Minutes of the Budget and Finance Committee meeting of the Board of Managers of the Dallas County Hospital District, held Tuesday, July 23, 2024, scheduled for 11:30 a.m. in the WISH Building Executive Conference Room (02-175) at Parkland Health and via WebEx. These minutes do not constitute a certified agenda from the meeting.

I. Attendance and Call to Order

Committee Chair Ramon Miguez, PE, noted that a quorum was physically present and called the meeting to order at 11:32 a.m. Committee members Lisa Sutter, and Byron Cryer, MD, attended in-person.

Board Member attendees included: Marjorie Petty, JD, Elizabeth Palacios, MD, and Vincent Hall.

Staff Present (via Webex and in-person) included:

Anika Dachiraju, Collegiate Fellow Intern
Anthony Tarango, Mgr., Nursing
April Audain, VP-UT Contracts Admin via Webex
DeLancey Johnson, SVP & Associate Chief Talent Officer
Dan Enright, Director Talent Mgmt Analytics via Webex
Edmundo Castaneda, EVP & COO
Felicia Miller, EVP & Chief Talent Officer via Webex
Fred Cerise, President & Chief Executive Officer (via Webex)
Gerry Baker, SVP/ Revenue Cycle
Guy Toliver, Dir. Inclusion-Supply Diversity
James Orrison, Administrative Resident
Joseph Chang, SVP & CMO
Joseph Longo, SVP Chief Information Officer
Keri Disney-Story, VP/Clinical Finance
Morgan Simmons, Governance Program Coordinator
Nneka Egbuniwe, Deputy General Counsel
Pam Bryant, SVP Chief Supply Chain Officer
Rick Humphrey, EVP & Chief Financial Officer (via Webex)
Roberto de la Cruz, EVP & Chief Clinical Officer
Saul Cordero, SVP & Chief Governance & Strategy Officer
Stacy Dorsey, SVP Workforce Strategy
Tabitha lee, VP Finance/Controller

II. Mission Statement

Committee Chair began the meeting by stating the mission statement:
Advance Wellness | Relieve Suffering | Develop and Educate

III. Public Comments Regarding Agenda Items

No members of the public registered for comments regarding the agenda items.

IV. Conflicts of Interest

After review of the agenda, the Chair noted zero conflicts of interest for Board Members present.

V. Reports Requiring Deliberation(s) or Approval(s)

A. Consideration and Appropriate Action Regarding Contracts over $200,000

Pam Bryant reviewed the briefing documents for contracts over $200,000. (See Appendix A of these minutes for more specific details on each contract). Pam specified the difference in categorization of the contracts following a request from the Committee Chair, Mr. Miguez. Pam Bryant presented each contract based on expense, capital, revenue, and selection method (sole source and non-sole source).

The Committee asked questions and received additional information related to the consideration of the contracts over $200,000.

B. Consideration and Appropriate Action regarding Budget & Finance Committee Charter

The Chair of the Budget & Finance Committee, Ramon Miguez, introduced the committee charter which he presented for consideration and action. Ramon reviewed the edits previously recommended by the committee and asked if they followed legal and governance requirements. Ramon discussed the language of the committee charter regarding approval status versus recommendation status of the committee to the full board. Leadership mentioned the consistency of the charter with the requirements and that it will next go to the Governance Committee for approval in August. Ramon then asked for appropriate action to approve the charter, and suggested the charter be reviewed once every other year.

The Committee asked questions and received additional information related to the Budget & Finance Committee Charter.

Byron Cryer, MD, motioned to recommend Board approval of the recommendations regarding the Charter. Lisa Sutter seconded the motion. The motion passed unanimously.

C. Update and Report Parkland Financial Performance Presentation

Rick Humphrey reviewed the financial results for June 2024 and discussed significant performance variances.

For the month of June, Parkland Health recognized a net income of $14.4M which is $8.1M favorable to the budgeted net income of $6.3M and $11.7M favorable compared to the prior year net income of $2.7M.
Parkland Health's operating margin and operating cash flow margin for the month of June are 0.8% and 4.2%, respectively. The operating margin was favorable compared to

budget of (0.2%) and the operating cash flow margin is favorable compared to budget of 3.0%. Parkland Health's operating margin is favorable compared to the prior year operating margin of (1.2%) and favorable to the operating cash flow margin of 2.1% from the prior year.
Parkland Health's patient cash collections in June were $97.9M which is higher than budget by $4.0M and $7.2M above the prior year. Parkland Health's days cash on hand of 208.7 days for the month is a decrease of (7.7) days compared to the prior month of 216.5 days and compared to the prior year June of 229.9 days, a decrease of (21.2) days.

