

BOARD MEETING

Minutes of the meeting of the Board (the “**Board**”) of Alberta Health Services (“**AHS**”) held at the Alberta Children’s Hospital –Amphitheatre, 2888 Shaganappi Trail Northwest, Calgary, on June 7, 2012.

Present:

Board Members: Ms. Catherine Roozen (Chair)
Mr. Don Sieben (Vice Chair)
Dr. Ray Block
Ms. Teri Lynn Bougie
Dr. Ruth Collins-Nakai
Dr. Kamallesh Gangopadhyay
Mr. Don Johnson
Ms. Sheila Weatherill

Management: Dr. Chris Eagle, President & Chief Executive Officer
Ms. Patti Grier, Chief of Staff & Corporate Secretary

Regrets: Mr. John Lehnert
Mr. Stephen Lockwood
Dr. Eldon Smith
Mr. Gord Winkel

Ms. Roozen acted as Chair of the meeting and Ms. Grier acted as Corporate Secretary.

Ms. Roozen called the meeting to order at approximately 1:15 p.m. Notice of the meeting had been properly given and quorum was met.

1. Review of Agenda

UPON MOTION duly moved, seconded and unanimously carried, the Board approved the agenda for the meeting of the Board held on June 7, 2012, which was provided to the Board in advance of the meeting.

2. Conflict of Interest

Ms. Roozen requested that any conflicts of interest, other than those previously declared, relevant to the meeting or items noted on the agenda be declared. None were declared.

3. Approval of Minutes

UPON MOTION duly moved, seconded and unanimously carried, the Board approved the minutes of the meeting of the Board dated May 3, 2012, in substantially the form before them, and the Chair of the Board and the Corporate Secretary were authorized and directed to sign the minutes in the form so approved and the Corporate Secretary was directed to file them in the corporate records of AHS and deliver a copy to the Minister of Health.

4. Comments to the Board

a) Chair's Report

The following is an abstract of Ms. Cathy Roozen's, Board Chair, remarks at the meeting. It is not an official transcript:

Good afternoon.

I would like to welcome everyone here in person at the Alberta Children's Hospital, and those joining us through Telehealth, to the AHS monthly public Board meeting.

We hold our meetings in different locations to help us stay connected to communities across the province.

As a governance Board, our public meetings are an important part of being transparent and accountable. The decisions are voted on publicly and recorded as public record.

We have had a great couple of days here in Calgary. Yesterday, we went on a tour of the new South Health Campus, and I can say that the opening of this facility, beginning this summer, will have a direct impact on the health and wellness of our patients through a truly innovative approach to hospital care.

Earlier today, we met with the Honourable Fred Horne, Minister of Health. It was our first meeting with the Minister following the provincial election, and we would like to congratulate him on his reappointment.

I would like to take a moment to acknowledge and thank the staff of the Alberta Children's Hospital for hosting us and for the care they provide to patients each and every day. I would also like to recognize the Calgary Zone leadership team of Medical Director, Dr. François Bélanger, and Senior Vice President, Brenda Huband. We call this model a 'dyad' and they exist in all five Zones of AHS. In a dyad, local clinical leaders have joint planning and decision-making authority with operational leaders, and they work together with their teams to plan local service delivery and ensure local decision-making. François and Brenda are likely a familiar pair to many of you.

AHS works hard to ensure 3.7 million Albertans are closely connected to local health care providers in communities throughout the province. We recognize that every Alberta community is unique, as are the health needs of its citizens. Local accountability and decision-making remain a top priority for AHS as we embark on the second quarter of the 2012-2013 fiscal year.

Our efforts over the last four years since we began this journey have established a culture of safe, compassionate and quality health care. We have seven organizational values that drive and unite us all. We are focused on our five strategic priorities, which are helping Albertans be as well as they can be, by reducing disparities in health outcomes, and promoting prevention of illness and injury; strengthening primary care; reducing wait times for emergency care, surgical services, and radiation therapy; and expanding continuing care options. Finally, we are focused on maximizing the benefits of being one integrated health system, including directing savings in administrative costs back into the front lines of patient care.

