



**MINUTES FOR THE MEETING OF THE BOARD OF THE
BOSTON PUBLIC HEALTH COMMISSION
Friday, October 14, 2016**

A meeting of the Board of the Boston Public Health Commission (“Commission”) was held on Friday, October 14, 2016 in the Hayes Conference Room, 2nd floor, 1010 Massachusetts Avenue, Boston, MA 02118.

Board Members Present:

Francis J. Doyle, Esq., Chair
Monica Valdes Lupi, JD, MPH, Executive Director
Harold Cox
Myechia Minter-Jordan, MD, MPH

Also Present Were:

William Kibaja, Duncan Silayo, Eithnea Kenny, Stephanie Knight, Ibtisham Almashni, Amnah Jambi, Jamilah Fallatah, Rita Nieves, Grace Connolly, Rosa Stamatou, Oyin Kolawole, Osagie Ebekozen, Catherine Cairns, Gerry Thomas, Brad Cohen, Debra Paul, Martha Farlow, Chief Jimmy Hooley, Marjorie Nesin, Ali Ragan, Devon McCarley, Anne McHugh, Devin Larkin, Dashea Thornton, Jen Tracey, Tim Harrington, PJ McCann, Mimi Brown, Chuck Gagnon, and Kathy Hussey.

Proceedings:

Chairman’s Comments

Francis J. Doyle, Esq.

- Frank called the meeting of the Boston Public Health Commission's Board of Health to order at approximately 3:15pm. We have an abbreviated agenda and that we are required to discuss and review the Audit. We wanted to do that in a timely fashion, plus the date and time of the meeting was changed. I want to express appreciation to my colleagues and the other commissioners who were able to change their schedule, on rather short notice, to be able to attend today to discuss the Audit principally, as well as other updates from our Executive Director. I will be that brief and hand it off to Monica.

Report from the Executive Office

Monica Valdes Lupi, JD, MPH

Executive Director, Boston Public Health Commission

- Thank you, Frank. In the interest of time, I think what I will do, because I know we have a lot of slides to go through. We want to make sure you all have enough time to ask questions of the Commission Staff. I will forego my Executive Director updates and just send those updates about new Grants and BPHC in the news offline. So, I will send a note to all the Board Members if that's ok. There were no objections from the Board Members present.
- So with that, I will just shift over to Grace Connolly and William Kibaja who are going to co-present for us this afternoon on the FY2016 Audit and the materials that came out of that process. I believe Grace is going to start off and then hand over to William. Grace is our Director of Administration and Finance. William is our Director of Budget and Grants Administration. Thank you, Grace.