The Committee asked questions and received further information related to the Income Statements.

Next, Rick reviewed the Key Statistics and Operational Performance metrics for the month of June (FYTD). Regarding volume, Rick mentioned Parkland had a positive month. Rick also presented the multiple other variances which aided in a positive month such as discharges, daily census, case mix index, emergency visits, surgeries, and deliveries. Rick noted that the average length of stay increased slightly due to a higher case mix intensity and there was also an unfavorable variance for ambulatory visits. Rick presented the key operating performance statistics for June. Patient cash collections are above the desired threshold although there is a slight catch-up necessary to disperse all patient account collections to the respective accounts.

The Committee asked questions and received further information related to the Key Statistics.

D. <u>Update and Report Regarding Parkland Health FY25 v1 Budget Presentation</u>
Rick Humphrey presented the FY25 Budget. First, he reviewed the Budget Assumptions relating to Risk Elements, Revenue, Volumes, and Expenses. Next, he reviewed the FY25 Budget. Rick mentioned, revenues are growing more slowly than expenses, putting continued pressure on productivity and services offered. There is an increase across the board for commercial payments, Medicare, Medicaid, and tax revenues. Rick presented the estimated increase in volume for patient days, discharges, deliveries, emergency department visits and outpatient clinic visits. There is an estimated net patient revenue increase as reductions in CHIRP (Comprehensive Hospital Increase Reimbursement Plan) payments limit patient revenue growth, commercial reimbursement increases, and planned tax revenue increases. Rick reviewed the expense assumptions which are expected to increase due to the market, merit, and benefit trends.

Key Metrics:

- Total Operating Revenues: $2,913,070,316
- Total Operating Expenses: $2,794,030,288
- Total Net Income: $6,025,547
- Capital Budget: $178,051,233

Next, Rick presented the Capital Budget draft and FY25 top 5 projects for Parkland Health. Rick provided the Board with a FY25 Budget calendar showing when they can expect the final Budget presentation for their consideration and deliberation.

VI. Follow-Up Requests: None

VII. Closing Remarks

VIII. **Adjourn**

With no further business to discuss, Committee Chair Ramon Miguez, PE, adjourned the meeting at 1:00 pm.

SO RECORDED:

RFMA
RFMA (Sep 3, 2024 13:30 CDT)

Ramon Miguez, PE
Committee Chair

Steven J Roth
Steven J Roth (Sep 7, 2024 12:45 CDT)

Steven Roth, JD, MPH
Assistant Secretary

Appendix A (Contracts Reviewed for Appropiate Action)

Item	Page No.	Contract Type	Service or Product	Supplier	Contract Term	Current Contract Approval Amount Request	New Approved Contract Value	Selection Method	Budgeted?	Business Owner / Dept.	MWBE %	MWBE Gender	MWBE Ethnicity
													July 24, 2024
Medical Products and Services													
M1		Expense	Cardiac Rhythm Management dual award	Abbott Laboratories Inc. & Medtronic	7/24/2024 - 7/23/2029	$14,500,000	$14,500,000	Request for Proposals (Low Price/Tech Accept)	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Cheston Chan, Perioperative Services	0%	N/A	N/A
M2		Capital and Expense	Amalgatome SD Debridement Device and Disposables	Exsurco Medical, Inc	Last signature - 7/31/2029	$1,538,800	$1,538,800	Sole Source	Yes	Cheston Chan, Perioperative Services	0%	N/A	N/A
M3		Expense	Mod #3 NovoSorb BTM Polyurethane Dermal Substitute Implants	Polynovo	6/1/2022 - 5/31/2025	$1,200,000	$2,600,000	Sole Source	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Cheston Chan, Operating Room	0%	N/A	N/A
M4		Expense	OptiBlock Coils and Magic Catheters	Balt USA, LLC	Last Signature - Two Years	$1,125,000	$1,125,000	Sole Source	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	John Camacho, Interventional Radiology	0%	N/A	N/A
M5		Expense	Mod #3 Recell Skin Grafting System	Avita Medical	7/26/2019 - 7/25/2025	$800,000	$2,560,000	Sole Source	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Cheston Chan, Operating Room	0%	N/A	N/A
M6		Expense	Mod to Add Funds9 FlowTriever and ClotTriever Devices	Inari Medical, Inc.	6/6/2020 - 6/5/2025	$533,000	$2,350,000	Sole Source Modification	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	John Camacho, Interventional Radiology	0%	N/A	N/A
M7		Expense	Bulkamid Urethral Bulking System	Axonics, Inc.	Last Signature - 5 years	$300,000	$300,000	Sole Source	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Cheston Chan, Perioperative Services Administration	0%	N/A	N/A
M8		Expense	Mod #7 Neurovascular Implant	Stryker Neurovascular	1/1/2019 - 12/31/2024	$228,000	$2,148,100	Sole Source Modification	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	John Camacho, Interventional Radiology	0%	N/A	N/A
M9		Capital	4K Image Processors and Lenses for OR	Karl Storz Endoscopy-America, Inc.	7/8/2024 - 7/28/2027	$1,134,854	$1,134,854	GPO Purchase	Yes	Shika Shakelli, Clinical Engineering	0%	N/A	N/A
M10		Capital	Mod #1 Leica CM1950 Cryostat & Aperio LV1 Desktop Scanner	Leica Microsystems, Inc.	2/24/2022 - One Year	$152,255	$418,786	Sole Source Modification	Yes	Sara Blacketer, Anatomic Pathology	0%	N/A	N/A