Within each of our five key priorities, we have specific performance targets. We are focused on improving access and reducing wait times, and ensuring we are continuing to be transparent and accountable regarding our progress on these targets.

As we move forward and focus our efforts on these priorities, we prioritize our partnerships with government, industry and the community. Engagement with all of our stakeholders will equal greater awareness, progress and success. We are committed to engaging with all Albertans about our challenges and accomplishments alike, and in the coming months you will see a concerted effort to connect locally with the people of this province about the progress being made in our health system.

With that in mind, I now turn to business.

Today, the Board will review and approve the fourth quarter performance and investment reports, the 2011-2012 year-end financial statements and financial analysis and the 2011-2012 Annual Report. The Board will also hear a report from the Human Resources Committee.

I would now like to turn things over to Dr. Chris Eagle for his remarks.

b) President & CEO's Report

The following is an abstract of Dr. Chris Eagle's, President and Chief Executive Officer, remarks at the meeting. It is not an official transcript:

Thank you, Madame Chair.

Good afternoon everyone. It is always good to be at the Alberta Children's Hospital which has migrated a long way since 1983 when the first Alberta Children's Hospital was built.

Today, I am going to speak about performance improvement. As you know, we intentionally set ambitious targets, and everything we do in one way or another is focused on one core objective: improving patient care.

We have come a long way in this regard. We have accelerated progress on reducing Emergency Department ("ED") wait times and we are working to reduce hospital occupancy rates to 95 per cent in Alberta's seven major urban hospitals. Although freeing beds will ease pressure on our hospitals when demand surges, it is not the only solution.

We are also working to reduce the number of patients waiting in the hospital for continuing care by 50 per cent in those hospitals.

We are ensuring arrangements for community supports are in place, if needed, on a seven-day-a-week basis because a successful transition home can only occur if these supports are in place.

We are making progress on all of these fronts.

It is an intensified, focused, accelerated effort directly linking the Five-Year Health Action Plan goals with performance improvement.

Teams in all five Zones are moving ahead with immediate, locally-focused actions to increase capacity.

We are on track to continue adding 1,000 continuing care beds per year over five years.

We will open more acute care beds, mental health beds, increase home care and add more 24/7 registered nursing support at supportive living sites.

This is engagement and collaboration in health care at its best, pulling together the collective efforts, ideas and talents of many people, at many levels, in every part of the province.

To that end, we are also expanding our Strategic Clinical Networks, ensuring that we bring across the province the most innovative solutions to the challenges faced by every health system in Canada and around the world.

We are the only province in Canada engaging staff and physicians in every part of the province and tackling these challenges collectively. We have not and will not lose sight of the fact that a province-wide effort was made possible by the creation of AHS four years ago.

There is much work ahead. Our Fourth Quarter Performance Report, which will be reviewed by the Board later today, captures our most recent results and points to where we need improvement. We will remain open, transparent and accountable to Albertans about where we are making progress and where we continue to experience challenges.

Locally, we are making headway.

We have seen progress in meeting our four hour target for Calgary ED wait times, where patients are triaged and treated within four hours of arriving at an ED. In fact, we are among the best health systems in the country on reaching this target: 80 per cent of our ED patients fall into the so-called “treat and release” category.

Calgary is on target to complete over 12,000 cataract surgeries this year.

Other local examples include the 276 new continuing care spaces opened last year and we are slated to open an additional 319 this year.

Seventy per cent of children requiring mental health treatment are being seen within our target of 30 days and we expect further improvements this year.

Finally, the first phase of the South Health Campus will open this year and over the next 18 months we will see a phased opening of emergency, medical and surgical services.

It all adds up to continuous improvement in health care, both locally and across the province.

Finally, a word about staff engagement.

