Budget & Finance Committee

Agenda

Committee Members

Ramon Miguez, PE - Chair
Byron Cryer, MD
Lisa Sutter
Vincent Hall
Yasmin Simon, JD

Agenda for the ***Budget and Finance Committee*** meeting of the Dallas County Hospital District is scheduled for ***Tuesday, November 18, 2025, at 11:30 AM*** at 5200 Harry Hines Blvd (WISH Building) Dallas, TX 75235, Executive Conference Room 02-175. (If assistance is needed in locating the room, please see the Administration receptionist on the 4th floor, 04-131. A quorum will be physically present at the location of the meeting. Videoconferencing access is also possible via Webex. That application is available at https://www.webex.com/downloads.html. Teleconferencing access is possible by calling +1-415-655-0001. Both virtual access forms require inputting (meeting number: 2313 049 6348; meeting password: 1234) to join the meeting. The ***Budget and Finance Committee*** reserves the right to exercise discretion and may convene in Executive Session as permitted by Texas Government Code §§551.071 (consultation with attorney), 551.072 (deliberations regarding real estate), 551.074 (personnel matters), 551.076 (deliberations regarding security devices or security audits), 551.078 and/or 551.0785 (deliberations by medical committee or by governmental body that administers a public insurance, health or retirement plan regarding individuals' medical or psychiatric records), 551.085 (deliberation by governing board of certain providers of health care services), 551.087 (deliberation regarding economic development negotiations), 551.088 (deliberation regarding test item); Texas Government Code §418.183 (deliberation of information under §§418.175 – 418.182 for purposes of disaster management or disaster planning); Texas Health & Safety Code §161.032 (medical committee or medical peer review committee records, information or reports; and/or medical committee or medical peer review committee proceedings under Tex. Health & Safety Code Chapter 161 and/or Tex. Occ. Code Chapters 151 and 160); and/or as otherwise authorized by law on any item listed below. The ***Budget and Finance Committee*** may consider any of the agenda items in open or executive session and may continue the meeting as necessary to accomplish the business at the time and place designated by the Chair to reconvene.

		PAGE	TIME (MIN)	PRESENTER(S)
I.	**Determine a Quorum is Present and Record Attendance/Call to Order/Mission Statement** **I CARE** **I**ntegrity **C**ompassion and Collaboration **A**ccountability **R**espect **E**quity The agenda has been developed by the Chief Governance Officer in consultation with the Committee Chair and reviewed and affirmed by Counsel.			Chair
II.	**Public Comments Regarding Agenda Items** *See public comment registration information and rules at https://www.parklandhospital.com/board-of-managers*			
III.	**Reports Requiring Deliberation(s) or Approval(s)**			
A.	Consideration and Appropriate Action Regarding Contracts over $200,000 **(See Attached List of Contracts)**	*4*	25	Pamela Bryant
B.	Consideration and Appropriate Action Regarding Proposed Capital Substitution **(See Attached List of Capital Substitutions)**	*21*	10	Rick Humphrey
C.	Consideration and Appropriate Action Regarding Fiscal 8311-1-04 Investment Policy Regarding Parkland HMO Operating Funds	*24*	5	Joe Mayer
D.	Update and Report Regarding Parkland Financial Performance Presentation	*41*	25	Rick Humphrey
IV.	**Possible Deliberation**			
A.	Informational Report on Parkland's Capital Project Summary as of October 2025	*91*		
B.	Informational Report Regarding Actuarial Audit Report of the Parkland Retirement Income Plan	*93*		

	PAGE	TIME (MIN)	PRESENTER(S)
V. Action Item			
A. The Board may take action on any agenda item(s) above			Chair
VI. Closing Remarks			Chair
VII. Adjourn			Chair

Item	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
												November 19, 2025
Medical Products and Services												
M1	Expense	Mod # 3 Intraocular Lenses and Hydrus Microstents	Alcon Vision, LLC	11/14/2021-12/31/2027	$2,010,000	$5,146,180	Sole Source	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	David Alexander/Perioperative Services	N/A	N/A	N/A
M2	Expense	Venaseal & ClosureFast Products	Medtronic USA, Inc.	12/24/2025 – 12/23/2030	$985,000	$985,000	Sole Source	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Shawn Grady/Interventional Radiology	N/A	N/A	N/A
M3	Expense	Mod # 1 Omni Surgical System	Sight Sciences, Inc	5/25/2022-5/24/2026	$150,000	$444,000	Sole Source Modification	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	David Alexander/Ambulatory Service Center	N/A	N/A	N/A
M4	Expense	Mod # 1 Hospice Care Services	Forefront Living Hospice, Pathway Hospice, LLC. & The Visiting Nurse Association of Texas	7/1/2024 -6/30/2029	$2,600,000	$3,550,000	Non-Sole Source Modification	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Shannan Bradley/Care Management Post Acute Services	0%	N/A	N/A
M5	Expense	Mod # 6 add funding and extend agreement through November 30, 2028	Premier Radiology Services, LLC	8/1/2020 -11/30/2028	$2,211,023	$4,111,438	Sole Source Modification	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Tina Hill/ Crystal Harrison/Correctional Health/ Radiology	N/A	N/A	N/A
Construction and Facilities												
C1	Expense: Court Approval	Contract to Purchase 5415 Gregg Steet, ±0.5051 acres of land, Dallas, Texas	Gregg Street, LLC	Upon contact execution – plus 150 days for inspection & closing	$2,000,000	$2,000,000	Real Estate – Exemption	Yes	Beall Carothers/Planning Design & Construction	N/A	N/A	N/A
Information Technology												
IT1	Expense	Mod # 1 Add Web Hosting and Direct Data Configuration Services	Wellsky Corporation	11/21/2017-11/18/2030	$828,960	$4,241,047	Sole Source Modification	Yes	Greggory Ervin / LeMar Oleson/Information Technology	N/A	N/A	N/A

Parkland Health
FY2026 Capital Substitution
For November 2025 Board Meeting

Ref #	Division	Project Total	Substitution Amount	Description
1	COPC/Ambulatory Specialty Clinics	$1,455,420	$1,036,920	Bluitt Flowers COPC Renovation/Optimization and Clinic Relocations
	Explanation			This project request includes the renovation of the Bluitt Flowers COPC, clinic relocations, and the optimization of space at other COPC locations in the southern region. This request will provide additional space for patient care activities, allow the expansion of specialty care in the community, and provide access to onsite pediatric behavioral health services at the CV Roman COPC. Also, two clinics will be combined, which will improve managerial oversight and reduce lease expenses. This request seeks approval to utilize funds that were previously budgeted for other projects at Bluitt Flowers and CV Roman. No renovations have been made to the CV Roman Clinic. The timing of those meeting with key stakeholders occurred after the budget submission. During discussions regarding the implementation of the original CV Roman project, leaders from operations, nursing, and the physician group all agreed that utilizing the funds for the Bluitt Flowers & CV Roman renovations would yield a better return on investment. This request has been briefed by the facilities committee. The relocation and consolidation of services will improve patient experience by moving to locations that are located on the DART bus routes, easier access to clinic locations and additional services out in the community. The original budget request for the Bluitt Flowers renovation project was to convert business office space to clinical space, which would have created three exam rooms, one provider office, and one storage closet. The revised request will create three exam rooms, one consultation room, and six staff workstations in a pod that will be used for specialty care. Also, a nurse station will be added to include five cubicles and one office. The renovation will also include the reconfiguration of the IT room to minimize any potential life safety issues. To optimize space, there will also be several clinic relocations. Specialty services will move from CV Roman to Bluitt Flowers and allow OPC to expand services in the community. Pediatrics will move from Oak West to CV Roman and will provide access to onsite pediatric behavioral services. The CV Roman and Wynnewood ARCs will both move to Oak West and will be combined. This will improve managerial oversight and reduce lease expenses.
	Driver(s) of Increased Expense:			Additional renovation at Bluitt Flowers; clinic relocations to optimize space;
	Description of Item:			Bluitt Flowers Clinic renovation; clinic relocations
	Grand Total	**$1,455,420**	**$1,036,920**	

Consideration and Appropriate Action Regarding Contracts over $200,000

Item	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
												November 19, 2025
					Medical Products and Services							
M1	Expense	Mod # 3 Intraocular Lenses and Hydrus Microstents	Alcon Vision, LLC	11/14/2021-12/31/2027	$2,010,000	$5,146,180	Sole Source	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	David Alexander/Perioperative Services	N/A	N/A	N/A
M2	Expense	Venaseal & ClosureFast Products	Medtronic USA, Inc.	12/24/2025 – 12/23/2030	$985,000	$985,000	Sole Source	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Shawn Grady/Interventional Radiology	N/A	N/A	N/A
M3	Expense	Mod # 1 Omni Surgical System	Sight Sciences, Inc	5/25/2022-5/24/2026	$150,000	$444,000	Sole Source Modification	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	David Alexander/Ambulatory Service Center	N/A	N/A	N/A
M4	Expense	Mod # 1 Hospice Care Services	Forefront Living Hospice, Pathway Hospice, LLC. & The Visiting Nurse Association of Texas	7/1/2024 -6/30/2029	$2,600,000	$3,550,000	Non-Sole Source Modification	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Shannan Bradley/Care Management Post Acute Services	0%	N/A	N/A
M5	Expense	Mod # 6 add funding and extend agreement through November 30, 2028	Premier Radiology Services, LLC	8/1/2020 -11/30/2028	$2,211,023	$4,111,438	Sole Source Modification	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Tina Hill/ Crystal Harrison/Correctional Health/ Radiology	N/A	N/A	N/A
					Construction and Facilities							
C1	Expense: Court Approval	Contract to Purchase 5415 Gregg Steet, ±0.5051 acres of land, Dallas, Texas	Gregg Street, LLC	Upon contact execution – plus 150 days for inspection & closing	$2,000,000	$2,000,000	Real Estate – Exemption	Yes	Beall Carothers/Planning Design & Construction	N/A	N/A	N/A
					Information Technology							
IT1	Expense	Mod # 1 Add Web Hosting and Direct Data Configuration Services	Wellsky Corporation	11/21/2017-11/18/2030	$828,960	$4,241,047	Sole Source Modification	Yes	Greggory Ervin / LeMar Oleson/Information Technology	N/A	N/A	N/A

Board Approval Request
For Modification to Contract or Funding

BOM Date: November 19, 2025	**Modification:** Mod # 3 Intraocular Lenses and Hydrus Microstents	
Business Owner: David Alexander	**Business Owner Dept:** Perioperative Services	**Contract Number:** POCP-19741
Vendor/Supplier: Alcon Vision, LLC **Basis of Original Contract Award** Sole Source **Basis of this Modification** Sole Source Modification	BOM Approved Contract Total (9/27/2023):	$3,046,180
	Actions Totaling < $100,000 Amount: Amount: Amount:	$90,000
Revenue, Expense or Capital: Expense	Modification that increases contract value to $100,000 more than BOM Approved Contract Total Modification # 3 Amount:	$2,010,000
Original Start Date: 11/14/2021 **Current Expiration:** 12/31/2025 **Mod Start Date:** 11/19/2025 **Expiration after this Mod:** 12/31/2027	New Contract Amount:	$5,146,180

Approvals

Has the final modification been approved by Legal for legal sufficiency?	Yes
Does this modification have an IT Component?	No
Does this modification have a Construction Component?	No

Financial

Is Funding included in the applicable FY Budget?	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.
FTE Impact:	None

Diversity

Current M/WBE Participation?	N/A
M/WBE Race/Ethnicity?	N/A
M/WBE Gender?	N/A

Submitted By (Division VP): David Alexander, Senior Vice President, Nursing, Executive Nursing Leadership

DALLAS COUNTY HOSPITAL DISTRICT
PARKLAND HEALTH BOARD BRIEFING DOCUMENT

Parkland

SUBJECT: Mod # 3 Intraocular Lenses and Hydrus Microstents

VENDOR: Alcon Vision, LLC

COST:

BOM Approved Contract Total (9/27/2023):	$3,046,180
Action:	$90,000
Action:	
Action:	
Modification # 3:	+ $2,010,000.00
Total:	$5,146,180

Recommendation

Approve this contract modification to Intraocular Lenses and Hydrus Microstents.

Background

This contract is for purchase of intraocular lenses. The products are used to surgically replace a part of the eyeball that is failing with an implant. The Hydrus Microstent is an implantable microstent from a hand-held delivery system. The Hydrus Microstent is for use in conjunction with cataract surgery for the reduction of intraocular pressure in patients with mild to moderate glaucoma.

Fair and Reasonable Price Determination

Although the item being purchased is a sole source for the reasons discussed below, this item is sold in substantial quantities in the commercial marketplace. Market research conducted through ECRI shows that the Parkland price is 2% lower than the average for other member hospitals. ECRI is a reputable, private benchmarking firm that collects pricing data covering numerous medical services and products.

Financial Forecast

Current Contract Amount	FY2026	FY2027	Total
$3,046,180	$1,050,000	$1,050,000	$5,146,180

Sole Source Justification

This contract is for a good or service for which it is impractical to obtain competition. Implants, heart valves, bone screws, prosthetics, etc. are patient care devices and are exempt.

Document Contact/Author:	Bryson Hendrix

Parkland

Board Approval Request For Contracts Over $200,000

BOM Date: November 19, 2025	**Product or Service:** Venaseal & ClosureFast Products	
Business Owner: Shawn Grady	**Business Owner Dept:** Interventional Radiology	**Contract Number:** POCP-25748
Vendor/Supplier/Contractor: Medtronic USA, Inc.	**Source Selection Methodology:** Sole Source	**Fair and Reasonable Price Determination:** Market Price

Revenue, Expense or Capital:

Expense

	Contract Dates	Contract Price
Base Term:	12/24/2025 – 12/23/2030	$985,000
Out Years:	0 Year(s)	+0
Total:	12/24/2025 – 12/23/2030	$985,000

Lowest Bidder

Is this contractor the lowest bidder/supplier? N/A-Sole Source

If not, what premium will be paid for this contract over the lowest bidder? N/A

Approvals

Has the final contract been approved by Legal for legal sufficiency? Yes

Does this contract have an IT Component? No

Does this contract have a Construction Component? No

Financial

Is Funding included in the applicable FY Budget? Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.

FTE Impact: None

Diversity

Potential for M/WBE engagement: Vendor self performs; there are no opportunities through subcontractors, and vendor does not have a corporate plan.

Were M/WBE's Directly Solicited? N/A-no solicitation performed

Number Responding M/WBE's: N/A-no solicitation performed

What % of this contract is M/WBE? N/A

M/WBE Race/Ethnicity? N/A

M/WBE Gender? N/A

Submitted By (Division VP): Jenni Burnes Vice President, Ancillary Services, Operations Administration

DALLAS COUNTY HOSPITAL DISTRICT
PARKLAND HEALTH BOARD BRIEFING DOCUMENT

Parkland

SUBJECT: Venaseal & ClosureFast Products

VENDOR: Medtronic USA, Inc.

COST:		
	Base Term:	$985,000
	Out Years:	+ 0
	Total:	$985,000

Recommendation
Approve this contract for Venaseal & ClosureFast Products .

Background
This contract is to purchase Venaseal & ClosureFast Endovenous radiofrequency ablation (RFA) catheters. Physicians use the catheters with the ClosureFast radiofrequency generator to collapse and close enlarged leg veins in patients with varicose veins and Chronic Venous Insufficiency (CVI).

Fair and Reasonable Price Determination
Although the item being purchased is a sole source for the reasons discussed below, this item is sold in substantial quantities in the commercial marketplace. Market research conducted through ECRI shows that the Parkland price aligns with other member hospitals. ECRI is a reputable, private benchmarking firm that collects pricing data covering numerous medical services and products.

Financial Forecast

Base Term	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	Totals
Expenses / Consumables	$164,167	$197,000	$197,000	$197,000	$197,000	$32,833	$985,000

Sole Source Justification
This contract is for a good or service for which there is only one acceptable source. The products/services are additions or modifications to existing systems or equipment where there are no substitute or interchangeable components, software, or maintenance sources and compatibility are paramount.

Document Contact/Author:	William Jones

Parkland

BOM Date: November 19, 2025	**Modification:** Mod # 1 Omni Surgical System	
Business Owner: David Alexander	**Business Owner Dept:** Ambulatory Service Center	**Contract Number:** POCP-21243 A2
Vendor/Supplier: Sight Sciences, Inc **Basis of Original Contract Award** Sole Source **Basis of this Modification** Sole Source Modification	BOM Approved Contract Total (5/24/22): Actions Totaling < $100,000 Amount: Amount: Amount:	$294,000
Revenue, Expense or Capital: Expense	Modification that increases contract value to $100,000 more than BOM Approved Contract Total Modification # 1 Amount:	$150,000
Original Start Date: 5/25/2022 **Current Expiration:** 5/24/2026 **Mod Start Date:** 11/19/2025 **Expiration after this Mod:** 5/24/2026	New Contract Amount:	$444,000

Approvals

Has the final modification been approved by Legal for legal sufficiency?	Legal approved base document, amendment has no changes
Does this modification have an IT Component?	No
Does this modification have a Construction Component?	No

Financial

Is Funding included in the applicable FY Budget?	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.
FTE Impact:	None

Diversity

Current M/WBE Participation?	N/A
M/WBE Race/Ethnicity?	N/A
M/WBE Gender?	N/A

Submitted By (Division VP): David Alexander, Senior Vice President, Nursing, Executive Nursing Leadership

DALLAS COUNTY HOSPITAL DISTRICT
PARKLAND HEALTH BOARD BRIEFING DOCUMENT

Parkland

SUBJECT: Mod # 1 Omni Surgical System

VENDOR: Sight Sciences, Inc

COST:

BOM Approved Contract Total (5/24/22):	$294,000
Action:	
Action:	
Action:	
Modification # 1:	+ $150,000
Total:	$444,000

Recommendation
Approve this contract modification to Omni Surgical System.

Background
This funding is needed to continue purchasing the single-use OMNI Surgical System through the current expiration. This product treats glaucoma and lowers eye pressure as well as is lower risk than traditional glaucoma surgery. The device helps lower eye pressure by improving how fluid drains out of the eye.

Fair and Reasonable Price Determination
Although the item being purchased is a sole source for the reasons discussed below, this item is sold in substantial quantities in the commercial marketplace. Market research conducted through ECRI shows that the Parkland price is in line with other member hospitals. ECRI is a reputable, private benchmarking firm that collects pricing data covering numerous medical services and products.

Financial Forecast

Current Contract Amount	FY2026	Total
$294,000	$150,000	$444,000

Sole Source Justification
The Surgical VAT team confirmed the improved technology of this product. They verified that only the current vendor and Omni have this level of technology. The team confirmed that the Omni system is newer and provides better outcomes. This system is in use by the current physicians within UTSW, transitioning to the newer technology will standardize the equipment between institutions while minimizing potential patient risk.

