE MEETING OF THE WESTCHESTER COUNTY HEALTH CARE CORPORATION COMBINED FINANCE AND AUDIT COMMITTEE ADJOURNED AT 5:50 P.M.

Respectfully submitted,  
  
AnnMarie Fernandez, WCHCC Assistant Secretary