Presentation: Review of the Boston Public Health Commission FY16 Audit

Grace Connolly, Director of Administration and Finance

William Kibaja, Director of Budget and Grants Administration

- Thank you, Monica. Thanks for accommodating us. The Audit is actually due to the City today. Immediately after this meeting we'll be sending it down. I have to say that right now we're actually in a draft form because we're waiting for one last piece of information from the City, which is actually a large piece. It's the retirement information and once we have that, it will be about a week or two to finally wrap it up and send it to the City. We've done all we can at this point.
- Just a brief overview. We'll go over the Executive Summary. William's going to go over the Financial Statements as he's the Controller. So he's been imbedded in the Audit working on the financials with the Auditors. Then we'll talk about Internal Control, briefly talk about the Federal Awards and the A133, and then just the Management Letter which is brief.
- The Auditors have been here for quite a while. They started over the summer. They wrapped up the work in September on-site and we're just cleaning up a couple of issues. They're pretty much done on-site. We gave them everything they wanted in a timely manner, so they were pretty happy with us.
- I also want to mention that the Auditors were going to be here for the Wednesday meeting, but they were unable to make it for today's meeting with the short notice. If you do have specific questions we can't answer, we can either ask them to come or just send them the questions and get back to you on that. I will say that these are their slide decks and they specifically put in here that we were responsive to all their inquiries which is very helpful.
- It's a draft format, we talked about that. The Federal Grant, the A133, the way this typically works is you'll do the financial audit and the A133 is due 30-days after that's wrapped up. So this should be finalized in November. We're well within the targets to get the A133 submitted.
- A couple of things. When you look at the Financials, there are some rules that William will talk about that show you why, when you look at our overall financial situation, we have a deficit. The unrestricted net deficit at year-end totaled \$184 million. This is related to something called "OPEB."
- More significantly, operating revenues decreased 4% and translates into being able to deliver fewer services when you have that; operating expenses increased 3%.
- Long-term obligations total \$241million, that's nothing. It's not a big concern. The current ratio for working capital, that's really just a mathematical calculation. It's assets divided by liabilities. So for every dollar in expense, we have \$2.60 in assets. That's actually a pretty high ratio, so we're doing very well on that.
- Myechia asked Grace what the goal was for us. Grace replied that she didn't know if we actually have a goal. William said we don't have a clear goal as to liquidity. This shows our ability to pay for our current liabilities. Myechia continued stating that at her organization, they have a range of where they'd like to be. Is there a particular range or is this comfortable for where we should be? William said we are comfortable with this one because we are able to meet our obligations without worry.
- Monica commented what we can find out is whether there is an industry standard or something comparable with other similar size health departments. That's certainly something we can check into. Grace responded we can reach out to NACCHO and just try to survey some other health departments. We're sort of a unique health department, not imbedded within the other city departments. Overall, from the research I've done, 2.6 is actually a very healthy ratio.
- Myechia went back a bit and asked Grace what is "OPEB." Grace explained it's Other Post-Employment Benefits. William has a lot to discuss about that when we go into the Financial Statements. That's what's driving a lot of those numbers. One of the most important things is that we did not have any findings over our internal controls. So, you can rest assured. The Auditors came in and we're doing our thing just the way we should and public funds are in good hands.
- William explained the financial statements in their packets. The financial statements are structured as follows: Auditors' report and opinion; Financial statements and footnotes; Required supplementary information; and Supplementary information. As Grace said, we got a good opinion from our Auditors, as it's been for several years. We have an "Unmodified Opinion" which is the best opinion you can get because nothing can be changed in this reporting because it's based on what we presented in our financials and based on the Auditors requirements.

- Other matters - Management has not included Management's Discussion and Analysis. This is required supplementary information from the Commission throughout the period that we have not been provided yet.
- The next slide showed a Statement of Net Position also known as Balance Sheets. As Grace was saying, we have a Net Deficit of \$161 million. I will go into detail of what causes this. The main causes of this are two (2) items: our pension and Post-Employment benefits. In recent years, the government has required entities to be able to report those liabilities in their books. This is an indication as to why we are having those are big numbers.
- This slide is a comparison of financial reporting. When we issue a financial, we do not do comparisons, but for the Board presentation, the Auditors wanted to show you a comparison between the two years. If you look to our Total Assets for FY15, we have \$141 million as compared to \$159 million for FY16. This is mainly because of Deferred Outflows of Resources. I will talk about that more in upcoming slides. Looking at Total Liabilities, we have \$294 million for FY15 compared to \$320 million for FY16. Again, the main factors for liability increases are pension and OPEB.
- The next slide is a Statement of Revenues, Expenses & Changes. For Fiscal Year 2016, we have a total deficit of \$90 million on Operating Income as compared to \$81 million in Fiscal Year 2015. The Operating Income does not include City Appropriation. For financial reporting purposes, City Appropriations appear as Nonoperating Revenue. Here you see we have \$69 million for FY15 and \$81million for FY16 for City Appropriation. Overall, the Net Position change for FY16 is (\$161) million which is an (\$8.1) million difference from FY15. Frank questioned if the chart should actually be a negative (5%) change. William said yes, the chart was prepared by the Auditors and he would let them know to make the correction.
- Revenues by Funding Source was the next slide shown. This is the actual revenue received during FY16, but they are aligned with our normal budget projections. 46% comes from City Appropriation; we budgeted 45% of that. We have 27% for Grants. We captured 24% for EMS and Other 3rd Party Billing revenue.
- For the financial purposes, the way the Auditors are presenting our expenses is based on the areas shown. Public Health Programs, our programs across the Commission, spending for FY16 is 67% of the total spending. OPEB is 6%, Pension is 10%, and Public Health Services is 9%. [Other Expenses: Property Operations is 4%, Administration is 2%, Depreciation is 2%, and Interest is at 0%.]
- For financial reporting, we are supposed to provide more information for items of a significant nature. The Commission has leases. We are still in negotiations with the Boston Medical Center for the lease of their area there. They used to pay the actual liability to the real debt, but that ended last year 2016. Effective July, they were supposed to negotiate with us to see what we could come up with for a final agreement. So, we're still in negotiations with BMC. Then we have the Mallory Building where we increased the lease up to 2096. We have already received up front \$1.7million. We have \$1.4 recorded as unearned revenue as of the end of fiscal year June 30, 2016. We are recognizing \$18 thousand a year on this lease. We have another lease with Trinity for future minimum lease payments for Northampton Square, this for both Phase 1 and Phase 2, for a total of \$144 million for the remaining 96 years of the lease.
- We have notes receivables: Mattapan Heights and Northampton Square developments; \$42 million (including accrued interest) outstanding and due between 2042 and 2065. All amounts have been deferred and not included in revenue and net position.
- Other Post-Employment Benefits. This is the item we were talking about earlier. Starting in 2010, I believe, the government requires every entity to report all their future costs that are expected to be incurred for employees who are retired. This is mainly health insurance payments and other insurances, like life insurance. We have received funding from the City of Boston through our budget appropriation, but that is not 100% of the projected costs. You'll see our budget we have \$2.2 million that's recognized as a separate operating item. Once we receive that, we do send it out as contribution to this funding. We do have for FY16 \$11 million of expenses based on the actuarial cost projection. That's the reason why it keeps on going up in our financials because we don't fund 100% of the total costs. Last year, we contributed \$4 million. These are the two items, \$2.2 million for OPEB and then whenever we pay a cost for retirees, like health insurance, that's a part of the part of the contributions we have counted under OPEB. That's why you see \$4 million instead of \$2.4. This represents 37% of the total contributions that we have. So 67% is increasing our liability and is why you see higher liability.
- Frank had a question going back to his earlier comment on Slide #7 (Statement of Net Position) that the Total Assets and Deferred Outflows was primarily from that. William said it would be explained in the next slides.