Document Contact/Author:	Bryson Hendrix

Board Approval Request For Modification to Contract or Funding

BOM Date: November 19, 2025	**Modification:** Mod # 1 Hospice Care Services	
Business Owner: Shannan Bradley	**Business Owner Dept:** Care Management Post Acute Services	**Contract Number:** PPPS-24465, PPPS-24469, PPPS-24470
Vendor/Supplier: Forefront Living Hospice, Pathway Hospice, LLC. & The Visiting Nurse Association of Texas **Basis of Original Contract Award** Request for Proposals (Best Value) **Basis of this Modification** Non-Sole Source Modification	BOM Approved Contract Total (6/20/24): Actions Totaling < $100,000 Amount: Amount: Amount:	$950,000
Revenue, Expense or Capital: Expense	Modification that increases contract value to $100,000 more than BOM Approved Contract Total Modification # 1 Amount:	$2,600,000
Original Start Date: 7/1/2024 **Current Expiration:** 6/30/2029 **Mod Start Date:** 11/19/2025 **Expiration after this Mod:** 6/30/2029	New Contract Amount:	$3,550,000

Approvals

Has the final modification been approved by Legal for legal sufficiency?	Legal approved base document, amendment has no changes
Does this modification have an IT Component?	No
Does this modification have a Construction Component?	No

Financial

Is Funding included in the applicable FY Budget?	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.
FTE Impact:	None

Diversity

Current M/WBE Participation?	0%
M/WBE Race/Ethnicity?	N/A
M/WBE Gender?	N/A

Submitted By (Division VP): Shannan Bradley, Vice President Care Management & Post-Acute Services, Operations Administration

DALLAS COUNTY HOSPITAL DISTRICT
PARKLAND HEALTH BOARD BRIEFING DOCUMENT

Parkland

SUBJECT: Mod # 1 Hospice Care Services

VENDOR: Forefront Living Hospice, Pathway Hospice, LLC. & The Visiting Nurse Association of Texas

COST:

BOM Approved Contract Total (6/20/24):	$950,000
Action:	
Action:	
Action:	
Modification # 1:	+ $2,600,000
Total:	$3,550,000

Recommendation
Approve this contract modification to Hospice Care Services.

Background
This modification is to add additional funding to the current hospice care services multi-awarded contracts. Parkland has been experiencing an increase in the number of patients requiring hospice care, which led to the exhaustion of approved funding prior to contract expiration. Parkland's Hospice Care Services program encompasses outpatient routine hospice homecare, outpatient continuous hospice care, inpatient hospice care, and inpatient hospice respite care. These services are provided to patients for whom curative or life-prolonging treatments are no longer viable, as determined by Parkland's physician or upon request by the patient or their family.

Fair and Reasonable Price Determination
A fair and reasonable price was determined through adequate competition.

Financial Forecast

Current Contract Amount	FY2026	FY2027	FY2028	FY2029	Total
$950,000	$604,655	$725,580	$725,580	$544,185	$3,550,000

Document Contact/Author:	Terence Durham

Board Approval Request For Modification to Contract or Funding

BOM Date: November 19, 2025	**Modification:** Mod # 6 add funding and extend agreement through November 30, 2028	
Business Owner: Tina Hill/ Crystal Harrison	**Business Owner Dept:** Correctional Health/ Radiology	**Contract Number:** POCS-19227
Vendor/Supplier: Premier Radiology Services, LLC **Basis of Original Contract Award** Sole Source **Basis of this Modification** Sole Source Modification	BOM Approved Contract Total (11/26/2024):	$1,900,415
Revenue, Expense or Capital: Expense	Modification # 6 Amount:	$2,211,023
Original Start Date: 8/1/2020 **Current Expiration:** 11/30/2025 **Mod Start Date:** 12/1/2025 **Expiration after this Mod:** 11/30/2028	New Contract Amount:	$4,111,438

Approvals

Has the final modification been approved by Legal for legal sufficiency?	Yes
Does this modification have an IT Component?	No
Does this modification have a Construction Component?	No

Financial

Is Funding included in the applicable FY Budget?	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.
FTE Impact:	None

Diversity

Current M/WBE Participation?	N/A
M/WBE Race/Ethnicity?	N/A
M/WBE Gender?	N/A

Submitted By (Division VP): Jenni Burnes, Vice President, Ancillary Services, Operations Administration

DALLAS COUNTY HOSPITAL DISTRICT PARKLAND HEALTH BOARD BRIEFING DOCUMENT

Parkland

SUBJECT: Mod # 6 add funding and extend agreement through November 30, 2028

VENDOR: Premier Radiology Services, LLC

COST:

BOM Approved Contract Total (11/26/2024):	$1,900,415
Modification # 6:	+ $2,211,023
Total:	$4,111,438

Recommendation

Approve this contract modification to add funding and extend agreement through November 30, 2028.

Background

This contract is for a third-party to read x-rays for Correctional Health and Radiology Ambulatory Surgery Center (ASC) and Community Oriented Primary Care Clinics (COPC). In 2024, a Request for Proposal (RFP) was issued to assess market interest; however, no responses were received. Following this, the Contracts team engaged with several vendors to better understand the landscape. It became clear that the limited interest was primarily due to the specific requirement for plain film X-ray readings. Should Parkland choose to broaden the scope to include additional imaging modalities and higher volumes, the opportunity could attract more competitive bids. As a result, we plan to rebid this category prior to the amendment's expiration.

Fair and Reasonable Price Determination

Although the service being purchased is a sole source for the reasons discussed below, research shows that the Parkland price is at the market price given that radiologists are still in high demand.

Financial Forecast

Current Contract Amount	FY2025	FY2026	FY2027	FY2028	Total
$1,900,415	$614,173	$737,008	$737,008	$122,834	$4,111,438

Sole Source Justification

Parkland released an RFP in 2024 for interpretation services and received no bids. The radiologists on this contract are currently privileged through Parkland's credentialing process.

Document Contact/Author:	Andrea Henley

Parkland

Board Approval Request For Contracts Over $200,000

BOM Date: November 19, 2025	**Product or Service:** Contract to Purchase 5415 Gregg Street, ±0.5051 acres of land, Dallas, Texas	
Business Owner: Beall Carothers	**Business Owner Dept:** Planning Design & Construction	**Contract Number:** POCRE-25591
Vendor/Supplier/Contractor: Gregg Street, LLC	**Source Selection Methodology:** Real Estate – Exemption	**Fair and Reasonable Price Determination:** Market Price

Revenue, Expense or Capital:

Expense: Court Approval

	Contract Dates	Contract Price
Base Term:	Upon contact execution – 120 days (diligence/inspection period) plus 30 days (closing period)	$2,000,000
Out Years:	0 Year(s)	+$0
Total:	Upon contact execution – plus 150 days for inspection & closing	$2,000,000

Lowest Bidder

Is this contractor the lowest bidder/supplier? N/A-Real Estate
If not, what premium will be paid for this contract over the lowest bidder? N/A

Approvals

Has the final contract been approved by Legal for legal sufficiency? Yes
Does this contract have an IT Component? No
Does this contract have a Construction Component? No

Financial

Is Funding included in the applicable FY Budget? Yes
FTE Impact: None

Diversity

Potential for M/WBE engagement: N/A-Real Estate
Were M/WBE's Directly Solicited? N/A-no solicitation performed
Number Responding M/WBE's: N/A-no solicitation performed
What % of this contract is M/WBE? N/A
M/WBE Race/Ethnicity? N/A
M/WBE Gender? N/A

Submitted By (Division VP): Lance Mendiola, Vice President, Construction, Facilities, Real Estate

DALLAS COUNTY HOSPITAL DISTRICT
PARKLAND HEALTH BOARD BRIEFING DOCUMENT

Parkland

SUBJECT: Contract to Purchase 5415 Gregg Street, ±0.5051 acres of land, Dallas, Texas

VENDOR: Gregg Street, LLC

COST:		
	Base Term:	$2,000,000
	Out Years:	+ $0
	Total:	$2,000,000

Recommendation
Approve this contract for Contract to Purchase 5415 Gregg Street, ±0.5051 acres of land, Dallas, Texas.

Background
The contract is for the purchase of ±12,350 sf warehouse building on ±0.5051 acres of land at 5415 Gregg Street, Dallas, Texas. This has been reviewed by the board facilities committee. The purchase of the site is an unusual opportunity to acquire property within close proximity of Parkland's main campus.

Upon completion of the purchase, the current tenant – King Irrigation – would continue to lease the space through late 2028. Net Operating Income ("NOI") for the site is approximately $40,000 annually on a triple net ("NNN") lease methodology.

5415 Gregg Street is contiguous to 2339 Butler Street (0.396 acres site) which Parkland has under contract to purchase.

Fair and Reasonable Price Determination
Current submarket sales and comparable data indicate the purchase price is a fair and reasonable value. A real estate appraisal will be completed prior to the expiration of the inspection period to confirm the asset value.

Financial Forecast

Base Term	FY2026
Real Estate Purchase	$2,000,000

During the contract's initial Inspection/Diligence period of one hundred twenty (120) days, Parkland will engage with independent, third-party vendors to perform a site survey based upon American Land Title Association standards (an "ALTA survey"), appraisal of the asset, property condition assessment, and Phase I Environmental Site Assessment ("Phase I ESA"). Diligence expenditures are estimated to total $20,000 ($5,000 for Phase I ESA, $5,000 for appraisal, $5,000 for ALTA survey and $5,000 contingency).

Sole Source Justification
Not appliable

Document Contact/Author:	Beall Carothers, Director Real Estate Development

Parkland

Board Approval Request For Modification to Contract or Funding

BOM Date: November 19, 2025	**Modification:** Mod # 1 Add Web Hosting and Direct Data Configuration Services	
Business Owner: Greggory Ervin / LeMar Oleson	**Business Owner Dept:** Information Technology	**Contract Number:** POIT-19196 A16
Vendor/Supplier: Wellsky Corporation **Basis of Original Contract Award** Request for Proposals (Best Value) **Basis of this Modification** Sole Source Modification	BOM Approved Contract Total July 23, 2019	$1,001,628
	Actions Totaling < $100,000 A1 – A15 Amount:	$2,410,459
Revenue, Expense or Capital: Expense	Modification that increases contract value to $100,000 more than BOM Approved Contract Total Modification # 1 Amount:	$828,960
Original Start Date: 11/21/2017 **Current Expiration:** 6/27/2026 **Mod Start Date:** 11/19/2025 **Expiration after this Mod:** 11/18/2030	New Contract Amount:	$4,241,048

Approvals

Has the final modification been approved by Legal for legal sufficiency?	Yes
Does this modification have an IT Component?	Yes; and IT approved
Does this modification have a Construction Component?	No

Financial

Is Funding included in the applicable FY Budget?	Yes
FTE Impact:	None

Diversity

Current M/WBE Participation?	N/A
M/WBE Race/Ethnicity?	N/A
M/WBE Gender?	N/A

Submitted By (Division VP): Joe Longo, Senior Vice President & Chief Information Officer

DALLAS COUNTY HOSPITAL DISTRICT
PARKLAND HEALTH BOARD BRIEFING DOCUMENT

Parkland

SUBJECT: Mod # 1 Add Web Hosting and Direct Data Configuration Services

VENDOR: Wellsky Corporation

COST:

BOM Approved Contract Total July 23, 2019	$1,001,628
Action:	$2,410,459
Modification # 1:	+ $828,960
Total:	$4,241,048

Recommendation
Approve this contract modification to Add Web Hosting and Direct Data Configuration Services.

Background
This contract is for the use of Wellsky's Transfusion application to support FDA-regulated workflows in patient care and reporting. To enhance system performance, security and regulatory compliance, Wellsky will provide web hosting services to store our data on powerful computers called web servers connected to the internet. Hosting enables seamless integration for updates and patches, minimize upgrade delays and training requirements, enhance HIPAA/HITRUST compliance, and simplify vendor support and issue resolution. This contract auto renews annually for maintenance, service and support.

Fair and Reasonable Price Determination
The proposed hosting fees from WellSky have been evaluated against industry benchmarks for similar managed hosting services in the healthcare SaaS domain. The pricing structure includes:

- Infrastructure provisioning and maintenance
- Data backups and disaster recovery
- Security monitoring and compliance management
- 24/7 technical support

Based on market comparisons and internal cost-benefit analysis, the pricing is considered fair and reasonable given the specialized nature of the services, the regulatory requirements, and the value of vendor-managed hosting in reducing internal IT overhead.

Financial Forecast

Current Contract Amount	FY2019 – FY2025	FY2026	Total
$1,001,628	$2,410,459	$828,960	$4,241,048

Sole Source Justification
This procurement qualifies as a sole source because the vendor is a valued and contracted partner with Parkland Health. At the time of the original contracting and procurement of this solution, cloud hosting was not included among the vendor's service offerings. As such, the current need for cloud hosting aligns with the vendor's expanded capabilities and maintains continuity with the existing solution.

Document Contact/Author:	Farrah Smith

CONTRACT RESOLUTION
Board of Managers
November 19, 2025

PARKLAND HEALTH

RESOLUTION NO. _____

Be it resolved, the Parkland Health Board of Managers, by a vote of _____ Yes and _____ Nay, does by this resolution (adopt/reject) _____ the following:

WHEREAS, Parkland Health management requested approval for certain contracts and approval/rejection is as checked below:

Approved	Rejected	Withdrawn	Type	Service or Product	Vendor	Contract Term	Aggregate Contract Amount Approved	Budgeted
			Expense	Mod # 3 Intraocular Lenses and Hydrus Microstents	Alcon Vision, LLC	11/14/2021-12/31/2027	$2,010,000	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.
			Expense	Venaseal & ClosureFast Products	Medtronic USA, Inc.	12/24/2025 – 12/23/2030	$985,000	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.
			Expense	Mod # 1 Omni Surgical System	Sight Sciences, Inc	5/25/2022-5/24/2026	$150,000	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.
			Expense	Mod # 1 Hospice Care Services	Forefront Living Hospice, Pathway Hospice, LLC. & The Visiting Nurse Association of Texas	7/1/2024 -6/30/2029	$853,000	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.
			Expense	Mod # 6 add funding and extend agreement through November 30, 2028	Premier Radiology Services, LLC	8/1/2020 -11/30/2028	$2,211,023	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.
			Expense: Court Approval	Contract to Purchase 5415 Gregg Steet, ±0.5051 acres of land, Dallas, Texas	Gregg Street, LLC	Upon contact execution – plus 150 days for inspection & closing	$2,000,000	Yes
			Expense	Mod # 1 Add Web Hosting and Direct Data Configuration Services	Wellsky Corporation	11/21/2017-11/18/2030	$828,960	Yes

THEREFORE, BE IT RESOLVED, that the Parkland Health Board of Managers approves these contracts as noted.

Dated this 19th of November 2025.

_____
Marjorie D. Petty, JD
Chair

_____
Steve Roth, JD, MPH
Assistant Secretary

Marjorie Petty, JD	Yes _____	No _____	Abstain _____	Absent _____
Elizabeth Palacios, MD	Yes _____	No _____	Abstain _____	Absent _____
Todd Furniss, JD	Yes _____	No _____	Abstain _____	Absent _____
Eric G. Bing, MD, PhD	Yes _____	No _____	Abstain _____	Absent _____
Byron Cryer, MD	Yes _____	No _____	Abstain _____	Absent _____
Reina Gonzalez, JD	Yes _____	No _____	Abstain _____	Absent _____
Vincent Hall	Yes _____	No _____	Abstain _____	Absent _____
Ramon Miguez, PE	Yes _____	No _____	Abstain _____	Absent _____
Farida Minner, RN	Yes _____	No _____	Abstain _____	Absent _____
Lisa Sutter	Yes _____	No _____	Abstain _____	Absent _____
Yasmin Simon, JD	Yes _____	No _____	Abstain _____	Absent _____

Consideration and Appropriate Action Regarding Capital Substitution (See Attached List of Capital Substitutions)

Parkland Health
FY2026 Capital Substitution
For November 2025 Board Meeting

Ref #	Division	Project Total	Substitution Amount	Description
1	COPC/Ambulatory Specialty Clinics	$1,455,420	$1,036,920	Bluitt Flowers COPC Renovation/Optimization and Clinic Relocations
	Explanation			This project request includes the renovation of the Bluitt Flowers COPC, clinic relocations, and the optimization of space at other COPC locations in the southern region. This request will provide additional space for patient care activities, allow the expansion of specialty care in the community, and provide access to onsite pediatric behavioral health services at the CV Roman COPC. Also, two clinics will be combined, which will improve managerial oversight and reduce lease expenses. This request seeks approval to utilize funds that were previously budgeted for other projects at Bluitt Flowers and CV Roman. No renovations have been made to the CV Roman Clinic. The timing of those meeting with key stakeholders occurred after the budget submission. During discussions regarding the implementation of the original CV Roman project, leaders from operations, nursing, and the physician group all agreed that utilizing the funds for the Bluitt Flowers & CV Roman renovations would yield a better return on investment. This request has been briefed by the facilities committee. The relocation and consolidation of services will improve patient experience by moving to locations that are located on the DART bus routes, easier access to clinic locations and additional services out in the community. The original budget request for the Bluitt Flowers renovation project was to convert business office space to clinical space, which would have created three exam rooms, one provider office, and one storage closet. The revised request will create three exam rooms, one consultation room, and six staff workstations in a pod that will be used for specialty care. Also, a nurse station will be added to include five cubicles and one office. The renovation will also include the reconfiguration of the IT room to minimize any potential life safety issues. To optimize space, there will also be several clinic relocations. Specialty services will move from CV Roman to Bluitt Flowers and allow OPC to expand services in the community. Pediatrics will move from Oak West to CV Roman and will provide access to onsite pediatric behavioral services. The CV Roman and Wynnewood ARCs will both move to Oak West and will be combined. This will improve managerial oversight and reduce lease expenses.
	Driver(s) of Increased Expense:			Additional renovation at Bluitt Flowers; clinic relocations to optimize space;
	Description of Item:			Bluitt Flowers Clinic renovation; clinic relocations
	Grand Total	**$1,455,420**	**$1,036,920**	

PARKLAND HEALTH

RESOLUTION NO. _____

Be it resolved, the Parkland Health Board of Managers, by a vote of _____ Yes and _____ Nay, does by this resolution (adopt/reject) _____ the following:

WHEREAS, Parkland Health management requests approval for the use of contingency funds for capital items in the amount of $1,455,420 for FY25 as itemized in the listing presented to the Board of Managers, and

THEREFORE, BE IT RESOLVED, that the Parkland Health Board of Managers approves the use of funds as submitted.

Dated this ____th Day of _____2025.

_____
Marjorie Petty, JD
Chair

_____
Steven Roth, JD, MPH
Assistant Secretary

Marjorie Petty, JD	Yes_____	No _____	Abstain _____	Absent _____
Elizabeth Palacios, MD	Yes_____	No _____	Abstain _____	Absent _____
Todd Furniss, JD	Yes_____	No _____	Abstain _____	Absent _____
Eric G. Bing, MD, PhD	Yes_____	No _____	Abstain _____	Absent _____
Byron Cryer, MD	Yes_____	No _____	Abstain _____	Absent _____
Reina Gonzalez, JD	Yes_____	No _____	Abstain _____	Absent _____
Vincent Hall	Yes_____	No _____	Abstain _____	Absent _____
Ramon Miguez, PE	Yes_____	No _____	Abstain _____	Absent _____
Farida Minner, RN	Yes_____	No _____	Abstain _____	Absent _____
Yasmin Simon	Yes_____	No _____	Abstain _____	Absent _____

Consideration and Appropriate Action Regarding Fiscal 8311-1-04 Investment Policy

Fiscal 8311-1-04 Investment Policy

Requirements regarding this document are found in:

- The Texas Health & Safety Code 281.049

Background:

- Last published 12/19/24 (1-year approval period).

Revisions:

- Add investment management firm Hilltop Securities as a source of education
- Update language surrounding investments in mortgage-backed securities
- Add investor liquidity needs as a reason for the investment manager to sell securities prior to maturity
- Revise some outdated terms
- Remove mortgage pool securities as approved investments

Approvals:

- Joe Mayer, Treasury Director
- Rick Humphrey, CFO
- Board Budget and Finance Committee (scheduled 11/18/25)
- Board of Managers (scheduled 12/17/25)

Parkland

Investment Policy	8311-1-04	Published: 12/19/24
Fiscal		Page 1 of 15

PURPOSE:

It is the policy of the Dallas County Hospital District (the District), d/b/a Parkland Health, to invest all available hospital operating and bond funds and related reserves in a manner that provides maximum security and the best commensurate yield while meeting the daily cash flow demands of the District and conforming to the legal and administrative guidelines set forth herein. Parkland Community Health Plan, Inc. (PCHP) funds are covered by this Policy, but are managed as separately invested assets.