The full results will be released next week, but I can report that overall, engagement rates have increased from 37 per cent in 2010 when the first survey was completed, to 53 per cent this year. This is a substantial improvement.

A favourable response is defined as responding “strongly agree” or “agree” to a series of seven statements that included, for example, “I am proud to tell others I work for AHS,” and “I am optimistic about the future of AHS.”

We showed improvement in every group surveyed: staff, physicians and volunteers.

What happened? Well, two years ago we took steps to improve engagement of our staff, including the introduction of safety, learning and performance as organizational values and simply recognizing and thanking our staff, physicians and volunteers more often and more visibly for their hard work and achievements.

We changed our organizational structure to increase local decision-making through the Zone structure Ms. Roozen spoke to earlier, streamlined decision-making processes and provided a clearer “line of sight” for employees.

We introduced the “dyad” leadership model, in which all Zones and all major programs are jointly run by clinical leaders and administrators.

We made an unqualified commitment to support patient advocacy, and opened a physician “hotline” to respond immediately to any questions or concerns.

Above all, and without question in my mind, the “we” in this success are the men and women of AHS, working together to care for, and support our patients.

They are more engaged today because we are focused on letting them do what matters most to them: taking care of people.

Engagement is not about processes, it is about people and our people make a difference every day.

I would like to close today by thanking our frontline staff for this year’s Workforce Engagement results.

5. Quality and Safety Committee

Ms. Teri Lynn Bougie, Vice Chair of the Quality and Safety Committee, advised that the Quality and Safety Committee met on May 23, 2012 and provided a brief summary of the four items discussed at the meeting.

Ms. Bougie advised that the first item discussed was research in AHS. She advised that an update was provided on the formation and evolution of the Strategic Clinical Networks. Ms. Bougie further advised that the second item discussed was the AHS Performance Report: Q4, 2011/2012 and that 73 per cent of the indicators have shown improvement year over year. Ms. Bougie spoke to the third and fourth items that were discussed at the meeting, being the dashboard for continuing cares facilities and the update on the evolution of Alberta’s Cancer Care Strategic Plan, respectfully.

Ms. Bougie advised that the Quality and Safety Committee has one item for Board approval and that is the AHS Performance Report: Q4, 2011/2012.

a. [QSC12-32] AHS Performance Report: Q4, 2011/2012

Ms. Teri Lynn Bougie, Vice Chair of the Quality and Safety Committee, advised that the AHS Performance Report: Q4, 2011/2012 indicates that AHS is making steady progress on a number of performance targets and is taking action to support health promotion and health maintenance, including increasing access to and promotion of seasonal influenza immunization, obesity prevention initiatives and cancer screening. She commented that AHS is continuing to expand primary care

networks and chronic disease management programs. More than 1,000 new continuing care living options were added in 2011-12 to support Alberta's seniors. Improvements in wait times for priority surgical procedures and radiation therapy continue this quarter, and ED wait time improvement efforts remain steady with focused attention on capacity, patient flow and discharge processes in each Zone. In areas where AHS is not yet meeting targets, Ms. Bougie advised that AHS continues to take action and implement strategies for improvement, such as improving access to hip and knee surgeries, new and improved referral programs and the recruitment of additional staff.

Ms. Bougie stated that overall, the Board was satisfied with the performance and progress as described in the report.

UPON MOTION duly moved, seconded and unanimously carried, the Board of Alberta Health Services:

- (a) approved the "Alberta Health Services Q4 Performance Report 2011/12" in the form reviewed by the Committee of the Whole, with such non-substantive changes that management of AHS considers necessary or advisable; and**
- (b) authorized and directed management to deliver this report to the Minister of Health, and thereafter to make this report available to the public through the AHS website.**

Ms. Cathy Roozen, Board Chair, encouraged everyone to review the AHS Performance Report: Q4, 2011/2012 on the AHS public website.