- The Pension Plan is another item that we are required to report. Last year, the government, for accounting purposes, has required us to begin reporting for pensions. So now all the city and all the governmental agencies are now required to report. You will see, if you look at our financials, that last year was the first year we recorded pension as a liability. If you look, you'll see we had about \$132 million which was a projected cost of liability which had never been on our books and is why we are in such a big deficit. Now we have to account for that full amount of \$132 million. Now, going forward every year, this will be recorded and you will see FY16 the projected total cost was \$19 million. We had contributed \$16 million. Here we are at a higher level on an annual basis, but we are not still meeting the full projected costs.
- Every year we get a letter from the City saying how much the Commission responsibility for pension is. So, we have been paying those, but the City wants us to come back and do a total forecast of what projected costs will be when everybody retired at one time. So, these were the indications. For instance, if we go bankrupt and we cannot afford what really are our liabilities. This is what is showing to stay for us, this is our actual costs. Every year we contribute to it. Eventually, we are not, we will be able to contribute most of the funding, but as point of view now, this is what is showing.
- With regard to the Deferred Inflows and Outflows, those are changes in assumptions and proportion that occurs every year. You will see there's inflows and outflows. There's a gain of investment for being part of the outflow. If there's a loss, it will be in the inflow on those funds. So, the only thing that is required, is the only item we don't have currently, so we are going to have to report them separately. That's why you'll see we have those. If you want more detailed explanation of that, I will be able to ask the Auditors to provide that information. Now I'll turn it back over to Grace.
- Thank you, William. Does anyone have any more questions for him before he steps down? No. We have to check in on Internal Controls. I already said earlier we don't have any findings. So, Government Auditing Standards require this and are pretty basic checks. I sat down with the Auditors. They asked if I had any knowledge of fraud, waste, and do we know of any vulnerabilities. There are interviews that happened. Harold sat down with the Auditors as well, just essentially asking the same questions. Do we know of any vulnerabilities? Is there any reason we need to worry? And fortunately, the answers were all no. They are required to report on significant deficiencies or material weaknesses in internal control and then material noncompliance related to laws, regulations, contracts and grant agreements. So, no findings. We have a clean bill of health.
- Then there's the Federal Awards. Last year we got about \$32 million. The Feds require that if you get more than \$750,000 you're audited under the A133. We have thresholds where we're auditing. They chose three (3) major programs: HIV, the PICH Grant, and Bioterrorism and Preparedness. The audit for that isn't done. The financials will be done and we'll get that 30 days after. If you like, we can follow up with that with some mechanism, either give you the report, I guess we'll figure that out later.
- In the Management Letter, there were two (2) things we need to address. These are not findings. These are not significant deficiencies. These are just things as they went through and we need to tighten up our procedures on Parking Revenue. Over at Northampton Square we have the parking garage and it's all payable by machine. One of the things we need to do is have better reconciliation of machine generated reports. We have the bank statements, the cash is counted, and the credit cards. What we need to do is a cross-reconciliation between the machine reports as well as the cash and credit card receipts. We actually have a scheduled meeting next week with Property Management folks who manage the garage, Security who will be there while they're counting the actual dollars, Accounting who is responsible for the cash management of the Commission, as well as me. So, we'll meet next week and just tighten up those procedures. Then we'll test them throughout the year to make sure they're being adhered to.
- The other issue we need to look at is Grant Billing. Some of the grants weren't billed as timely as they could have been. There were instances where billing was performed an entire fiscal year after it ended. There are a couple of different reasons for this. The City gives us contracts and sometimes they're late. We've had a couple of grants where we've submitted invoices to the City and they've not addressed them for a while. There was one, I think, where they paid us 15 months late or so; that was the City paying us for a grant. There are a couple of things we're going to do to remediate this.