The purpose of this Investment Policy is to comply with Chapter 2256 of the Texas Government Code (Public Funds Investment Act), which requires each subject entity to adopt a written policy regarding the investment of its funds and funds under its control. The Investment Policy addresses the methods, procedures and practices that must be exercised to ensure effective and judicious fiscal management of the District's funds.

SCOPE:

All Parkland Workforce members.

POLICY:

1. Investment of the funds covered by this Policy shall be governed by the following investment objectives, in order of priority.

   A. Safety: Safety of principal is the primary objective of the Investment Policy. Investment of the District's funds shall be undertaken in a manner that seeks to ensure the preservation of capital for the overall portfolio. To attain this objective, investment in only high-quality securities and diversification are required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

   B. Liquidity: The District's investment portfolio shall remain sufficiently liquid to enable the District to meet all operating requirements that might be reasonably anticipated while also seeking maximum yield.

C. Yield: The District's investment portfolio shall be designed with the objective of attaining the best yield, throughout budgetary and economic cycles, commensurate with the District's investment risk constraints and the cash flow characteristics of the portfolio.

2. Investment Officers

A. The District's Board of Managers shall designate by resolution all officers and employees responsible for, and authorized to, manage and invest funds controlled by the District (Investment Officers). The Investment Officers shall be the individuals primarily responsible for investment activity under this Policy. The authority to manage the District's funds is effective until rescinded by the Board of Managers or until termination of the person's employment from the District. A minimum of two Investment Officers shall approve purchases of investment instruments.

B. Investment Officers acting in accordance with this policy and all other applicable laws, are relieved of personal responsibility and liability in the management of the investment portfolio, provided that the Investment Officer acts in accordance with the standard of prudence described below:

1) The Investment Officer does not act in violation of the ethics and conflict of interest standards contained in this policy;

2) The Investment Officer does not act with reckless disregard, fraud, or intentional misconduct; and

3) Deviations from expectations are reported in a timely fashion to the Board of Managers and appropriate action is taken to control adverse developments.

4) The Board of Managers, at its discretion, may designate an SEC-registered Investment Advisor i which meets industry standards in order to manage all, or a portion of, the District's invested funds in accordance with this Policy.

3. Investment Training

A. Investment Officers are required to attend at least one training session, provided by an independent source, within twelve months of assuming investment-related duties under this Policy. Such training must include education in investment controls, security risks, strategy risks, market risks, diversification, and

compliance with the Public Funds Investment Act. After the initial training session, each Investment Officer is required to receive not less than ten hours of related instruction at least once during a two-year period beginning with the first day of the fiscal year and consists of the next two fiscal years after this date. Current approved training providers are:

1) Government Treasurers' Organization of Texas (GTOT).
2) Government Finance Officer's Assoc. of Texas (GFOAT).
3) Center for Public Management, Univ. of North Texas (UNT).
4) Texas Municipal League (TML).
5) Virtual Learning Concepts (web-based).
6) TexPool Academy Online.
7) Texas State University (web-based).
8) Hilltop Securities, Inc.
9) North Central Texas Council of Governments (NCTCOG)

B. Additional training providers may be approved by the Board of Managers and included in the Investment Policy at the next review.

4. Prudence

A. The standard of prudence to be applied by Investment Officers shall be the "prudent investor" rule. This rule states that "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived".

B. In determining whether an Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the investment of all funds over which the official had responsibility rather than consideration as to the prudence of a single investment.

5. Ethics and Conflicts of Interest

A. Investment Officers involved in the investment process are to refrain from personal business activity that could conflict with proper execution of the investment process, or which could impair their ability to make impartial investment decisions.

B. Investment Officers must file a disclosure statement with the Texas Ethics Commission and the District's Board of Managers if:

1) The Investment Officer has a personal business relationship with a business organization offering to engage in an investment transaction with the District; or

2) The Investment Officer is related within the second degree by affinity or consanguinity (Immediate Family Member), as determined under Chapter 573 of the Texas Government Code (see attachment), to an individual seeking to transact investment business with the District.

C. An Investment Officer has a personal business relationship with a business organization if:

1) The Investment Officer or, their Immediate Family Member, owns 5 percent or more of the voting stock or shares of the business organization or owns $5,000 or more of the fair market value of the business organization;

2) Funds received by the Investment Officer or their Immediate Family Member, from the business organization exceed 5 percent of his/her gross income for the previous year;

3) The Investment Officer, or their Immediate Family Member is, or has been within the last year, an employee, director or officer of the business organization; or

4) The Investment Officer or their Immediate Family Member has acquired from the business organization, during the previous year, investments with a book value of $2,500 or more for his/her personal account.

6. Authorized Investments

A. District funds governed by this Policy may be invested in the instruments described below, all of which are authorized by the Public Funds Investment Act.

Investment of District funds in any instrument or security not authorized for investment under the Public Funds Investment Act is prohibited.

B. An investment that requires a minimum rating under this section does not qualify as an authorized investment during the period the investment does not have the minimum rating. The District (and Investment Officer) shall take all prudent measures consistent with this Policy to liquidate an investment that does not have the minimum rating.

C. Authorized:

1) Obligations, including letters of credit, of the United States of its agencies and instrumentalities.

2) Direct obligations of the State of Texas or its agencies and instrumentalities.

3) Other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the State of Texas or the United States or their respective agencies or instrumentalities.

4) Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent.

5) Fully collateralized Certificates of Deposit issued by state or national banks domiciled in this state that are:

a) guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC), or its successor; or

b) secured by authorized investments described in 1 – 4 above (which are intended to include all direct federal agency or instrumentality issued mortgage-backed securities) that have a market value of not less than 102% of the principal amount, plus accrued interest, of the certificates, or in any other manner and amount provided by law for deposits of public entities.

6) Fully collateralized repurchase agreements, provided the District has on file a signed Master Repurchase Agreement which details eligible collateral,

collateralization ratios, standards for collateral custody and control, collateral valuation, and conditions for agreement termination and also provided that the repurchase agreement:

a) has a defined termination date;

b) is secured by obligations of the United States or its agencies and instrumentalities that have a market value of not less than the principal amount, plus accrued interest, of the repurchase agreement;

c) requires the securities being purchased by the District to be assigned to the District, held in the District's name, and deposited at the time of the investment is made with the District's custodian or a third-party selected and approved by the District; and

d) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state.

7) Domestic commercial paper with a stated maturity of 270 days or less which is rated not less than A-1, P-1, or an equivalent rating by two nationally recognized rating agencies.

8) No-load money market mutual funds that are registered with and regulated by the Securities and Exchange Commission that:

a) have a dollar-weighted average stated maturity of 60 days or fewer;

b) seek to maintain a stable net asset value of $1 per share; and

c) have provided the District with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940.

d) maintain a minimum rating of AAAm or equivalent by at least one nationally recognized rating agency.

9) The Public Funds Investment Act restricts investment in any one mutual fund in an amount that exceeds 10 percent of the total assets of the mutual fund.

10) Local Government Investment Pools created under the Interlocal Cooperation Act of Texas and which conform to the requirements set forth in Section 2256.016 of the Public Funds Investment Act that:

a) have a dollar-weighted average stated maturity of 60 days or fewer;

b) seek to maintain a stable net asset value of $1 per share; and

c) have provided the District with a prospectus and other information as appropriate; and

d) maintain a minimum rating of AAAm or equivalent by at least one nationally recognized rating agency.

D. Not Authorized:

1) Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.

2) Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.

3) Collateralized mortgage obligations.

4) Short sales, margin purchases, or leverage in the portfolio.

5) Option or futures contracts, commodities, or direct real estate investments.

6) Corporate bonds, convertible bonds, or equity shares.

7) Obligations of any foreign banks or other entities issued outside of the United States.

7. Investment Selection

A. It is the policy of the District to require competitive bidding for all individual security purchases and sales except for:

1) Transactions with money market mutual funds and local government investment pools (which are deemed to be made at prevailing market rates);

2) Treasury and agency securities purchased at issue through an approved broker/dealer or financial institution; or

3) Investments purchased by an Registered Investment Advisor.

B. At least three bids or offers must be solicited and documented for all other transactions involving individual securities. In situations where the exact security being offered is not offered by other broker/dealers, offers on the closest comparable investment may be used to establish a fair market price for the security.

8. Sale of Securities

A. The District intends to hold securities to maturity. However, securities may be sold with explicit approval of the VP & Controller, Sr. VP-Finance, or the Executive VP & Chief Financial Officer for purposes of liquidity, safety, or yield enhancement. Investments managed by a Registered Investment Advisor may be sold before maturity provided the strategy adds value through issue selection, yield curve structure, convexity, and diversification in order to provide safety of principal and lower portfolio risks or if the investor requires liquidity from the portfolio.

9. Diversification and Maximum Maturities

A. The District attempts to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the District will not directly invest in:

1) Individual securities maturing more than ten (10) years from the date of purchase.

2) Individual eligible Agency MBS as defined previously herein that exhibit average life characteristics and price sensitivity that exceeds that of a five (5) year security. While each eligible mortgage pool will specify a stated final maturity equal to the last contractual payment date due on the mortgages in the pool, such mortgage pass-through pools exhibit aggregate monthly cash flows that create predictable price volatility or average life / average maturity characteristics significantly shorter than the stated final maturity of the pool. (Example: a 30-year FNMA 6.00% mortgage pool may have a "stated final maturity" of 2035but exhibit an average maturity of only three and a half (3.5)

years). Mortgage pass-through securities otherwise authorized by this section must have average life / price sensitivity characteristics less than five (5) years at the time of purchase.

3) In order to ensure the ability to meet obligations and to minimize potential liquidation losses, the dollar-weighted average maturity (WAM) of the District's pooled portfolio shall not exceed two (2) years. For the PCHP portfolio, the WAM shall not exceed 2 years. The portion of the District's pooled portfolio managed by an Investment Advisor shall not have a WAM greater than three (3) years. In addition, the individual investment portfolios of the District and PCHP will each be diversified to limit market and credit risk by observing the following limitations:

Investment Type	Maximum Portfolio Ratio	Maturity Limit	Minimum Rating
U.S. Treasuries	100% Overall	10 years	N/A
U.S. Agencies & Instrumentalities	100% Overall 40% per Issuer	10 years	AA
Municipals	10% Overall 5% per Issuer	5 years	AA
Certificates of Deposit	40% Overall	2 years	N/A
Repurchase Agreements	40% Overall 20% per Issuer	270 days	N/A
Commercial Paper	40% Overall 5% per Issuer	270 days	A1 – P1
Money Market Mutual Funds	100% Overall	N/A	AAAm
Local Government Investment Pools	100% Overall	N/A	AAAm
		5 years *	AA
•			

10. Authorized Broker Dealers

A. Any broker/dealer wishing to do business with the District must provide the following:

   1) most recent audited financial statements;

   2) proof of current certification by the Financial Industry Regulatory Authority (FINRA)); or

   3) proof of current registration with the Texas State Securities Commission;

   4) completed Broker/Dealer Questionnaire;

   5) resumes of designated brokers.

B. The Treasury Director reviews all submitted documents, checks backgrounds and references as may be appropriate, and presents findings and recommendations to the Investment Officers.

C. The Investment Officers, after consideration of the broker/dealer's qualifications, may propose acceptance of the application to the Board of Managers.

   If the District has hired an Investment Advisor, the advisor shall state that it has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the District and the organization that are not authorized by the District's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the District's entire portfolio or requires an interpretation of subjective investment standards.

D. The list of approved broker/dealers must be reviewed, no less than annually, by the Board of Managers.

11. Delivery vs. Payment

A. All marketable securities are purchased using the delivery vs. payment method. Payment for securities purchased is made only upon verification that the correct securities were received by the custodian. Payment may be made in a simultaneous transaction but may not be made before delivery of the securities occurs.

12. Safekeeping and Custody:

    A. The District shall contract with a bank or banks for safekeeping of securities either owned by the District as part of its investment portfolio or held as collateral to secure demand or time deposits. Securities owned by the District shall be held in the District's name as evidenced by safekeeping receipts of the institution holding the securities.

    B. Collateral for bank deposits shall be held by a third-party custodian designated by the District and pledged to the District as evidenced by safekeeping receipts of the institution with which the collateral is deposited. Collateral may be held by the depository bank's trust department, a Federal Reserve Bank or branch of a Federal Reserve Bank, a Federal Home Loan Bank, or a third-party bank approved by the District.

13. Collateral

    A. Consistent with the requirements of the Public Funds Collateral Act, the District requires full collateralization of all uninsured collected bank balances plus accrued interest, if any. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest on deposits, less the amount insured by the FDIC. The Treasury Director is responsible for approving pledges, releases, and substitutions of collateral and for monitoring the market value of the pledged securities to ensure that it is adequate. Eligible collateral shall be limited to Authorized Investments A) – D) of section 6 of this Policy.

14. Strategy

    A. For the Parkland and PCHP portfolios, investments are generally "laddered" to mature according to forecasted cash needs and are held to maturity. In addition, the portfolios are conservatively invested according to the following considerations listed in order of importance:

        1) Suitability - All investments will be placed in appropriate instruments that are allowed by this Policy and with which the District's Investment Officers are thoroughly familiar.

2) Safety - Investments will be placed in instruments that offer low credit risk and minimal price volatility with the primary objective of preserving invested principal.

3) Liquidity - Securities will be selected to mature according to forecasted cash needs and to provide for contingencies.

4) Marketability - In order to further protect the District's assets from loss in the event that an early liquidation becomes necessary or desirable, a healthy trading market must exist for any securities maturing more than six (6) months from the purchase date.

5) Diversification - The investment portfolios will be diversified among specific issuers and investment types according to this Policy in order to minimize exposure to market and credit risk.

6) Yield - Investments will be selected which maximize return on invested principal subject to the above considerations.

7) Trading – Trading securities with the intent to profit from short-term changes in interest rates and/or security valuations is only permitted by an Investment Management Firm.

15. Portfolio Reporting and Controls

A. Not less than quarterly, the Treasury Director shall prepare a report of investment activity for presentation to the Board of Managers. This report will describe the investment position for the end of the period. The report will detail balances and changes in market and book values as well as fully accrued interest for the reporting period; state the maturity date of each investment held as of the reporting date; and state the compliance of the investment portfolio with this Investment Policy. Market values will be obtained from a reputable and independent source that is disclosed in the quarterly report. This report will be signed by the Board authorized Investment Officers.

B. In connection with the annual financial audit, a review of management controls on investments and adherence to this Policy will be performed and the results will be reported to the Board of Managers. The annual audit by the District's independent auditors will include a review of the quarterly investment reports, the results of which shall be presented to the Board of Managers.

16. Investment Advisors

A. The District may contract with an SEC-Registered Investment Advisor for purposes of managing the DCHD and PCHP investment portfolios. The firm must be registered either under the Investment Advisors Act of 1940 or with the Texas State Securities Board. The firm is required to review this policy and confirm acceptance of its terms annually. The firm will only be accountable for the DCHD and PCHP assets in the custody accounts under its control. In accordance with the Public Funds Investment Act, the DCHD Board of Managers must approve by resolution the renewal of the investment management firm's contract every two years.

17. Investment Policy Review and Adoption

A. Not less than annually, the Board of Managers shall adopt a written instrument by resolution stating that it has reviewed the Investment Policy and that the written instrument so adopted shall record any changes made to the Policy.

DEFINITIONS:

Workforce member: An Officer, board member, employee, volunteer, member of the medical staff, contractor, vendor, trainee, or other person whose conduct, in the performance of work for Parkland, is under the direct control of Parkland, whether or not he or she is paid by Parkland.

REFERENCES:

N/A

APPENDIX 1

Consanguinity and Affinity Relationship Chart

Officer or Employee					
Consanguinity (Includes individuals related by blood to the Officer or Employee)			Affinity (Includes the Officer's or Employee's Spouse and individuals related to the Spouse)		
First Degree	Second Degree	Third Degree	First Degree	Second Degree	Third Degree
Father or Mother	Grandparents	Great Grandparents	Spouse	Grandparents	Great Grandparents
Son or Daughter (& Spouse)	Grandchildren (& Spouse)	Great Grandchildren (& Spouse)	Father or Mother	Grandchildren	Great Grandchildren
	Uncle or Aunt (& Spouse)	Great Uncle or Aunt (& Spouse)	Son or Daughter	Uncle or Aunt	Great Uncle or Aunt
	First Cousin (& Spouse)	Children of Great Uncle or Aunt (& Spouse)		First Cousin	Children of Great Uncle or Aunt
	Nephew or Niece (& Spouse)	Second Cousin (& Spouse)		Nephew or Niece	Second Cousin
	Brother or Sister (& Spouse)	Children of First Cousin (& Spouse)		Brother or Sister	Children of First Cousin
		Grand Nephew or Niece (& Spouse)			Grand Nephew or Niece

An Officer or Employee is the starting point from which all degrees of relationship are calculated. Under the Degrees of Consanguinity, where Spouse is indicated, the relationship of the spouse is in the same degree as that of the person related by consanguinity, but the spouse is related only by affinity.

Update and Report Regarding Parkland Financial Performance Presentation

Executive Summary for the Month of October 2025 (Hospital Only)

For the month of October, Parkland Health recognized a net income of $13.2M which is $5.1M higher than the budgeted net income of $8.1M and $9.9M favorable compared to the prior year net income of $3.3M.

Parkland Health's operating margin and operating cash flow margin for the month of October are 1.02% and 3.71%, respectively. The operating margin was favorable compared to budget of 0.08% and the operating cash flow margin is favorable compared to budget of 2.94%. Parkland Health's operating margin is favorable compared to prior year operating margin of 1.0% and favorable to the operating cash flow margin of 4.2% from the prior year.

Parkland Health's patient cash collections in October were $114.2M which is higher than budget by $0.2M and $5.9M higher than the prior year. Parkland Health's days cash on hand of 200.9 days for the month is a decrease of 21.1 days compared to prior month of 222.0 days and compared to the prior year October of 187.2 days, an increase of 13.7 days.

Patient Volume	Current Month Actual	Current Month Budget	Actual vs Budget	Actual vs Budget %
Adjusted Patient Days	59,572	57,916	1,656	2.9%
Equivalent Patient Days (inpatient only)	28,194	27,311	883	3.2%
Ambulatory Visits	123,190	121,202	1,988	1.6%
Emergency Room Visits	21,949	21,335	614	2.9%
Deliveries	1,068	1,126	(58)	-5.2%
Surgeries (total)	2,027	2,048	(21)	-1.0%
Total Adult Average Daily Census (incl. Observation)	839	803	36	4.5%
Neonatal ICU Average Daily Census	70	78	(8)	-10.3%
Total Average Daily Census	909	881	28	3.2%

Volume and Patient Revenues

- Gross patient revenue is an indicator of Parkland Health's overall volume of activity and patient mix. From the perspective of gross patient revenue, Parkland Health's total dollar volume of gross patient revenue is $14.4M or 1.7% higher than budget for the month. This favorable variance is due to a combination of inpatient revenue higher than budget by $10.9M or 3.8%, outpatient revenue being higher than budget by $4.9M or 1.0% and emergency room revenue being lower than budget by $1.4M or 1.5%. Compared to prior year's gross patient revenues for the month, total patient revenue is higher by $45.9M or 5.5% with inpatient revenue higher by $19.3M or 7.0%, outpatient revenues increase of $28.4M or 6.1% and emergency room revenues being lower by $1.8M or 1.9%.

- Parkland Health's gross patient revenue for the month of October is comprised of 33.5% IP revenue, 56.0% OP revenue, and 10.5% ED revenue. This is compared to a budget for the month of 32.8% IP, 56.4% OP, and 10.8% ED.

- Equivalent Patient Days, which is the sum of traditional inpatient + observation + short stay census days, is 3.2% higher than budget and 3.0% higher than the prior year.

- The Average Length of Stay (ALOS) for Adult was 0.22 days or 3.8% higher or unfavorable to budget and the Neonatal ICU ALOS was 1.31 days or 7.2% lower or favorable to budget. Compared to the previous year, the ALOS for Adult was 0.46 days or 8.2% higher or unfavorable to budget and the ALOS for Neonatal ICU was 2.09 days or 11.0% lower or favorable to the prior year.