6. Audit and Finance Committee

a. Report to the Board

Mr. Don Sieben, Chair of the Audit and Finance Committee, advised that the Audit and Finance Committee met on May 24, 2012 and provided a summary of the five items being put forward for Board approval.

b. [AFC12-91] Fourth Quarter Investment Report – March 31, 2012

Mr. Don Sieben, Chair of the Audit and Finance Committee, spoke to the Fourth Quarter Investment Report ("**Report**") prepared by Phillips Hager & North Investment Management ("**PH&N**") and advised that the Audit and Finance Committee reviews reports prepared by the investment managers on a quarterly basis. He further advised that the Report details all investment transactions for AHS for the period of December 1, 2011 to March 31, 2012. Mr. Sieben advised that a compliance certificate was provided by PH&N stating that the funds were invested in accordance with the Investment Bylaw and Investment Policy.

UPON MOTION duly moved, seconded and unanimously carried, the Board of Alberta Health Services ratified the investment transactions described below, as reviewed by the Committee of the Whole, made on behalf of AHS by Phillips, Hager & North Investment Management Ltd. ("PH&N") and Standard Life Canada ("Standard Life") as follows:

- (a) as at March 31, 2012, AHS held restricted and unrestricted funds managed by PH&N and Standard Life totalling \$1.552 billion (the "Funds");**

- (b) the Funds were invested in short term treasury bills, federal, provincial and corporate fixed income bonds, pooled mortgage funds, bond funds and equity funds; and**
- (c) all of the Funds invested during the quarter ended March 31, 2012, were invested in accordance with the Investment Bylaw and Investment Policy.**

Mr. Don Sieben, Chair of the Audit and Finance Committee, spoke to the Compliance Certificate provided by PH&N.

c. [AFC12-94] Restricted Grant Funding Agreements

Mr. Don Sieben, Chair of the Audit and Finance Committee, advised that the Restricted Grant Funding Agreements outline the maximum funding amounts that may be released for physician on-call services in Alberta, the provision of cancer pharmaceuticals to outpatient cancer patients at no cost, and incremental operating expenses for new health care facilities. The Board is asked to delegate authority to the President and Chief Executive Officer to approve and execute these agreements.

UPON MOTION duly moved, seconded and unanimously carried, the Board of Alberta Health Services (“AHS”) delegated authority to the President and Chief Executive Officer of AHS to approve and execute the following Grant Agreements, as reviewed by the Committee of the Whole, and any amendments thereof:

- 1. the On Call Programs Grant Agreement effective April 1, 2012 between AHS and the Minister of Health for the funding of the operation and management of the Physician On Call Program for a one year term ending March 31, 2013, and in the maximum amount of \$90,795,000;**
- 2. the Grant Agreement effective April 1, 2012 between AHS and the Minister of Health for the funding of the cost of cancer pharmaceuticals AHS provides to outpatient cancer patients for a one year term ending March 31, 2013 and in the maximum amount of \$129,779,250; and**
- 3. the Grant Agreement effective April 1, 2012 between AHS and the Minister of Health for the funding of the incremental operating costs of the South Health Campus and Edmonton Clinic South for a three year term ending March 31, 2015 and in the maximum amount of \$1,143,000,000.**

Mr. Don Sieben, Chair of the Audit and Finance Committee, spoke to the requirements for parking facilities to be self-sustaining.

d. [AFC12-95] Grande Prairie Parking Financing Request

Mr. Don Sieben, Chair of the Audit and Finance Committee, spoke to the requirements for parking facilities to be self-sustaining and advised that AHS was anticipating a high demand for new parking structures in Grande Prairie, Red Deer and Calgary over the next five years. Mr. Sieben advised that due to an immediate need with the construction of the Shields Health and Education Centre in Grande Prairie, AHS is seeking Board approval to finance a parkade and other future projects.