- I was talking with William the other day. We're going to put in a new procedure for Accounts Receivable and make sure that's monitored on a monthly basis just to have tighter controls and figure out who we're going to contact, be it the funding agency, some of them were BPD, EDIC was another one, and just reach out to them. If they don't respond to us, find someone who can actually get them to start paying their bills in a more timely manner so we don't have come back and talk about this again next year.
- All told, those were the two (2) things from the Audit that we need to look at which is, I don't want to say insignificant, because everything we look at is always significant, but they're not major items. They are certainly within our realm to fix quickly so we don't see them again next year.
- As William and I mentioned, if you have things you'd like to ask the Auditors directly about, we're happy to have them come in or we can send them the questions and get back to you. Do you have any more questions for either of us? Frank had a quick question on the \$32million in grants and the three (3) samples they took and audited. Do you know what the amount in those three (3) samples are of the \$32 million? Grace responded that she did not know the total they were looking at. She asked William if the threshold they were looking at was the \$750,000? William stated they normally take 3% as a threshold for each one of the major programs. Because they had been auditing the same programs last year, they only needed about 25% of the total grants. It's within the 25% threshold they have to audit.
- Frank had another question, one that he asks at all board he sits on. How long have we used the same auditors? William stated it was the second year. We changed auditors last year, so this is their second audit. Frank asked if we generally change every 2-3 years. William explained that we had the previous auditors for 20 years or so. We have a contract with the current auditors for three years with an option to renew for another two years. We're thinking of keeping the auditors for five years and then reissuing the RFP to be able to change. Frank thought that probably would be a very good practice. Thank you. Grace stated that if the same audit firm gave us a competitive proposal, we would look at that. One of the things we would require would be a different audit partner.
- The Board Members thanked Grace and William for their presentation and congratulated them on the audit. Frank acknowledged for the record that we reviewed and received the audit report. Since we have a little time left, Monica will provide some updates.