  The actual mix of inpatient services that drive Equivalent Patient Days is different than Parkland Health's budget for October as described below:

  - Total Inpatient Discharges were higher than budget by 1.0% for the month and 2.9% lower than the prior year,
  - Observation/Short Stay Discharges are 4.7 % above budget and 8.2% above the prior year,
  - Total Adjusted Patient Days (a proxy for overall inpatient and outpatient volume) are higher than budget by 2.9% and higher than the prior year by 3.6%.
  - Inpatient surgery cases are 7.3% favorable to budget and 8.7% favorable to the prior year.
  - Surgeries of all types are 1.0% lower than budget and 3.4% higher than the prior year.
  - Deliveries are 5.2% lower than budget and 8.8% lower than the prior year.

- The volume of Parkland Health's Outpatient, Ambulatory and ED services to the community that integrate with, and impact Parkland Health's inpatient business is also different than budget, especially ambulatory visits.

  - Total outpatient visits of 123,190 for October are higher than the budget of 121,202 for the month and 2.9% higher than the prior year of 119,775. Outpatient visits include the following types:

    - COPC Visits; 42.2% of total outpatient visits
    - Ambulatory Specialty Clinics; 33.6% of total outpatient visits
    - Women's Health Centers Visits; 17.4% of total outpatient visits
    - Employee Health Integration; 2.4% of total outpatient visits
    - All Other Divisions; 4.5% of total outpatient visits

  - Approximately 59.5% of all outpatient visits are completed at the COPCs, Women's Health Centers or Community Centers. This statistic indicates that patients have access to care closer to their home and in lower cost settings other than the hospital-based clinics.

  - Total ED visits are 2.9% higher than budget for October and 2.0% higher than the prior year. The "left without being seen" statistic of 2.0% is higher than the budget of 1.6% and unfavorable to the prior year statistic of 1.8%.

  - Outpatient Surgery cases performed at the hospital are above budget by 1.6% and 4.6% higher than the prior year. Day Surgery cases performed at the ASC are 18.1% lower than budget and 8.1% lower than the prior year.

- The October Case Mix Index (CMI) for Adult Acute of 2.01 is 0.6% higher than the prior year, the Rehabilitation CMI of 1.26 is 11.5% lower than the prior year and the NICU CMI of 3.65 is 7.6% higher than the prior year. The WISH CMI 0.92 is 5.0% higher than the prior year and the Psychiatry CMI of 1.38 is 1.7% lower than the prior year.

- Parkland Health's actual patient cash collection rate from payors as a percentage of gross revenue is 12.9% for the month compared to a goal of 13.1%. Days in AR were 61 days compared to last month of 60 days.

- Parkland Health's October payor mix for gross patient revenue is:

Payor	MTH Act FY25	MTH Bud FY25	Variance Actual to Budget	MTH Act FY24
Commercial	7.9%	7.9%	0.0%	8.0%
ACA (Affordable Care Act)	5.7%	6.9%	-1.2%	6.2%
Medicaid	21.5%	20.7%	0.8%	21.5%
Medicare	17.4%	17.3%	0.1%	15.8%
Charity - Self Pay	47.5%	47.2%	0.3%	48.5%
Total	100.0%	100.0%	0.0%	100.0%

Other Operating Revenues

Other operating revenues of $28.7M is $6.3M higher than budget of $22.4M for the month of October.

Operating Expenses

October's operating expenses (excluding depreciation) are $257M. This is $2.2M or 0.9% higher than the budgeted operating expenses and higher than the prior year by $25.2M or 10.8%. Variances for the month include the following:

Salaries, Benefits and FTEs

- Salaries and Benefits as a percentage of operating revenue are 55.2% compared to a budget of 55.7%, and prior year of 56.4%.

- Salaries and benefits are $147.3M which is $1.0M or 0.7% lower than budget for the month.

- Salaries (including contract labor) are $1.1M or 1.0% higher than budget for the month.

- Actual FTE count (excluding both nursing homes and jail FTEs) for October was 12,818 compared to a budget of 12,765 and actual FTEs of 12,839 in the prior year. Total FTEs are 53.2 or 0.4% higher than budget and 0.2% lower than the prior year actual of 12,839.

- Productivity - The 6.4 FTEs per Adjusted Occupied Bed (AOB), which excludes both nursing homes and jail FTEs are 0.1 lower than the budget of 6.5 FTEs per AOB for the month and at 0.2 lower than prior year actual FTEs of 6.6 FTEs per AOB.

Purchased Medical Services

Purchased medical services are $2.3M or 7.8% lower than budget for the month primarily due to lower Medical Professional Services.

Supplies, Fees, Pharmaceuticals and Other Expenses

Supplies, Fees, Pharmaceuticals and Other Expenses are $3.5M higher than budget of $79.0M primarily due to higher Drugs Replacement Program.

Non-operating Revenues (Expenses)

Non-operating revenues of $10.4M are favorable to budget by $2.6M or higher by 32.4% for the month primarily due to higher Grants Revenue.

GENERAL INFORMATION

Key Operating Statistics/Charts

Volume-related (slides)

- **Hospital Discharges**
- **Total Average Daily Census**
- **Average Length of Stay**
- **Case Mix Index**
- **Total Emergency Visits** include Urgent Care Visits, as well as hospital Emergency Room visits.
- **Total Ambulatory Visits**
- **Surgeries** includes both inpatient and day surgery.
- **Deliveries**
- **Adjusted Patient Days** are a summation of inpatient activity (IP Census Days + Observation Days + Short Stay Days).

Labor and Operating Cost Efficiency

Evaluating Parkland Health's overall patient activity level and Parkland Health's cost structure in relation to that activity uses a common and standard industry factor called "Adjusted Patient Days". It is a calculated number based on revenue. The calculation uses Parkland Health's inpatient census days and extrapolates from them an estimate of "Adjusted Patient Days" that essentially incorporates both inpatient days and a "notional" value of estimated outpatient activity. The outpatient segment is calculated with a gross charge-based formula. The actual formula is described in the Glossary of Terms.

YTD Staffing Information

FTEs are Parkland Health's largest cost element. Volume alone is not the only driver, nor even the most important driver, of Parkland Health's staffing patterns – quality and safety come first. The leadership team is keenly focused on understanding how to better balance all these factors to deliver the highest quality care at the lowest feasible resource cost.

FTE per Adjusted Occupied Bed (AOB)

Parkland Health attempts to adjust staffing levels for actual patient activity. Flexing FTEs can be complicated and does not necessarily follow a linear pattern with volume. (Refer to the FTEs per Adjusted Occupied Bed slide).

Receivables and Collections Management

- ***Patient Cash Collections and Total Cash Collections:*** *Any increases* in cash collections are a reflection of the concerted efforts by the Revenue Cycle team to resolve delays in billing due to claim edits and the identification of a funding source for uninsured patients.

- ***Days Cash on Hand:*** Days cash on hand is a factor of cash balances compared to the required daily cash outlays needed to operate the organization.

- ***Days in Accounts Payable:*** The Days in Accounts Payable (AP) metric is calculated using the mathematical formula of total current liabilities less deferred revenues divided by total operating expenses less depreciation divided by the total days in the period of calculation. This metric represents the number of days on average it takes to pay outstanding accounts payable.

- ***Days in Patient Accounts Receivable:*** The Days in Accounts Receivable (AR) metric is calculated using the traditional mathematical formula of Net Accounts Receivable divided by Average Daily Net Patient Service Revenue (refer to the Days in Patient AR slide). Parkland Health's large proportion of Medicaid Pending Accounts Receivable – compared to most hospitals -- means that this traditional, industry-standard formula handicaps Parkland Health's comparison to most hospitals. It does not fully reflect the high degree of success Parkland Health's Patient Financial Services team delivers in collecting cash since the "degree of difficulty" of Parkland Health's collection efforts is much higher than most hospitals experience.

Budget and Finance Committee

Parkland Health

Financial Updated as of October 2025

November 18, 2025

Parkland

Parkland

Income Statement
MTD & YTD October 2025

Hospital (excl NH) Income Statement MTD & YTD October 2025

PHHS Without Nursing Homes MTD

(Dollars In Thousands)

	FY26 Actual	FY26 Budget	Var From Budget	% Var From Budget	FY25 Actual	Var FY26-25	%Var FY26-25
REVENUES							
Net Patient Revenues	$ 120,520	$ 122,394	$ (1,874)	-1.5%	$ 99,244	$ 21,276	21.4%
Net Ad Valorem Taxes	77,742	77,742	0	0.0%	73,053	4,689	6.4%
Government Programs	40,093	40,114	(21)	-0.1%	47,638	(7,545)	-15.8%
Stimulus Funds	-	21	(21)	-100.0%	660	(660)	-100.0%
Other	28,727	22,450	6,277	28.0%	21,500	7,226	33.6%
OPERATING REVENUES	267,082	262,721	4,361	1.7%	242,095	24,986	10.3%
EXPENSES							
Salaries and Benefits	147,347	146,317	(1,030)	-0.7%	136,560	(10,787)	-7.9%
Supplies	59,012	53,581	(5,430)	-10.1%	48,021	(10,990)	-22.9%
Purchased Medical Services	27,276	29,581	2,305	7.8%	26,492	(784)	-3.0%
Other	23,543	25,510	1,967	7.7%	20,938	(2,604)	-12.4%
Depreciation	7,180	7,519	339	4.5%	7,700	520	6.8%
OPERATING EXPENSES	264,358	262,509	(1,849)	-0.7%	239,712	(24,645)	-10.3%
OPERATING INCOME (LOSS)	**$ 2,724**	**$ 212**	**$ 2,512**	**1184.4%**	**$ 2,383**	**$ 341**	**14.3%**
Grants and Contributions	5,843	4,253	1,590	37.4%	4,445	1,398	31.5%
Other NonOperating Rev/(Exp)	4,603	3,637	966	26.6%	(3,570)	8,173	229.0%
NonOperating Income	10,446	7,891	2,556	32.4%	875	9,571	1093.6%
Total Net Income (Loss)	$ 13,170	$ 8,103	$ 5,067	62.5%	$ 3,258	$ 9,912	304.3%
Cash Flow Margin	$ 9,904	$ 7,731	$ 2,173	28.1%	$ 10,083	$ (179)	-1.8%
Operating Cash Flow Margin %	3.7%	2.9%	49.8%		4.2%		
Operating Margin %	1.0%	0.1%	57.6%		1.0%		

Total All Entities Income Statement MTD & YTD October 2025

All Entities Year to Date Income Statement

(Dollars In Thousands)

	FY 26 Actual	FY 26 Budget	Var From Budget	%Var From Budget	FY 25 Actual	Var FY26-25	%Var FY26-25
REVENUES							
Net Patient Revenues	$ 149,417	$ 151,567	$ (2,150)	-1.4%	$ 124,198	$ 25,219	20.3%
Net Ad Valorem Taxes	77,742	77,742	0	0.0%	73,053	4,689	6.4%
Government Programs	66,630	43,231	23,399	54.1%	50,717	15,913	31.4%
Stimulus Funds	0	21	(21)	-100.0%	660	(660)	-100.0%
Premium Revenues (PCHP)	46,748	52,668	(5,920)	-11.2%	49,655	(2,907)	-5.9%
Other	68,263	54,155	14,108	26.1%	71,713	(3,450)	-4.8%
OPERATING REVENUES	408,800	379,385	29,415	7.8%	369,996	38,804	10.5%
EXPENSES							
Salaries and Benefits	168,423	168,123	(300)	-0.2%	154,517	(13,906)	-9.0%
Supplies	67,689	63,607	(4,082)	-6.4%	55,447	(12,242)	-22.1%
Purchased Medical Service	27,276	29,581	2,305	7.8%	26,492	(784)	-3.0%
Other	36,921	36,878	(43)	-0.1%	33,895	(3,026)	-8.9%
Claims (PCHP)	101,587	73,551	(28,035)	-38.1%	85,930	(15,657)	-18.2%
Depreciation	7,335	7,644	309	4.0%	7,829	493	6.3%
OPERATING EXPENSES	409,232	379,385	(29,847)	-7.9%	364,109	(45,123)	-12.4%
OPERATING INCOME (LOSS)	**$ (432)**	**$ 0**	**$ (432)**	**-144,591.7%**	**$ 5,886**	**$ (6,318)**	**-107.3%**
NonOperating Income	11,088	7,698	3,390	44.0%	2,514	8,573	341.0%
Total Net Income (Loss)	$ 10,655	$ 7,698	$ 2,958	38.4%	$ 8,401	$ 2,255	26.8%
Cash Flow Margin	$ 6,903	$ 7,644	$ (741)	-9.7%	$ 13,715	$ (6,812)	-49.7%
Operating Cash Flow Margin %	1.7%	2.0%	-0.4%		3.7%		
Operating Margin %	-0.1%	0.0%	-1.5%		1.6%		

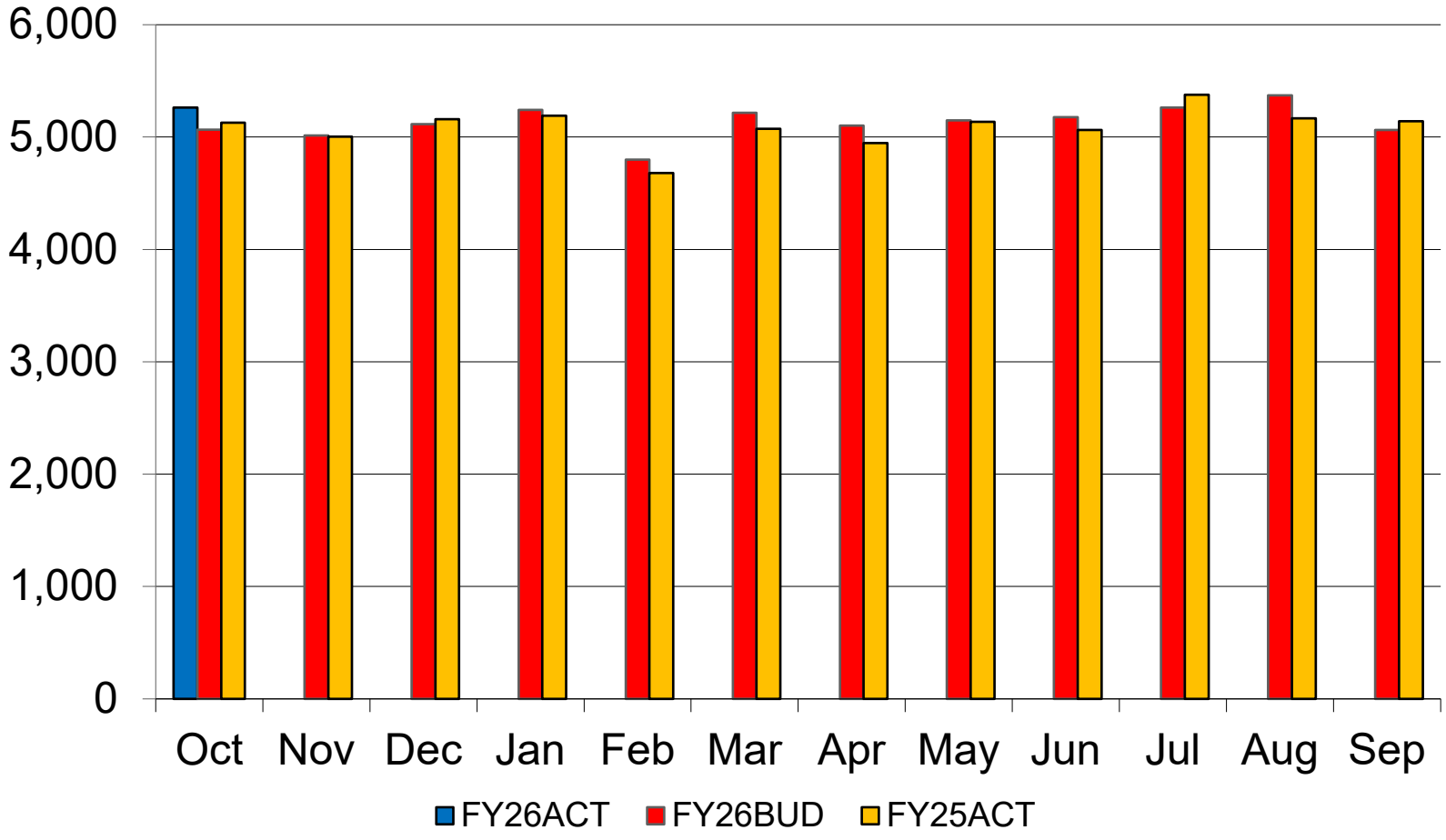
Key Statistics

Hospital Key Statistics
MTD & YTD October 2025

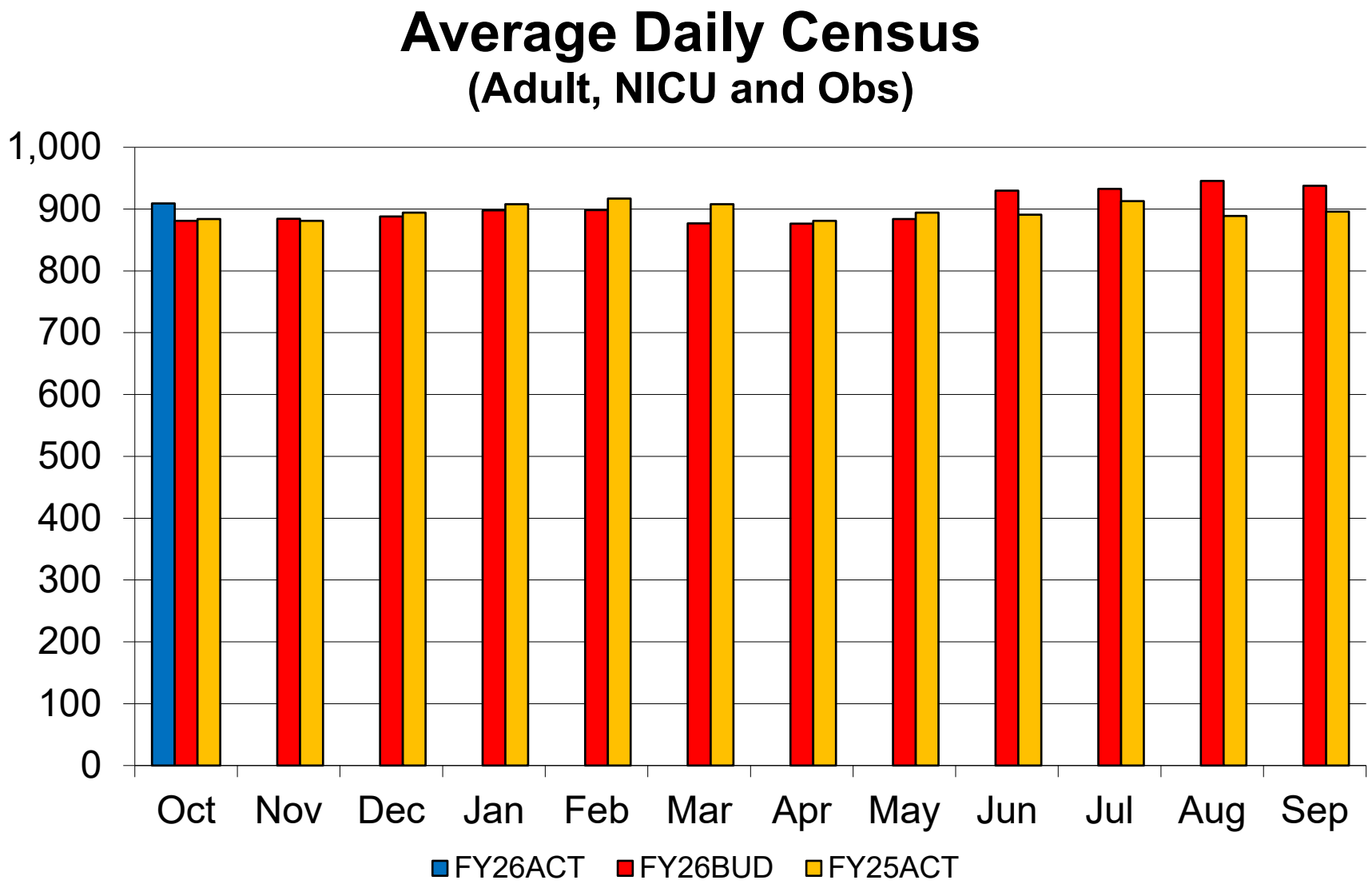
	Actual	Budget	Budget Variance	Budget % Variance	PY Actual	PY Actual % Variance
Hospital Discharges (Adult, NICU and Obs)	5,262	5,065	197	3.9%	5,127	2.6%
Average Daily Census (Adult, NICU and Obs)	909	881	28	3.2%	884	2.8%
Average Length of Stay (Adult)	6.05	5.83	(0.22)	-3.8%	5.59	-8.2%
Case Mix Index (Acute Service Line)	2.01	1.98	0.03	1.5%	1.97	2.0%
Emergency Visits	21,949	21,335	614	2.9%	21,526	2.0%
Ambulatory Visits	123,190	121,202	1,988	1.6%	119,775	2.9%
Surgeries	2,027	2,048	(21)	-1.0%	1,961	3.4%
Deliveries	1,068	1,126	(58)	-5.2%	1,171	-8.8%