UPON MOTION duly moved, seconded and unanimously carried, the Board of Alberta Health Services (“AHS”):

- (a) approved construction of a 1,100 stall parking structure at the Shields Health and Education Centre site in Grande Prairie, Alberta, as reviewed by the Committee of the Whole, with an estimated total project cost of \$44 million to be financed by debt (the “Grande Prairie Parking Structure”), subject to approval from the Minister of Health;
 - (b) authorized the President and Chief Executive Officer (or delegate) of AHS, subject to approval from the Minister of Health, to:

 - i. borrow on behalf of AHS up to \$44 million from Alberta Capital Financing Authority (“ACFA”) to fund the costs associated with the Grande Prairie Parking Structure;
 - ii. pledge as security for such borrowing all of the revenue generated from AHS’ parking services in order to meet covenants;
 - iii. repay ACFA for these project costs from the revenue generated from AHS’ parking revenues;
 - iv. where interest cost can be reduced in the short term, enter into a short term bridge/construction financing facility with Royal Bank of Canada secured by proceeds from ACFA; and
 - v. execute all such other documentation as may be required to put into effect all of the foregoing;
 - (c) authorized and directed management of AHS to obtain such approvals from the Minister of Health as may be required to put into effect the items above.
- e. **[AFC12-109] 2011/2012 Year End Financial Statements and Financial Statement Discussion and Analysis**

Mr. Don Sieben, Chair of the Audit and Finance Committee, spoke to the 2011/2012 Year End Financial Statements and Financial Statement Analysis. He advised that the statements and analysis for the year ended March 31, 2012 indicate an operating surplus of \$85 million and that the surplus is due to lower than budgeted expenses resulting from timing variances of implementing new initiatives and recruitment of physicians and staff.

Mr. Sieben advised that the total revenue for the 2011/2012 fiscal year was \$11.782 billion. Expenses for the year increased by 8.7 per cent from 2011 and were lower than budgeted amounts. Mr. Sieben advised that increases in expenses were primarily due to labour and contract inflation, and increased volumes and expansion of services. Administration expenses amounted to \$364 million, a figure considered among the lowest in Canada as a percentage of total budget. The statements being approved also included senior executive compensation. Mr. Sieben advised that Senior leaders are required to participate in pay-at-risk, under which a component of compensation is withheld and released in full or in part at the end of the year, based on the achievement of defined, measurable performance objectives. In 2011/2012, AHS paid senior executive \$480,000 in pay-at-risk and variable pay.

Mr. Sieben advised that overall, the Board was satisfied with the financial statements and analysis as presented.

UPON MOTION duly moved, seconded and unanimously carried, the Board of Alberta Health Services (“AHS”) approved, as reviewed by the Committee of the Whole:

1. The internal restriction of:

- a) **\$876.372 million of accumulated net assets to represent the amount invested in capital assets as at March 31, 2012;**
- b) **The transfer of \$4.984 million from the \$50 million net assets previously internally restricted for start up costs for South Health Campus to accumulated surplus reflecting the use of these funds during the year. The internally restricted balance for this purpose at March 31, 2012 will be \$45.016 million; and**
- c) **The transfer of \$7.800 million of parking services surplus from within accumulated surplus to add to the \$16.722 million net assets previously internally restricted to establish a parking infrastructure reserve for future major maintenance, upgrades and construction. The internally restricted balance for this purpose at March 31, 2012 will be \$24.522 million;**

2. The AHS:

- a) **Consolidated Financial Statements for the year ended March 31, 2012; and**
- b) **Financial Statement Discussion and Analysis for the year ended March 31, 2012 for inclusion in the AHS Annual Report;**
both in substantially the form attached, with such non-substantive changes that management of AHS considers necessary or advisable;

3. And furthermore, management of AHS was authorized and directed to take all such other action as management of AHS considers necessary or advisable in order to give full effect to the foregoing.

Mr. Sieben spoke to the combined efforts of the AHS finance team in preparing the consolidated financial statements and in making the reports easier to navigate than in previous years and, on behalf of the Board, thanked them for their hard work.

