

SUMMARY OF THE PUBLIC BOARD MEETING – June 7, 2012

The Alberta Health Services (“AHS”) Board met on June 7, 2012 at the Alberta Children’s Hospital in Calgary. The following is an account of the resolutions approved at the meeting. A Summary is released following each Board meeting and posted on the AHS website. The meeting can also be viewed in its entirety from a link at www.albertahealthservices.ca. If you have any questions regarding this information, please contact the Board Office at ahsb.admin@albertahealthservices.ca.

1. **AHS Performance Report, Q4 2011/2012**
2. **Fourth Quarter Investment Report – March 31, 2012**
3. **Restricted Grant Funding Agreements**
4. **Grande Prairie Parking Financing Request**
5. **2011/2012 Year End Financial Statements and Financial Statement Discussion and Analysis**
6. **2011/2012 AHS Annual Report**
7. **2012/2013 President and Chief Executive Officer Performance Agreement**

ITEMS OF DISCUSSION

1. AHS Performance Report, Q4 2011/2012

The report shows that AHS is making steady progress on a number of performance targets. AHS 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. 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 2011-2012 to support Alberta’s seniors. Improvements in wait times for priority surgical procedures and radiation therapy continue this quarter, and Emergency Department 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, it 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.

Overall, the Board was satisfied with the performance and progress as described in the report.

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.

➤ [AHS Performance Report, Q4 2011/2012](#)

2. Fourth Quarter Investment Report – March 31, 2012

The Fourth Quarter Investment Report was prepared by Phillips Hager & North Investment Management. The Fourth Quarter Investment Report details all investment transactions for AHS for the period of December 1, 2011 to March 31, 2012.

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 totaling \$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.**

3. Restricted Grant Funding Agreements

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 was asked to delegate authority to the President and Chief Executive Officer to approve and execute these agreements.

The Board of Alberta Health Services 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:

- (a) 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;**
- (b) 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**
- (c) 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.**

4. Grande Prairie Parking Financing Request

AHS is anticipating a high demand for new parking structures in Grande Prairie, Red Deer and Calgary over the next five years. Due to an immediate need with the construction of the Shields Health and Education Centre in Grande Prairie, AHS executive requested Board approval to finance a parkade and other future projects.

The Board of Alberta Health Services:

- (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 delegated) 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.

5. **2011/2012 Year End Financial Statements and Financial Statement Discussion and Analysis**

The 2011/2012 Year End Financial Statements and Financial Statement Discussion 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.

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. 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 approved also included senior executive compensation. 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.

Overall, the Board was satisfied with the financial statements and analysis as presented.

The Board of Alberta Health Services 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.

➤ <http://www.albertahealthservices.ca/2220.asp>

6. AHS Annual Report 2011-2012

The AHS Annual Report for 2011-2012 was prepared in accordance with the requirements outlined by Alberta Health. The report details that the past twelve months have been a time of progress and improvement for AHS. 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. 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.

Overall, the Board was satisfied with the content of the 2011-2012 Annual Report as presented.

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.

➤ [AHS Annual Report 2011-12](#)

7. 2012/2013 President and Chief Executive Officer Performance Agreement

The 2012/2013 President and Chief Executive Officer Performance 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. The President and Chief Executive Officer Performance 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.

The Board of Alberta Health Services:

- (a) approved the "2012-2013 President and Chief Executive Officer 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.**

➤ [Link to Report \(once available\)](#)

Over two days, the Board met at the Alberta Children's Hospital in Calgary, they toured the South Health Campus and met with the Honourable Fred Horne, Minister of Health. The Board also had a discussion with Mr. Don Whittaker, Chair of the Yellowhead East Health Advisory Council.