Volumes
Discharges

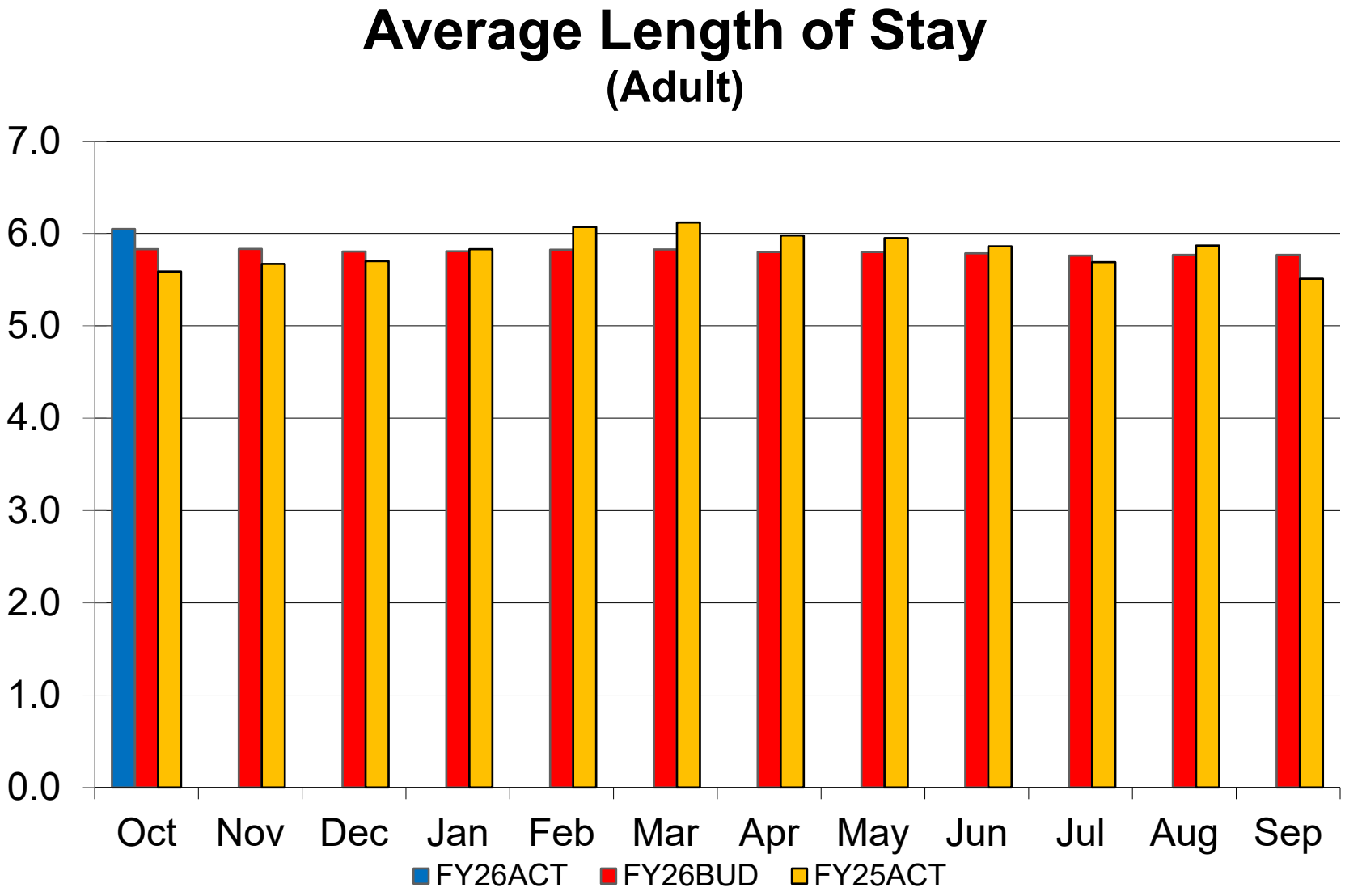
Hospital Discharges
(Adult, NICU and Obs)



Volumes
Average Daily Census

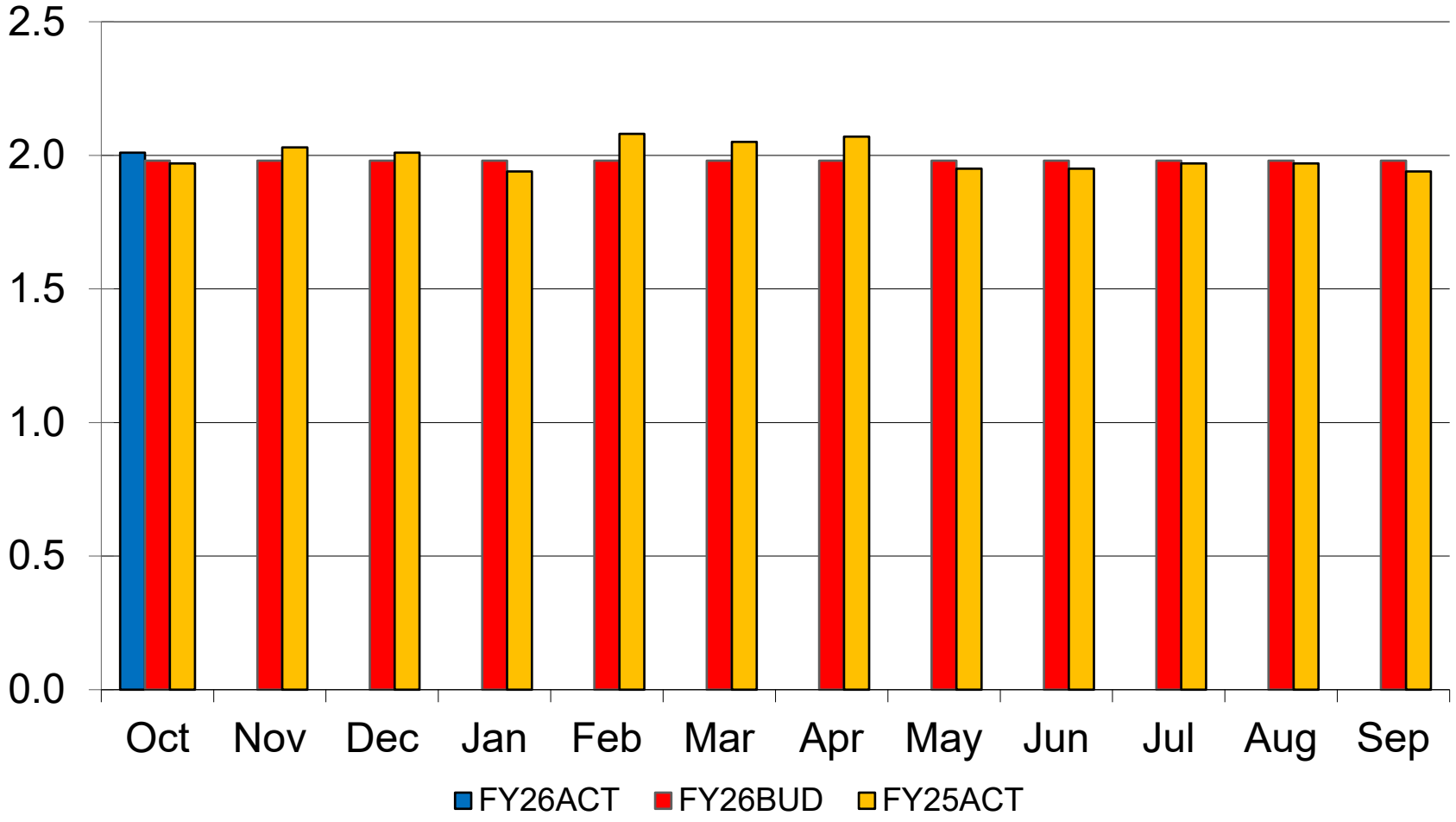


Volumes
Average Length of Stay

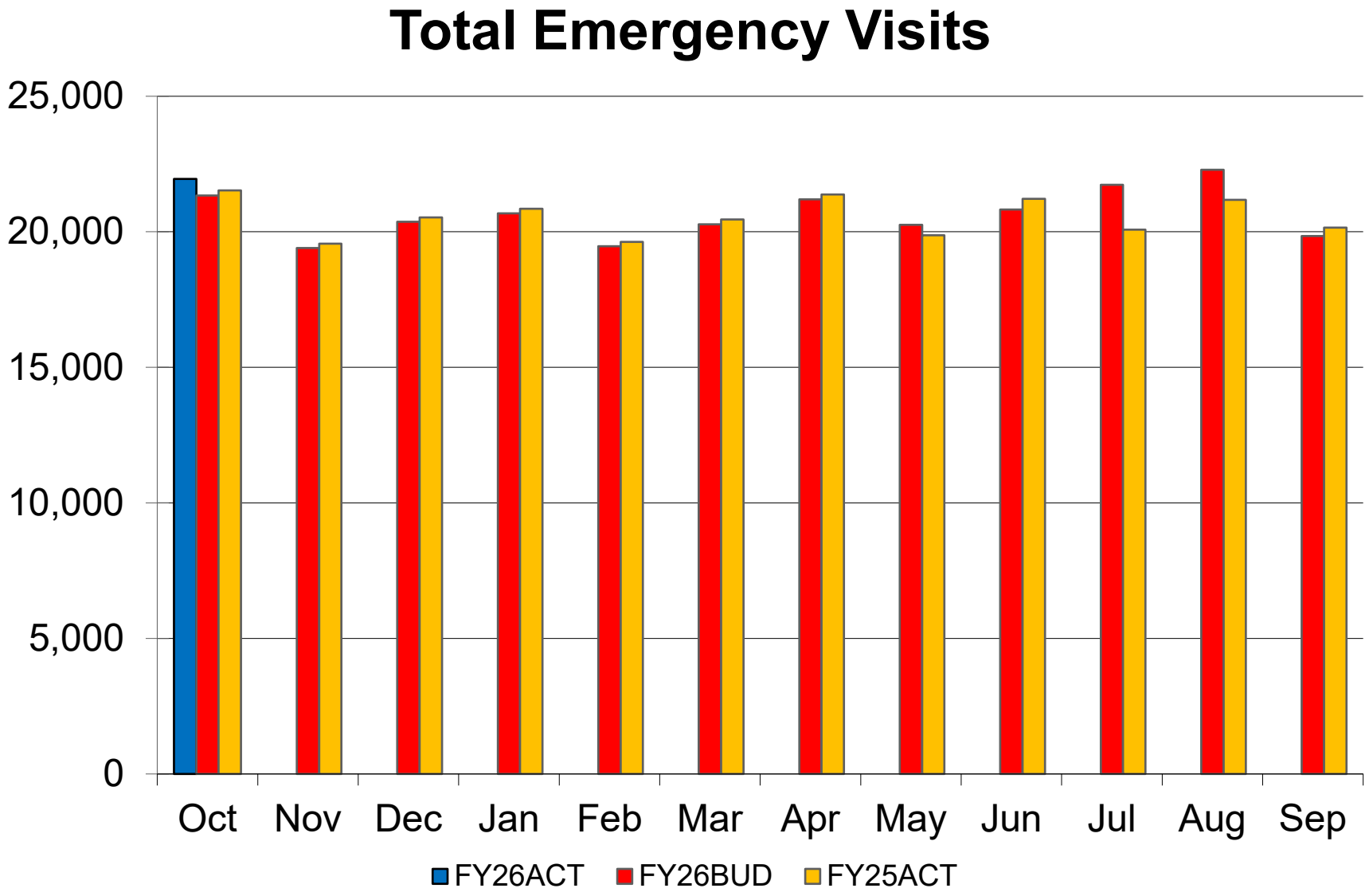


Volumes
Case Mix Index

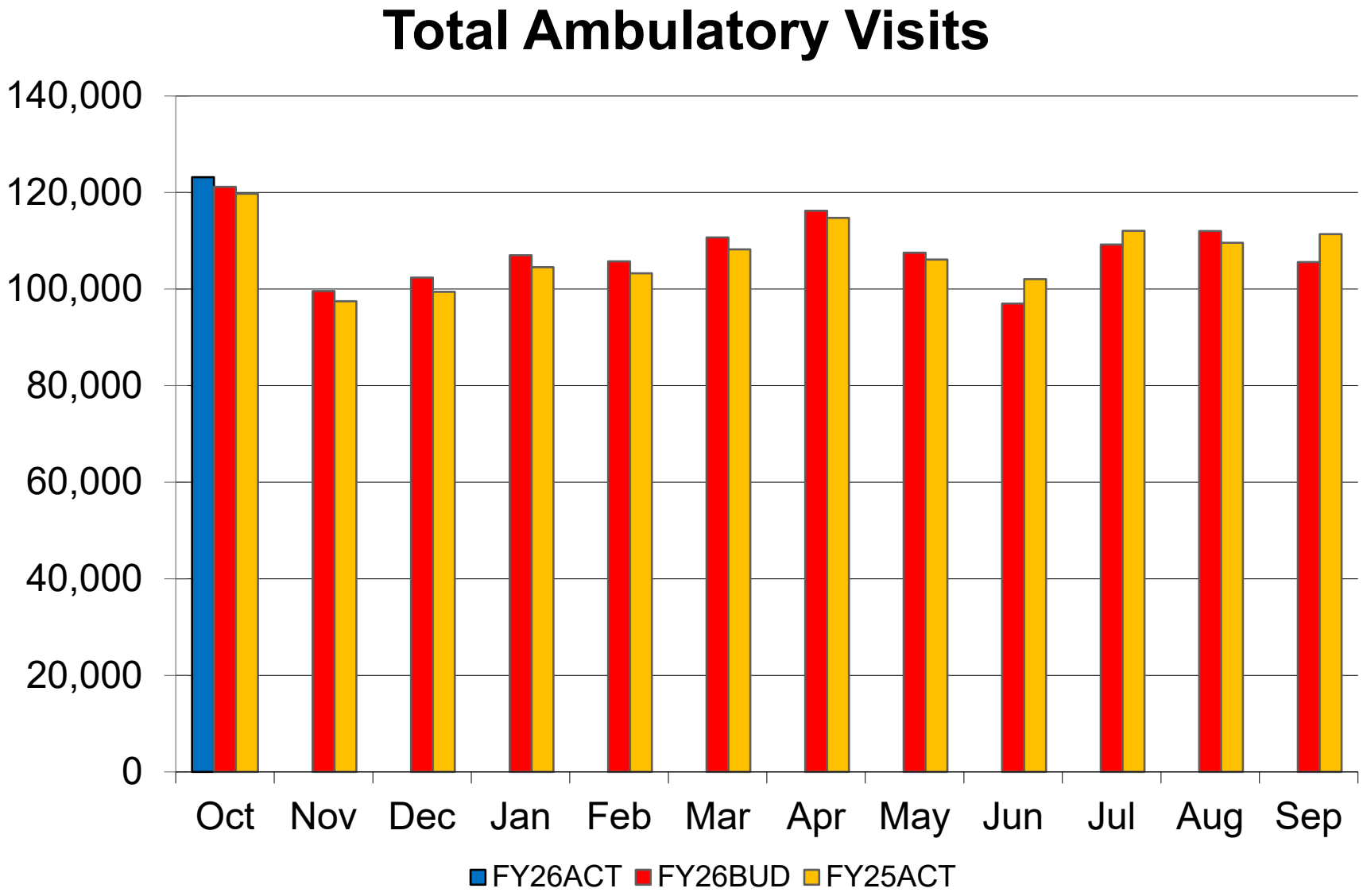
Case Mix Index
(Acute Service Line)