Report from the Executive Office

Monica Valdes Lupi, JD, MPH

Executive Director, Boston Public Health Commission

- If you look on the left hand of your packets, are some media communications updates that we wanted to flag. We're always excited to see *State House News*. Dr. Minter-Jordan is heading up a commission. So we wanted to make sure you saw that and shared it with you. The commission is on Substance Misuse and Pain Treatment Education. You know that's one more thing you'll be leading for the state with recommendations due around the end of the calendar year. Thank you for that.
- Two things. We did get media requests that I wanted to flag for the Board because the issue has been in the news with a sex offender who has been a client/guest at our 112 Southamptton Street Shelter. We're working now with the press on some follow-up questions regarding our policies and procedures around having guests who have a criminal record or sex offender.
- I also wanted to share that in terms of other press we've been hearing about this week in relation to the East Boston shootings of two of our police officers from BPD. I wanted to let the Board know that Officer Cintolo's wife actually works with Chief Hooley. We have staff that reached out to Mrs. Cintolo earlier while he was in the hospital. Chief has also reached out. They actually brought the family to MGH. We've also been partnering with internal staff to do community outreach. So, I spoke to Manny and let him know about some community meetings and some materials that staff would be providing to the East Boston community following the shooting. So, I wanted to also make you all aware of that.
- Frank commented that before we leave this subject, please thank the entire department for the pride we all feel when the department responds and the EMTs so quickly to save lives so effectively. It was almost miraculous with Officer Morris with the severing of the artery, that they were able to get him back and in care as quickly as you did. Thanks very much.
- Shifting to, I think, happier updates from the media front. The Globe this week shared that we topped a national survey in terms of active lifestyles. We have been rated the most active city in America. I'm wearing my fit-bit, I don't know if that means anything! They look at 48 metropolitan areas and look at a variety of

factors in terms of walk ability, bike ability, outdoor access to parks and opportunities to exercise and public transit. So that's great news for us.

- You'll also be hearing in the news about the flu vaccine clinics that we're hosting. We're getting the message out. I got mine this morning. We're partnering with Walgreens to provide the vaccines with us. Myechia asked if we were also partnering with the Community Health Centers. Monica believes we are. We're not holding clinics, but I think we have a team of folks from my office, Chief Hooley's team and our Preparedness office and they do have a list of the clinics that we're hosting. I believe Community Health Centers came up in that plan. Myechia asked that we double check. Monica said she would. One other thing, because of our own constraints with staffing and the willingness of Walgreens to partner, we're working with Walgreens on many of the clinics we're hosting even for our staff and City Hall. Let me follow up on that. Myechia said as wonderful as it is that Walgreens is partnering, there's obviously a Community Health Center network that should be engaged in that and should be highlighted as a partner. Monica stated again she would follow up on that.
- Grant Awards. There are two that I want to share with you. One was pretty sizeable. The Commission received word from the Feds that we are one of the recipients of the FY16 Byrne Criminal Justice Innovation Program. It's a Planning and Implementation Grant in the amount of \$1million. Through this project, we'll be working to reduce crime and improving community safety and focused on advancing neighborhood revitalization in Boston's Bowdoin-Geneva neighborhood. The staff are actually working now because the question I asked them was how does this dovetail with the neighborhood trauma team efforts. So that's something their paying attention to.
- The second Grant that we learned about this week is a \$50,000 Grant from the Blue Cross Blue Shield Foundation to support the development of a city-wide plan for substance use prevention. We have Jen Tracey, who is the Director of the Mayor's Office of Recovery Services and Devin Larkin, who's our Bureau Director of Recovery Services. They led the work with Blue Cross Blue Shield and will be kicking off an Advisory Group meeting in the next couple of weeks so we can begin this work. It's my understanding that there will be a six month planning process so that we can quickly issue the award. And sorry, I forgot to mention Gerry, too. Thank you. I think the hospital that will be included in some of that planning is Mass General. Do you want to highlight any of the other Advisory Group members and opportunities for Board Members or Health Centers to potentially participate? Jen noted that we'd just heard about it this week, so maybe we can get back to you. Gerry commented she thinks that was part of the plan. The big piece of this is to allocate \$1.2 million in DoN money from Mass General as opposed to just releasing those dollars and having a plan for prevention. So that's very exciting.
- Intergovernmental Relations Updates: We have a new IGR Director. If you recall, Lisa Conley our IGR Director stepped down in the summer. We're really excited that we have Heather Gasper who'll be joining us to lead this work. Heather, in her most recent post, was working with Dr. Torchiana, Matt Fishman and everyone at Partners in their Government Relations Team. She also worked as a staffer in Congressman Capuano's office. We're really excited that Heather will be joining us in a couple of weeks. She'll be here for the November meeting.
- We've been working with our colleagues at City Hall IGR and our colleagues in Human Services Cabinet in terms of pulling together our legislative priorities for the next session. I'm happy to share, once we hear back from City Hall and HHS, what those priorities might be that will be part of the package the Mayor will prioritize and those other bills we can continue to support directly or with our community partners. Frank asked if she knew when that might be. Monica looked to Catherine Cairns to see if she knew. She did not.
- In your packet, what we didn't have time to share at this Board meeting, was a briefing on the balloting initiative Question 4 and hearing from colleagues in other states and health departments that have actually implemented retail or legal marijuana in their states. So, in the interim, what PJ McCann, our Deputy General Counsel, has developed for all of you to whet your appetites before the November ballot and the Board Meeting, is a memo just walking through the language and the ballot initiative. If you have questions, feel free to contact us and PJ offline. We'll have speakers lined up for the November Board meeting. I think, regardless of what the results are, I do actually think it's something we should continue to inform the Board so you're aware of what's going on in other jurisdictions.
- Finally, the last thing that I would flag for the Board members is that in your packet, we do have something that our Board Member Harold has asked us to include. A large group of us are part of work that's being lead by Mass Public Health Association around the Prevention and Wellness Trust Fund. So, my understanding is