Ms. Cathy Roozen, Board Chair, echoed Mr. Sieben’s comments and added that when 9 or 11 separate health entities are merged into one, progress is made every year and thanked the team for this improvement.

f. [AFC12-110] Alberta Health Services Annual Report 2011-2012

Mr. Don Sieben, Chair of the Audit and Finance Committee, advised that the AHS Annual Report for 2011-2012 had been prepared in accordance with the requirements outlined by Alberta Health and that the report details that the past twelve months have been a time of progress and improvement for AHS. He commented that most performance measures are trending in a positive direction, and while there is still work ahead, it is clear that AHS is making great strides. Mr. Sieben advised that some of the highlights of this year’s accomplishments include an increase of more than 100 acute care beds, over

1,000 additional continuing care beds, and almost 100 more beds to support mental health and addictions. Vaccination rates have climbed significantly this past year, up 12.5 per cent. Patients receiving hip replacements increased by 9 per cent, and knee replacements were up by 16.1 per cent.

Mr. Sieben spoke to the combined efforts of the finance team in preparing the Annual Report and thanked them for their hard work. Mr. Sieben advised that overall the Board is satisfied with the content of this report.

UPON MOTION duly moved, seconded and unanimously carried, the Board of Alberta Health Services:

(a) approved the “Alberta Health Services Annual Report 2011-2012” in the form reviewed by the Committee of the Whole, with such non-substantive changes that management of AHS considers necessary or advisable; and

(b) authorized and directed management of AHS to deliver this report to the Minister of Health, and thereafter to make this report available to the public through the AHS website.

7. Human Resources Committee

Dr. Ruth Collins-Nakai, Chair of the Human Resources Committee, advised that the Human Resources Committee met on June 5, 2012. Dr. Collins-Nakai stated that she was pleased to be appointed as Chair of the Human Resources Committee. She advised that there were several pending items to be discussed over the course of the next few Human Resources Committee meetings including: strategy and policy review, a workforce resource review, leadership training and strategy, and management succession planning. Dr. Collins-Nakai further advised that members had the opportunity to discuss the preliminary results of the Workforce Engagement Survey which took place between March 6 to April 11, 2012 and that they are looking forward to a more detailed analysis of the results.

Dr. Collins-Nakai provided a summary of the item being put forward for Board approval.

a. [HRC12-23] 2012/2013 President and Chief Executive Officer Performance Agreement

Dr. Ruth Collins-Nakai, Chair of the Human Resources Committee, advised that the 2012/13 President and Chief Executive Officer Performance Agreement (“**Agreement**”) reflects the Board’s commitment to link financial compensation for the President and Chief Executive Officer with the successful achievement of key organizational objectives such as overall health system performance, optimization of workforce and partner relationships, financial sustainability and accountability, and innovation and development. Dr. Collins-Nakai advised that the Agreement focuses on the position’s executive leadership responsibilities, and in particular the objectives outlined for each executive level leader; goals that are articulated in the Five-Year Health Action Plan.

UPON MOTION duly moved, seconded and unanimously carried, the Board of Alberta Health Services:

(a) approved the “2012-2013 President and Chief Executive Officer (CEO) Performance Agreement” (“Agreement”) in the form reviewed by the Committee of the Whole, with such non-substantive changes that management of AHS considers necessary or advisable; and

- (b) authorized and directed management of AHS to make the Agreement available to the public through the AHS website.

8. **Other Business**

Mr. Don Johnson, Vice Chair of the Health Advisory Committee, stressed the importance of Health Advisory Council's ("HACs") and spoke to recent activities with regards to HACs across the province.

Mr. Johnson thanked the staff of AHS for their exceptional work with the HACs.

Mr. Johnson spoke briefly to the new Advisory Committee on Mental Health and Addictions.

9. **Adjournment of Meeting**

There being no further business, the meeting was adjourned at 1:55 p.m.

Catherine Roozen
Chair

Patti Grier
Corporate Secretary