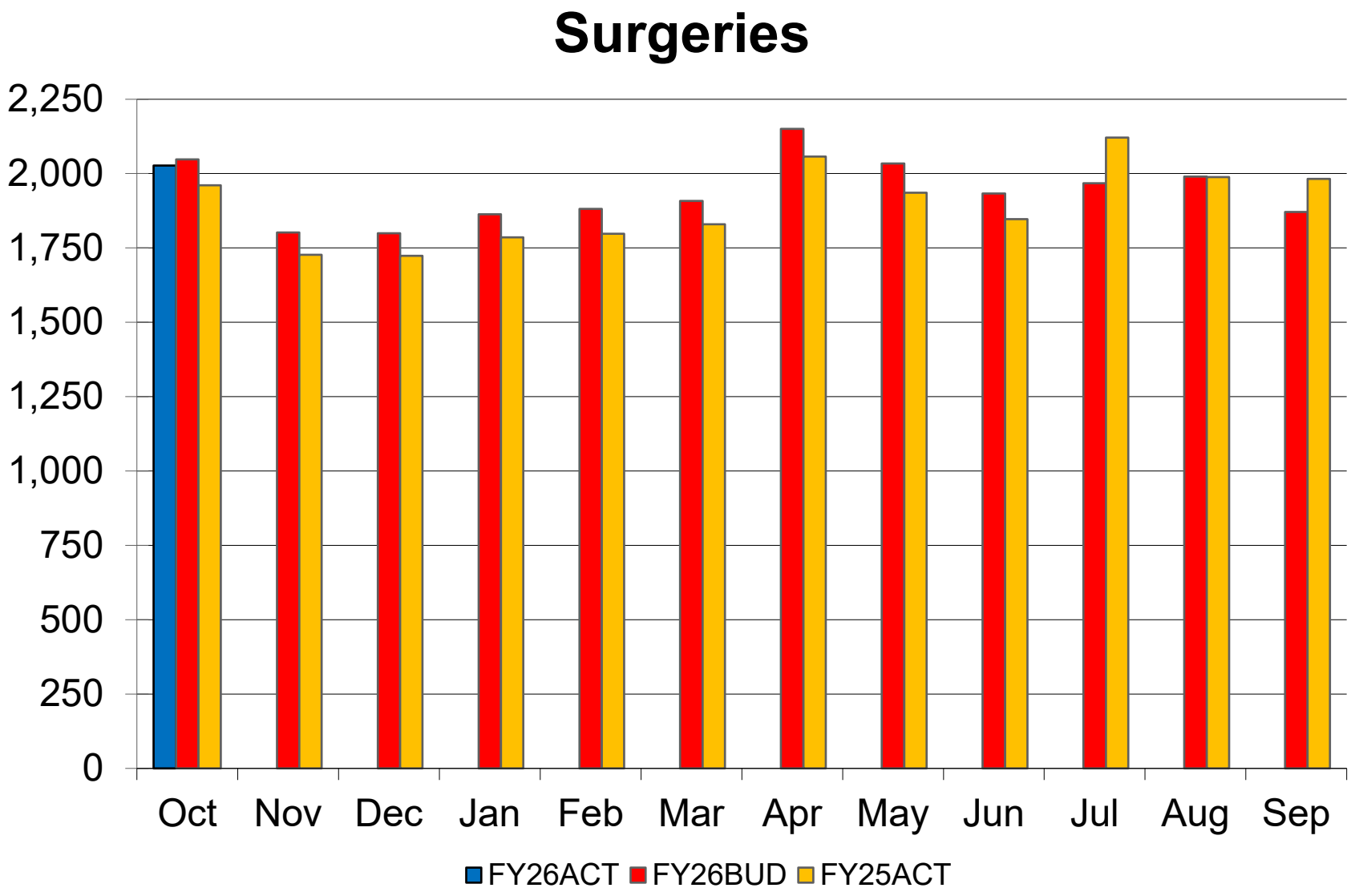
Volumes
Emergency Visits



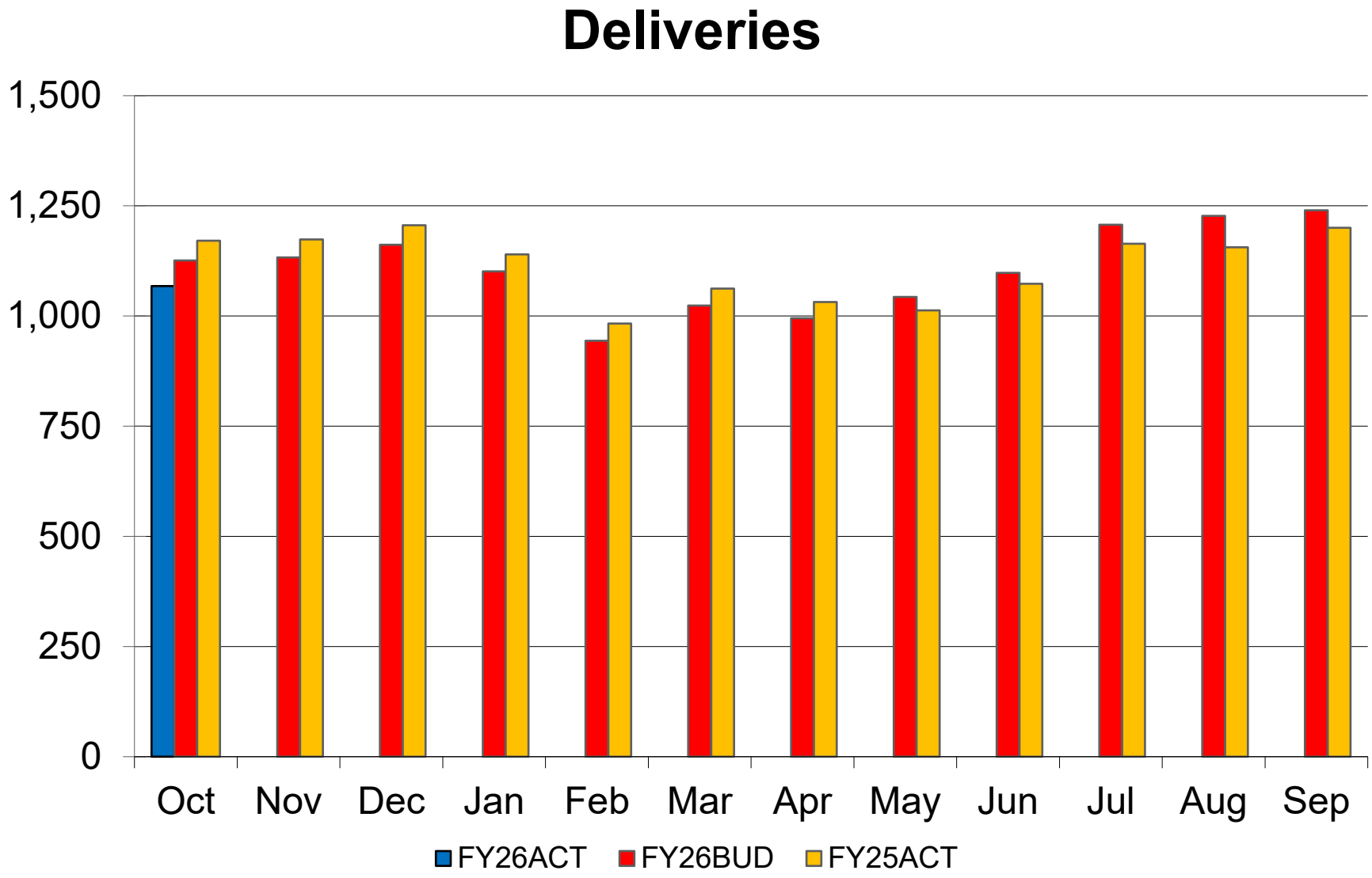
Volumes
Ambulatory Visits



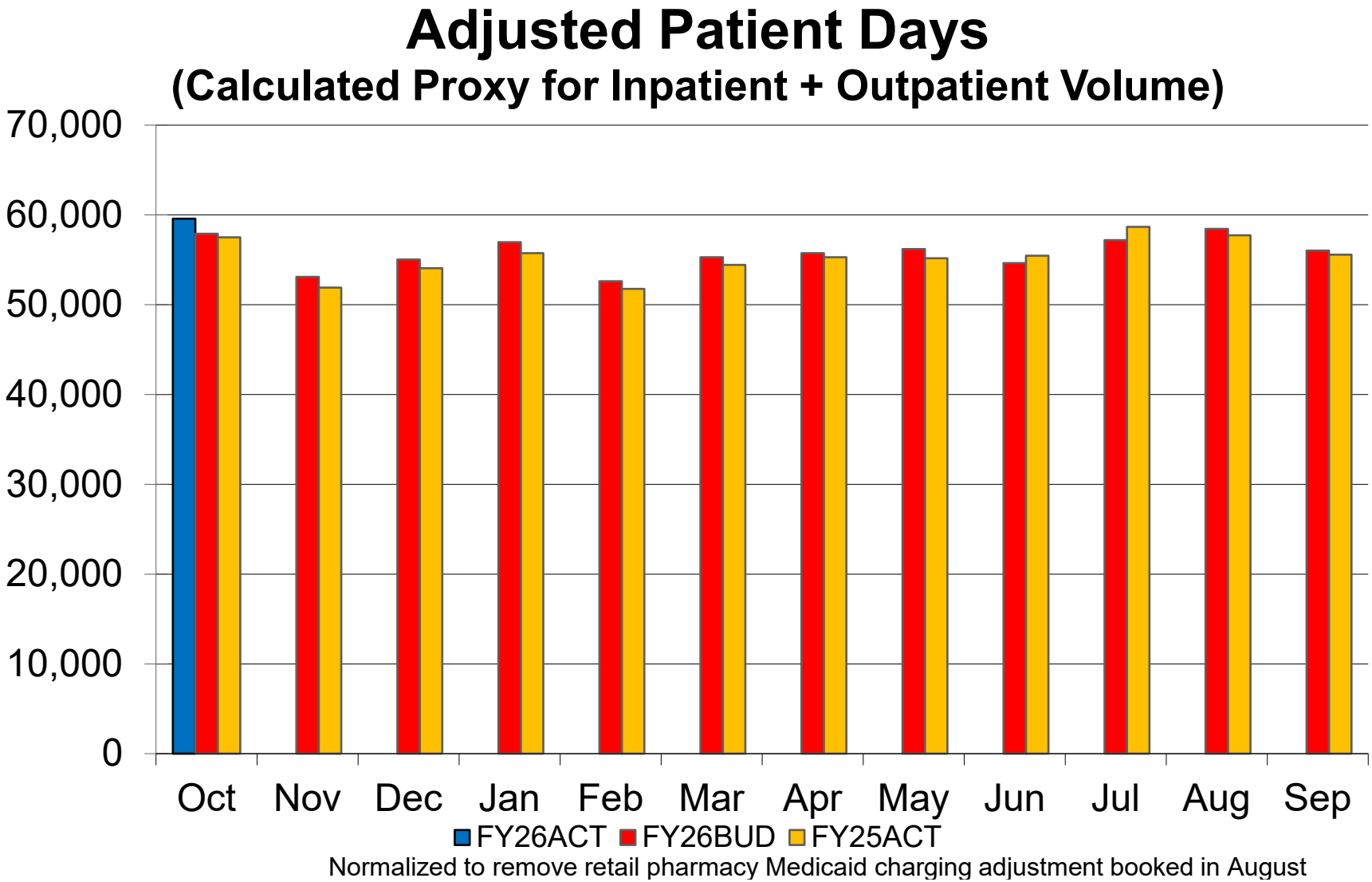
Volumes
Surgeries



Volumes
Deliveries



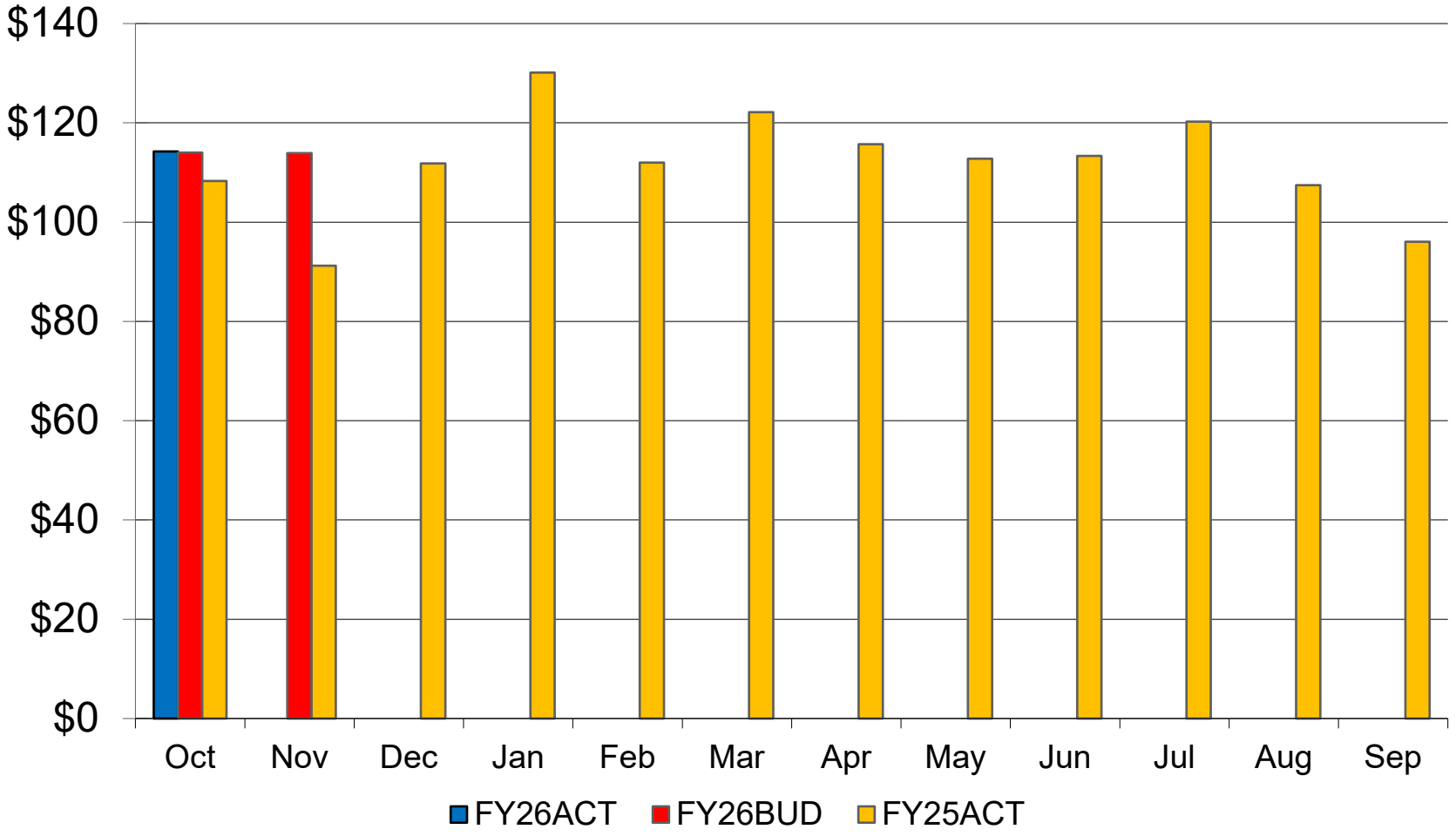
Volumes
Adjusted Patient Days



Key Operating Performance Metrics

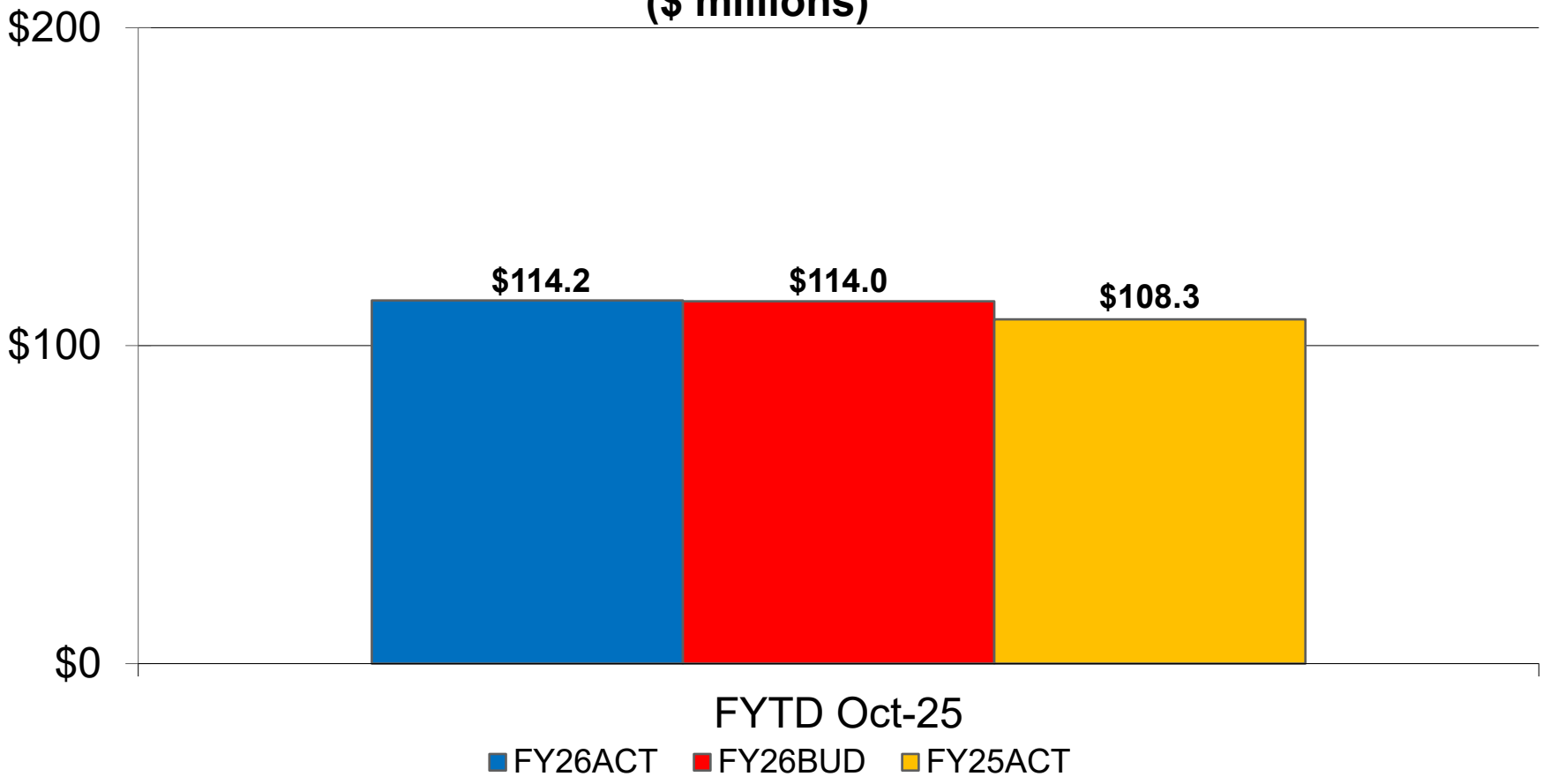
Patient Cash Collections

($ millions)



Key Operating Performance Metrics

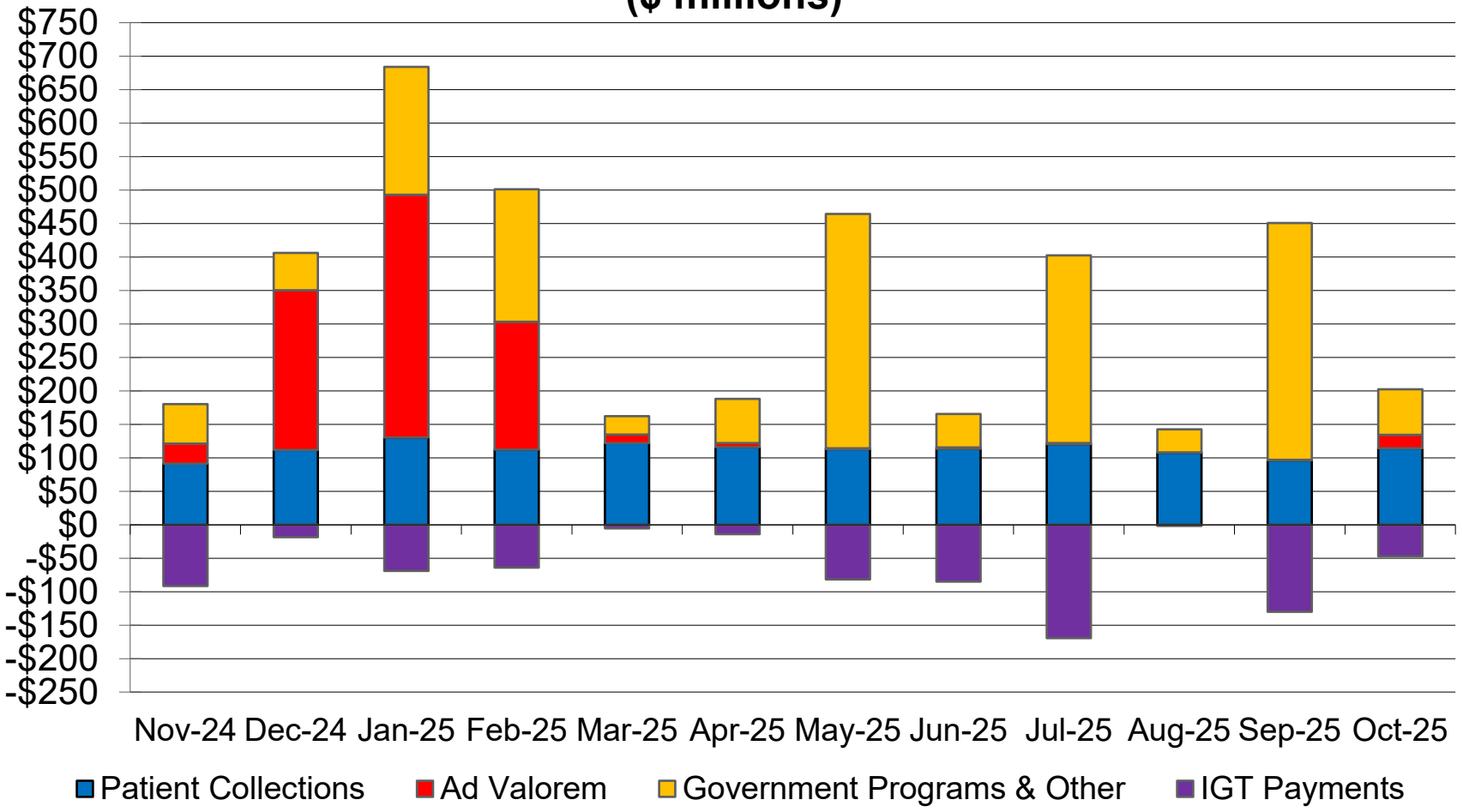
Patient Cash Collections
Cumulative Year to Date
($ millions)