that the Board, when the Trust Fund was rolled out initially, that the Board did join on to a letter of support. So, this is something that we wanted to make sure you all had a chance to review and to consider signing on. We'll continue to work through Gerry and her team to help lead some of this work on the health department side. Harold, would you like to add anything?

- Harold said there is a request today for our Board to sign both as a Board and also as individuals. Here's just a little bit of background. The Prevention and Wellness Trust Fund was created in 2012. It was authorized by the Legislature to think about and help how do we reduce health costs by preventing chronic illness. With the Trust Fund, which is a \$60million trust fund over a 5-year period, there were nine (9) partnerships here in Boston. The partnership has been working these issues, both at the clinical level and at the community level, to address something things around pediatric asthma, hypertension, falls for elders, and perhaps some other areas as well.
- I had an opportunity about a month ago to go to a meeting of the partnership to hear what the partnership was doing and to be able to hear from some of the individuals who have been able to benefit from this partnership. So, it's an important piece of work. We've also, because of the work that I do on the Massachusetts Public Health Council, had an opportunity to see some of the things that are happening in some of the communities as well.
- The way the Legislation was written, it was written to have a "sunset" after five (5) years. This project sunsets in June of 2017. So, it's important for us to get it reauthorized for it to be able to continue, because the thing that often happens is that it takes a while to get this up and running. Now it's up and running and it's about to stop because the dollars are going to stop. So, there is advocacy that is being done by the Massachusetts Public Health Association, along with a number of others, in encouraging the Legislature to reauthorize this legislation. So, the request today is for us to sign on as a Board and then also for us to sign on as individuals. Both are important as the letter of support is going to the Legislature. I don't know if we can take a formal vote on that. But we have signed on this letter when it was first established. In fact, I think it was Lisa Conley who did some of the major work and writing the initial legislation. So, we have skin in the game, plus we've also seen some very important results. It would be important for us to be able to continue this initiative.
- Frank added his support for the initiative and thanked Commissioner Cox for his efforts in gathering the information, and paying attention to what this fund has been doing over the last number of years, so that we can support the advocacy for it. I spoke briefly with Counsel a minute ago. I think that certainly, the three of us, express our support and our vote to use the Commission's support as a commission and our individual approval to use our signatures today. Then I would ask Counsel to, in whatever way he determines, to do a telephonic connection with the other Board Members so they can have the opportunity to add their names and comply with the support of the entire Commission. Tim Harrington stated he wasn't sure technically that we needed a vote on this to approve sending it out by the Board. Since you're all going to be signing in your individual capacities anyway, I'll call everybody else on Monday. If they are all on board with the letter after they have had a chance to review it, then also at that time, we can address the letter and sign it that it's coming from the full Board if all seven members sign on to it. The Board Members thanked Tim and thought that would be great.

Adjournment

- Frank said that pretty much wraps up our business for today. We've got 5 minutes left, even after a late start. Anyone have any questions? No, okay. We are therefore adjourned. See you soon. This meeting of the Board of Health was adjourned at approximately 3:55p.m.

Respectfully submitted by:

Kathy Hussey, Board Secretary