Appendix A (Continued)

Item	Page No.	Contract Type	Service or Product	Supplier	Contract Term	Current Contract Approval Amount Request	New Approved Contract Value	Selection Method	Budgeted?	Business Owner / Dept.	MWBE %	MWBE Gender	MWBE Ethnicity
Construction and Facilities													
C1		Capital: New Parkland	System Wide Security Enhancements	Siemens Industry, Inc.	Last signature - 12 months	$499,612	$499,612	GSA Purchase	Yes	Geoff Camp / Asma Momin, Planning, Design & Construction	54%	Hispanic	Male
C2		Capital	Interventional Radiology 5 & 6 Expansion and Reading Room Relocation	Hoefer Welker, LLC	8/1/2024 - 7/31/2025	$361,900	$361,900	MATOC	Yes	Mark Stewart, Planning Design & Construction	37.60%	Hispanic	Male
Information Technology													
IT1		Expense	Recruitment Marketing Technology	AppVault, LLC	8/1/2024 - 7/31/2029	$6,000,000	$6,000,000	Request for Proposals (Best Value)	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Shannon Mosley, Office of Talent Management	0%	N/A	N/A
IT2		Capital: New Parkland	Switching Refresh Phase 4	Netsync Network Solutions, Inc.	Last Signature - 5 years	$3,122,853	$3,122,853	TXMAS or DIR Purchase	Yes	Darren Jones / Jeff Deford, Information Technologies	51%	Hispanic	Female
IT3		Expense	ServiceNow Implementation	Apex Systems, LLC	Last Signature - Three years	$2,522,000	$2,522,000	Request for Proposals (Best Value)	Yes	Ceazari Threadgill / Cynthia Hamilton, Information Technologies	12%	Native American	Female
Hospital Operations													
O1		Expense	Mod #6 External Audit Services	Forvis Mazars, LLP	5/17/2017 - 5/16/2025	$741,999	$4,512,749	Non-Sole Source Modification	Yes	Tabitha Lee, Finance Administration	0%	N/A	N/A
O2		Expense	Mod #8 ADD FUNDS ONLY Automotive Maintenance Service	Dallas County Automotive	1/29/2013 - 1/14/2025	$463,691	$4,119,322	Sole Source Modification	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Pamela Bryant, Finance Administration	0%	N/A	N/A

Appendix A (Continued)

Intergovernmental Agencies													
G1		Revenue: Court Approval	City of Garland Interlocal Agreement for Sale of Tax-Foreclosed Properties	City of Garland, Texas	Upon execution - five (5) years from execution date	($0)	($0)	Real Estate – Exemption	N/A-Revenue	Beall Carothers, Planning Design & Construction	N/A	N/A	N/A
G2		Revenue	Mod #3 Southeast Collaboration Crisis Intervention Team	City of Mesquite, Texas	10/1/2021 - 9/30/2024	($538,144)	($1,697,763)	Sole Source Modification	N/A-Revenue	Melody Gardner, Emergency Services Administration	N/A	N/A	N/A
G3		Revenue	Mod #2 Multi-Disciplinary Behavioral Health Response Team	City of Lancaster, Texas	10/1/2022 - 9/30/2024	($197,000)	($591,000)	Sole Source Modification	N/A-Revenue	Melody Gardner, Emergency Services Administration	N/A	N/A	N/A
G4		Revenue	Mod #8 BioTel Biomedical On-Line Supervision for Emergency Medical System (Mesquite)	City of Mesquite, Texas	10/1/2016 - 9/30/2025	($169,842)	($642,764)	Sole Source Modification	N/A-Revenue	Melody Gardner, Emergency Services Administration	N/A	N/A	N/A