Key Operating Performance Metrics

Total Cash Collections

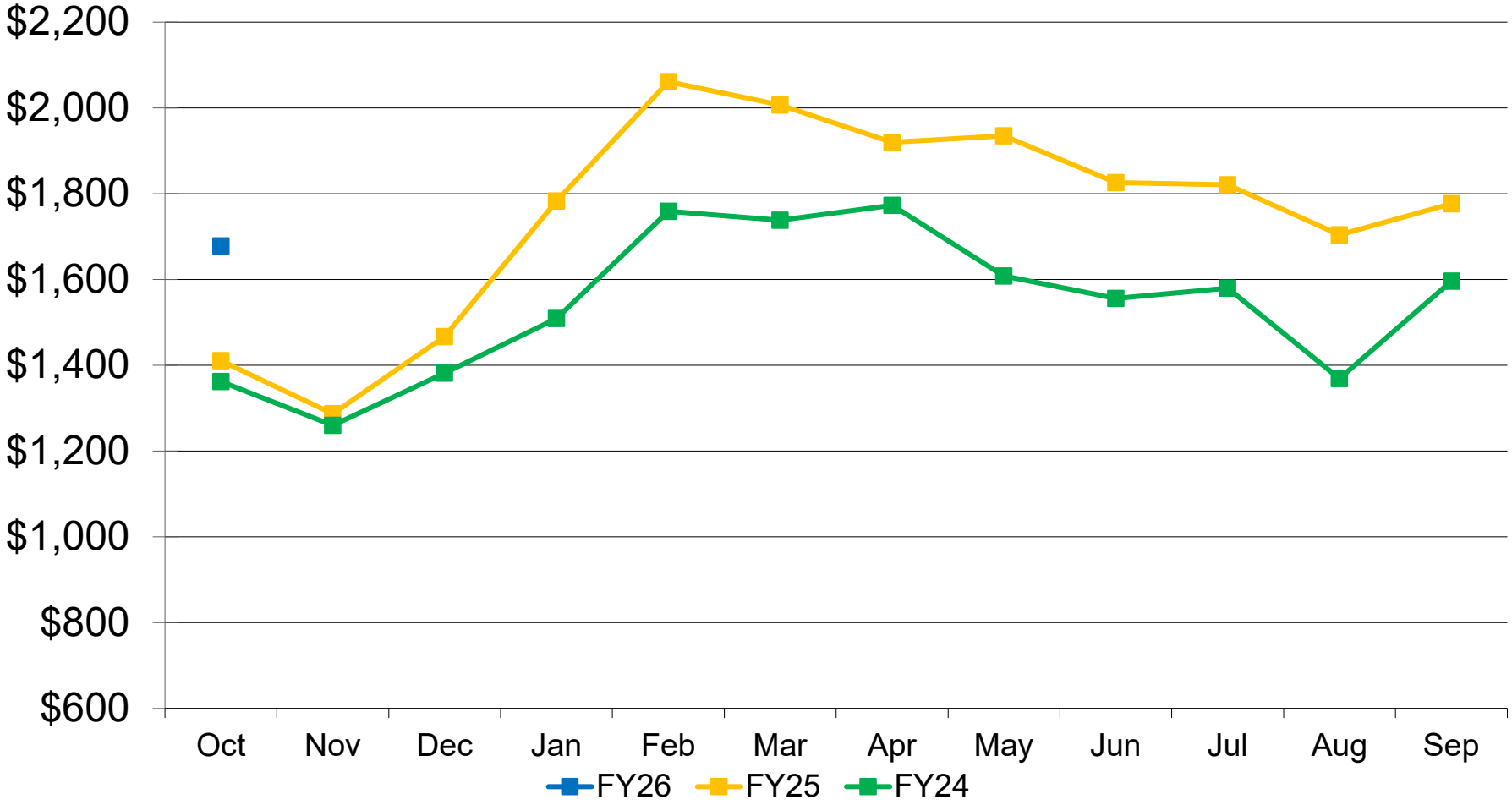
($ millions)



Key Operating Performance Metrics

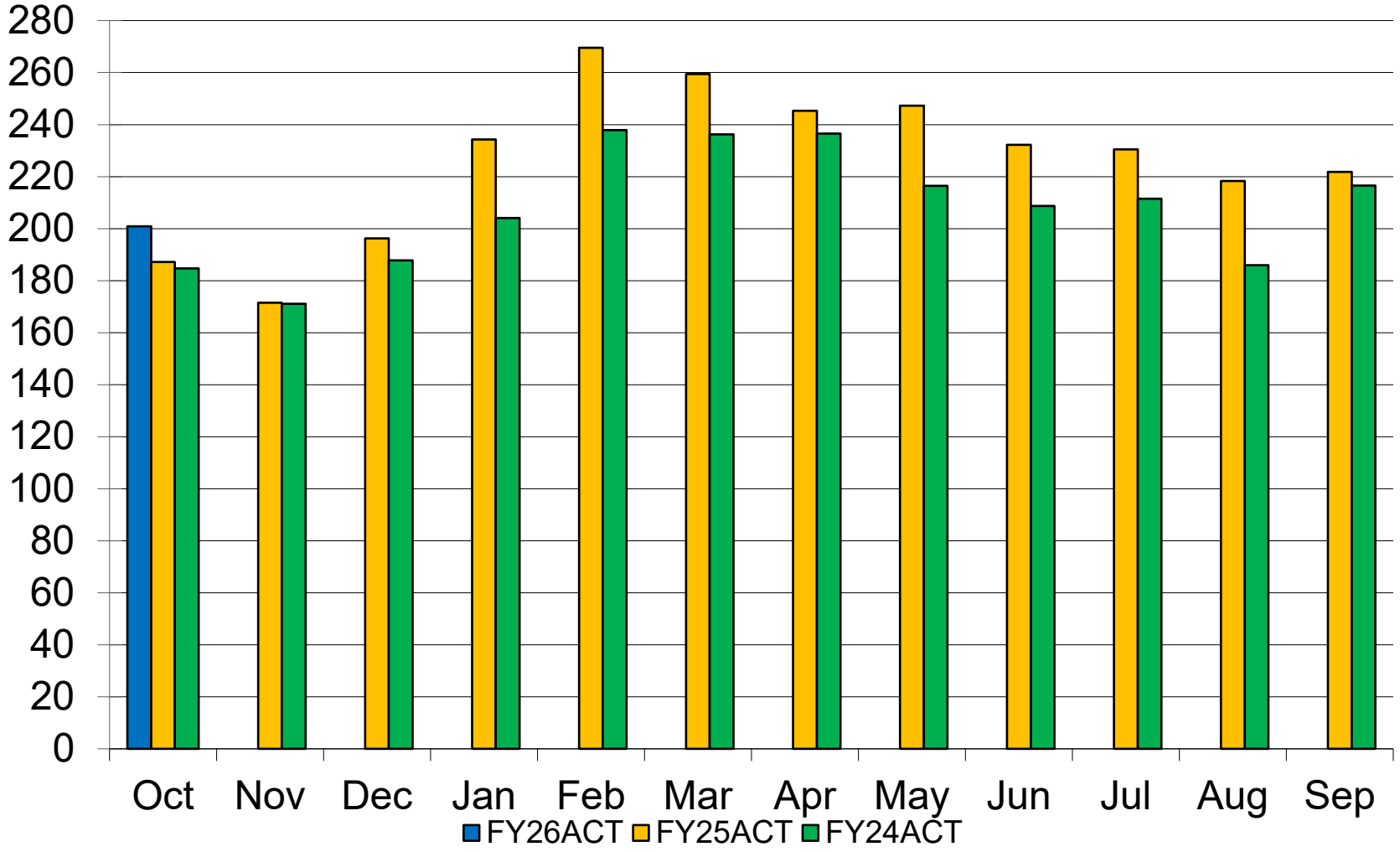
Cash Balance Trending

($ millions)



Key Operating Performance Metrics

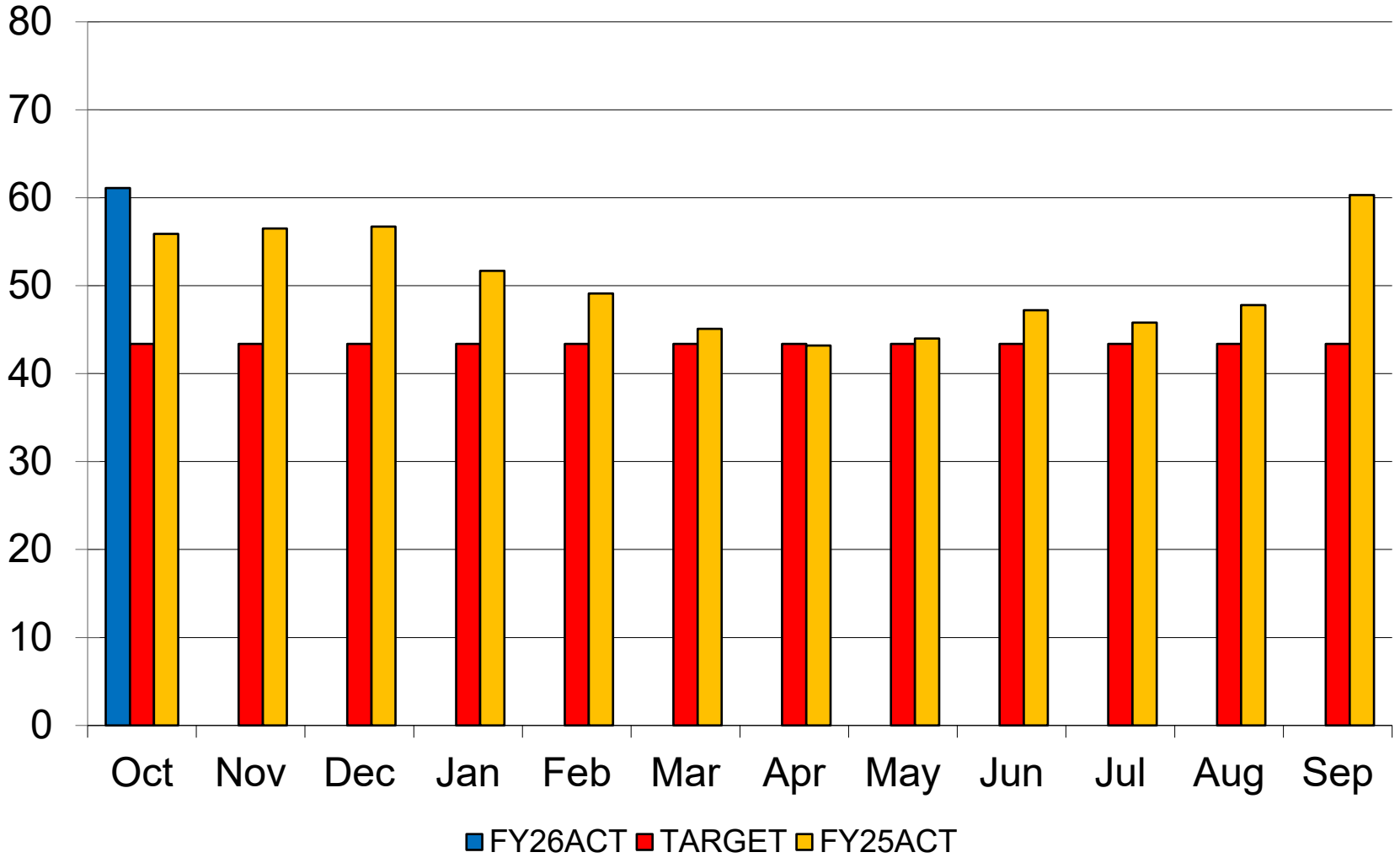
Days Cash on Hand



Excludes LPPF and insurance and debt reserves, which are included in total cash

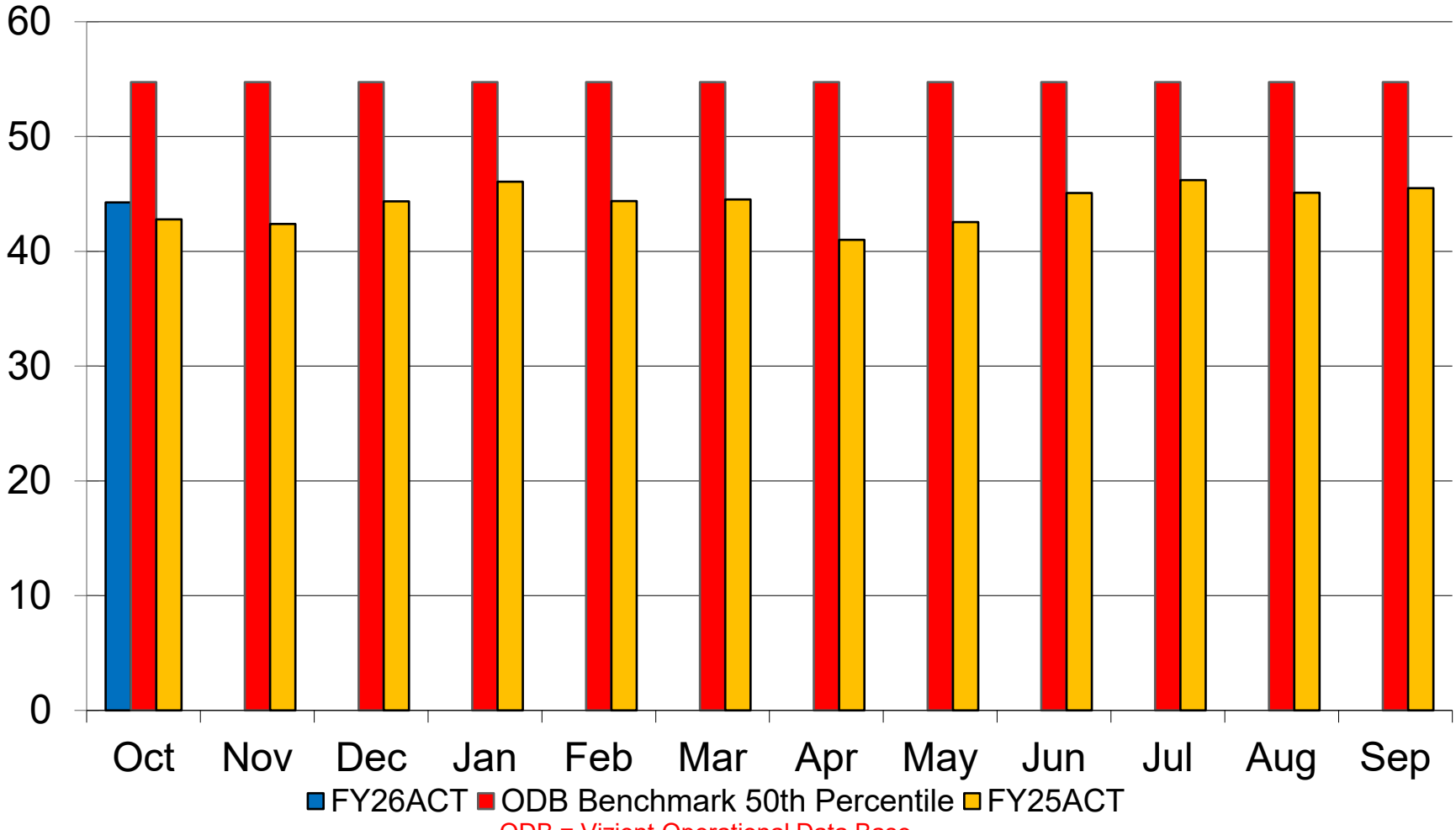
Key Operating Performance Metrics

Days in Accounts Receivable



Key Operating Performance Metrics

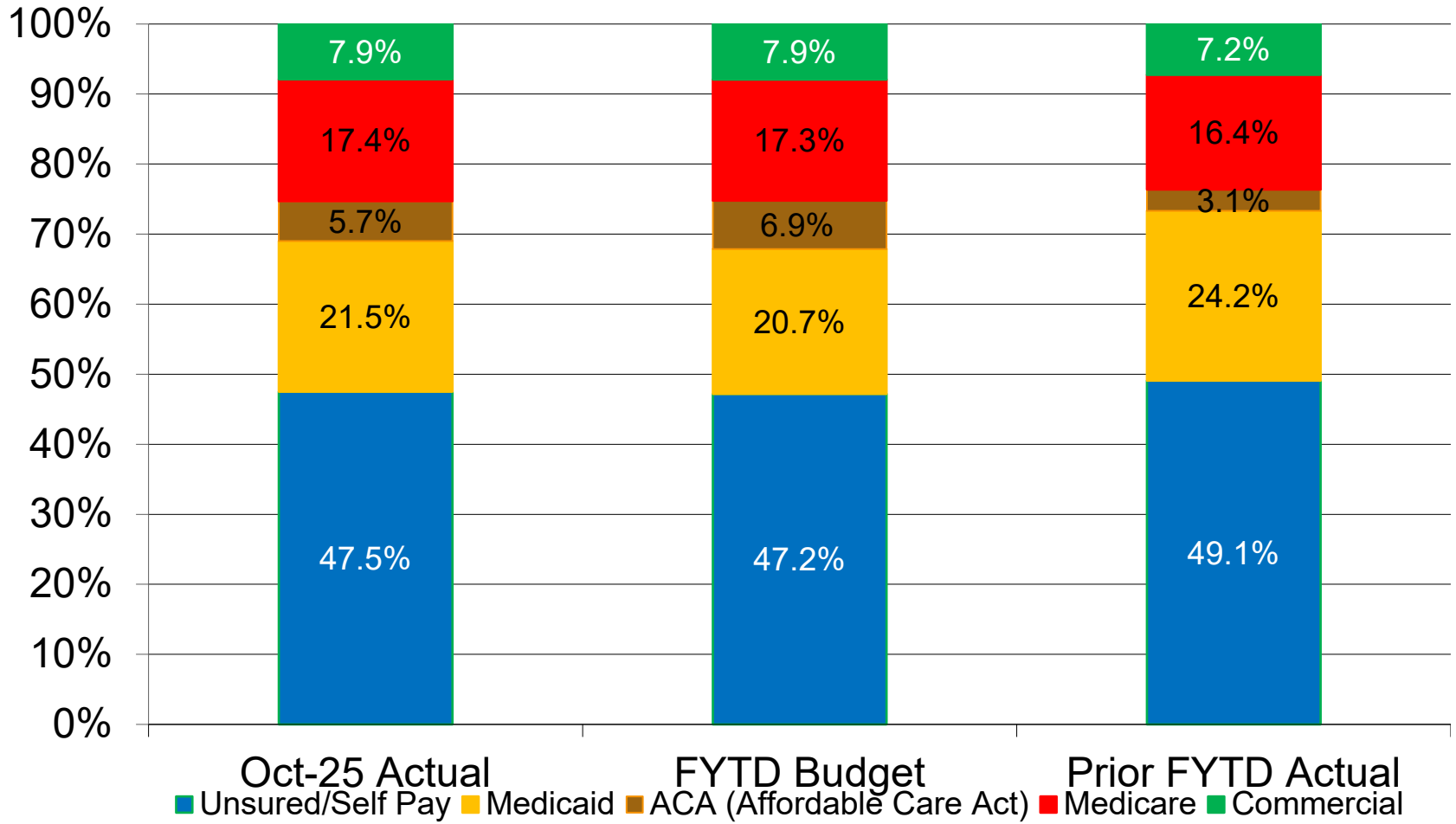
Days in Accounts Payable



ODB = Vizient Operational Data Base

Key Operating Performance Metrics

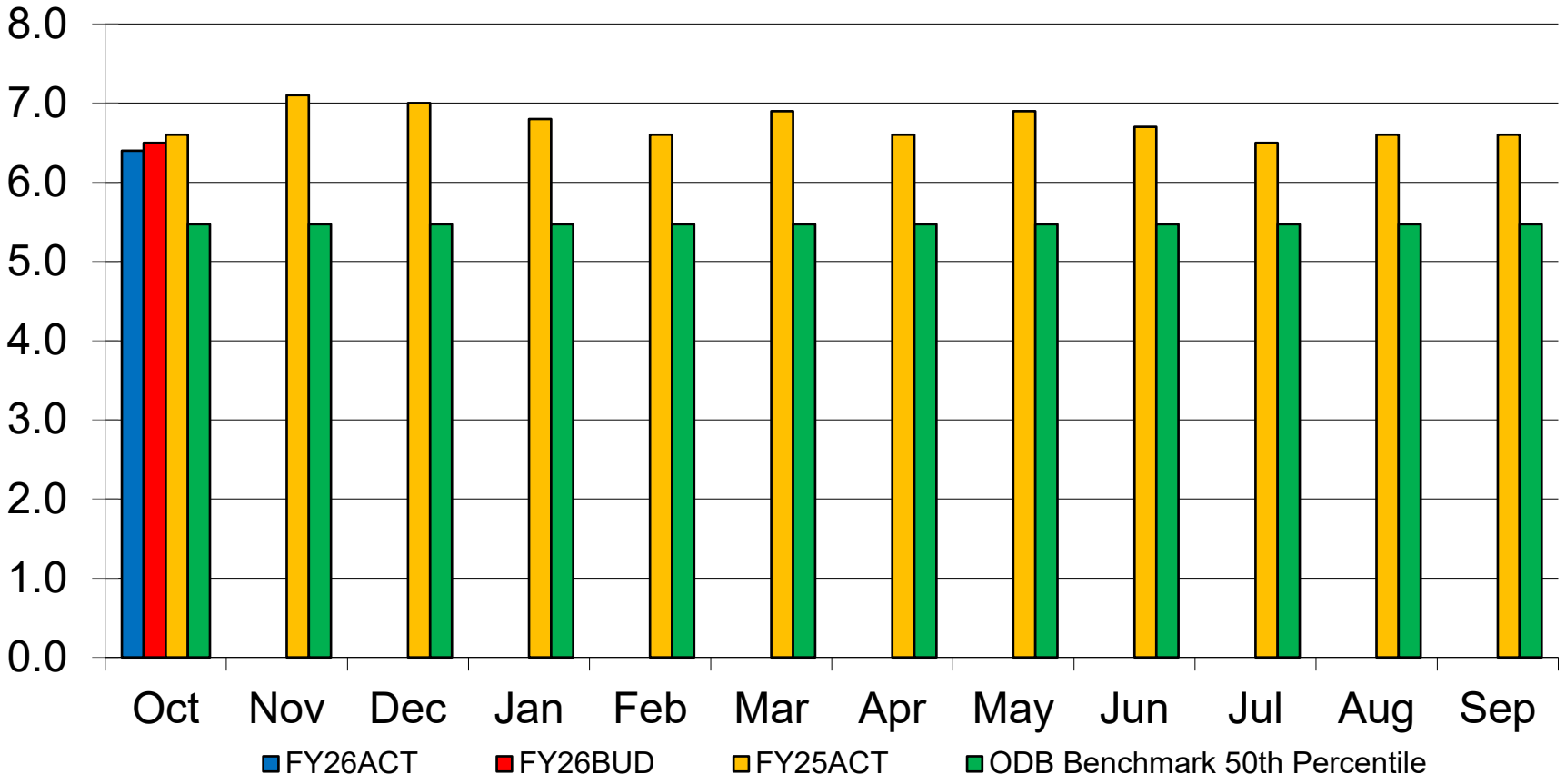
Gross Patient Revenue By Payor Type



Key Operating Performance Metrics

FTEs per Adjusted Occupied Bed

(includes Contract Labor and excludes Nursing Homes and Jail)



ODB = Vizient Operational Data Base

Appendix

PCHP Financial Performance
Current Month – October 2025

PCHP Month to Date Income Statement

(Dollars in Thousands)

	FY 25 Actual	FY 25 Budget	Var From Budget	%Var From Budget	FY 24 Actual	Var FY25-24	%Var FY25-24
MEMBERSHIP	166,543	169,688	(3,145)	-1.9%	166,008	535	0.3%
REVENUE							
Premium/DSP	$ 46,748	$ 52,543	$ (5,795)	-11.0%	$ 49,655	$ (2,907)	-5.9%
NAIP/DPP/ATLIS	59,387	27,510	31,877	115.9%	47,421	11,965	25.2%
OPERATING REVENUE	106,135	80,053	26,081	32.6%	97,076	9,058	9.3%
EXPENSE							
Administration	8,942	9,004	62	0.7%	8,734	(208)	-2.4%
Claims	47,206	47,147	(59)	-0.1%	50,639	3,432	6.8%
NAIP/DPP/ATLIS	54,380	26,404	(27,977)	-106.0%	35,291	(19,090)	-54.1%
OPERATING EXPENSE	110,529	82,555	(27,974)	-33.9%	94,664	(15,865)	-16.8%
OPERATING INCOME (LOSS)	**$ (4,394)**	**$ (2,502)**	**$ (1,892)**	**-75.6%**	**$ 2,413**	**$ (6,807)**	**-282.1%**
Interest and Investment Income	840	594	246	41.5%	936	(96)	-10.3%
Unrealized Gain (Loss) on Investments	(79)	-	(79)	0.0%	(1,917)	1,838	95.9%
Total Net Income (Loss)	$ (3,634)	$ (1,909)	$ (1,725)	-90.4%	$ 1,431	$ (5,065)	-353.9%
Operating Cash Flow Margin %	-4.1%	-3.1%	-1.0%	32.5%	2.5%		
Medical Loss Ratio (excluding DPP/NAIP/ATLIS)	100.7%	89.7%			102.0%		

PCHP Fiscal Year ends 12/31/2025

PCHP Financial Performance
Calendar YTD – October 2025

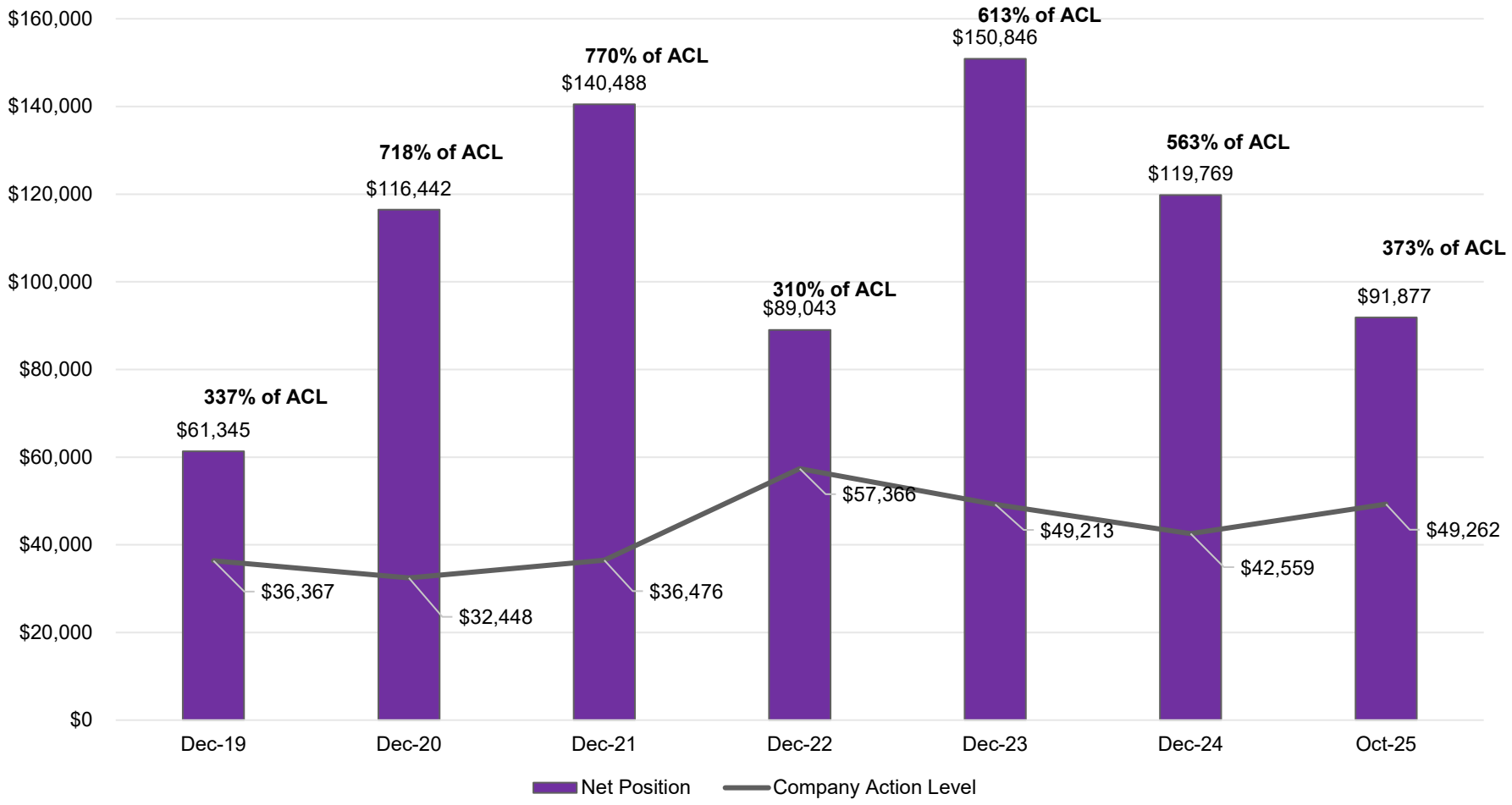
PCHP Year to Date Income Statement

(Dollars in Thousands)

	FY 25 Actual	FY 25 Budget	Var From Budget	%Var From Budget	FY 24 Actual	Var FY25-24	%Var FY25-24
MEMBERSHIP	1,697,392	1,696,880	512	0.0%	1,681,275	16,117	1.0%
REVENUE							
Premium/DSP	$ 510,163	$ 508,127	$ 2,036	0.4%	$ 447,470	$ 62,694	14.0%
NAIP/DPP/ATLIS	338,904	300,821	38,083	12.7%	357,250	(18,346)	-5.1%
OPERATING REVENUE	849,068	808,949	40,119	5.0%	804,720	44,348	5.5%
EXPENSE							
Administration	81,307	99,113	17,806	18.0%	82,105	797	1.0%
Claims	463,593	441,775	(21,819)	-4.9%	388,537	(75,057)	-19.3%
NAIP/DPP/ATLIS	321,662	287,102	(34,560)	-12.0%	331,151	9,490	2.9%
OPERATING EXPENSE	866,562	827,990	(38,572)	-4.7%	801,793	(64,769)	-8.1%
OPERATING INCOME (LOSS)	**$ (17,494)**	**$ (19,041)**	**$ 1,547**	**8.1%**	**$ 2,927**	**$ (20,422)**	**-697.6%**
Interest and Investment Income	9,077	6,071	3,006	49.5%	14,130	(5,053)	-35.8%
Unrealized Gain (Loss) on Investments	1,373	-	1,373	0.0%	1,006	367	36.5%
Total Net Income (Loss)	$ (7,044)	$ (12,970)	$ 5,926	45.7%	$ 18,063	$ (25,107)	-139.0%
Operating Cash Flow Margin %	-2.1%	-2.4%	0.3%	-12.5%	0.4%		
Medical Loss Ratio (excluding DPP/NAIP/ATLIS)	90.9%	86.9%			86.8%		

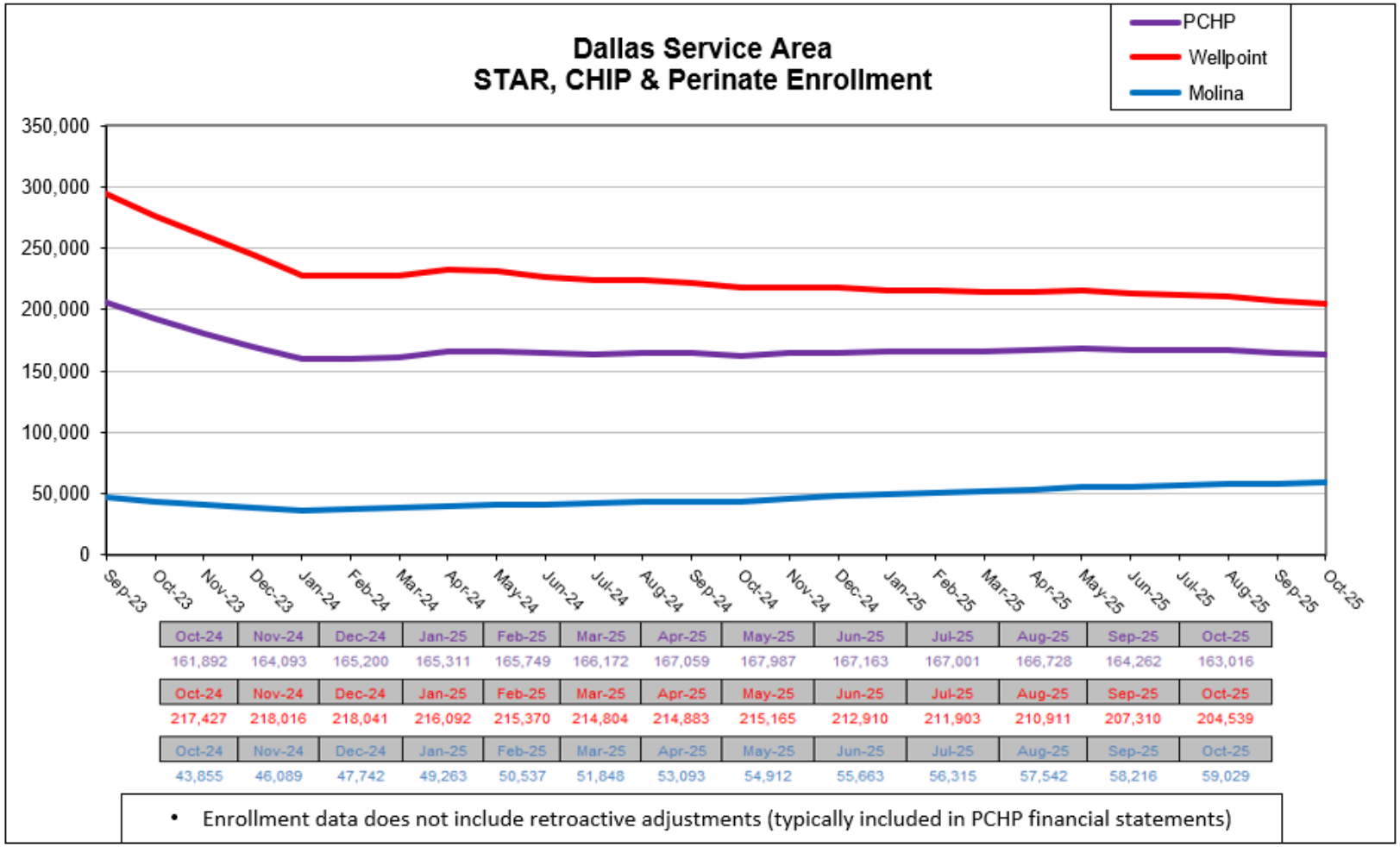
PCHP Fiscal Year ends 12/31/2025

PCHP Net Position vs Risk-Based Capital Requirements as of October 2025



- Dollars in graph represented in Thousands
- Black bar represents Company Action Level (CAL aka Action Level) which = 200% of Authorized Control Level (ACL)
- The Company Action Level and Asset Control Level for the most recent year are forecasted year-end values. Capital for the most recent year is based on the most recent quarterly statutory statement plus GAAP net income in subsequent months. All other years are actual year-end values.

PCHP Enrollment



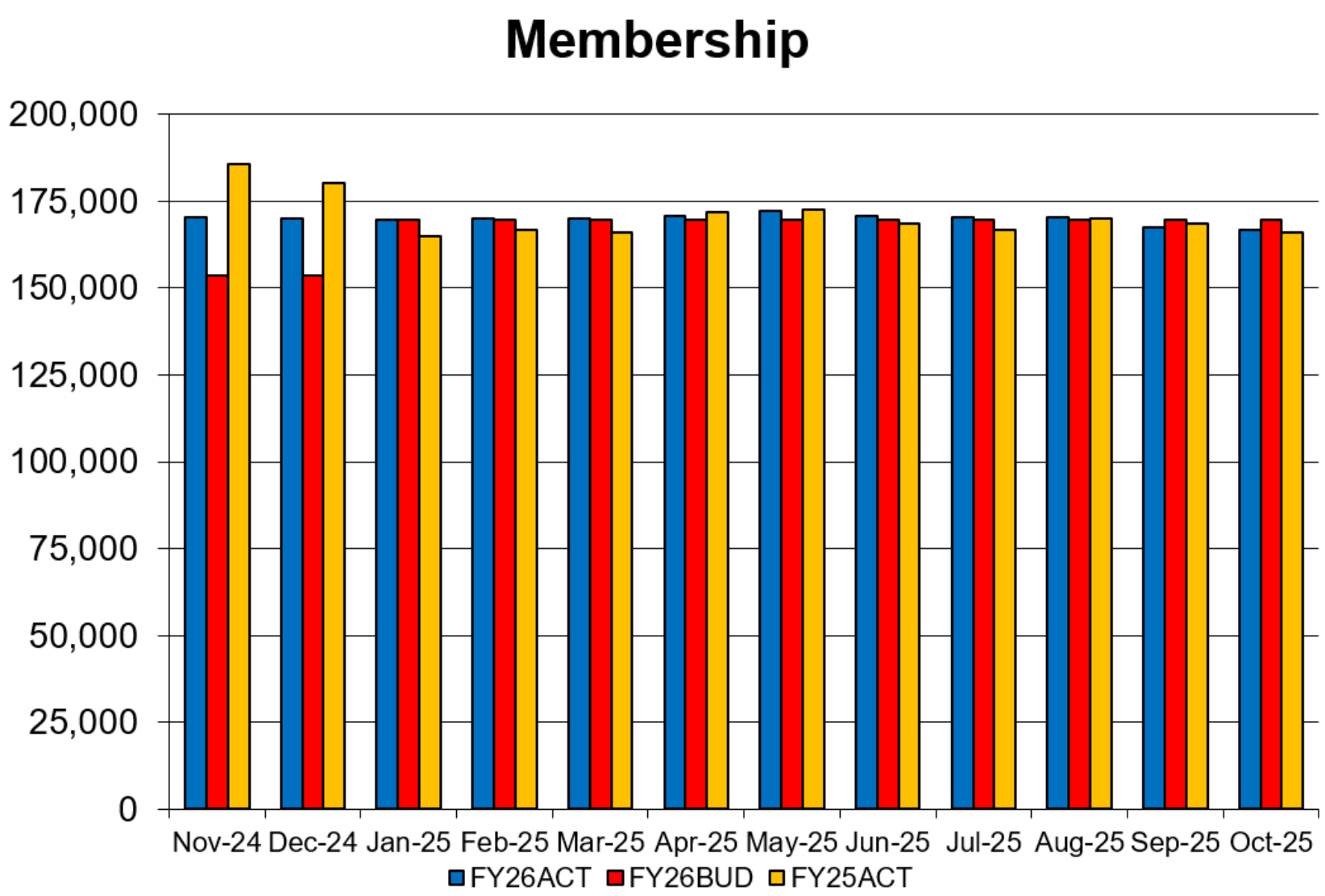
Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
161,892	164,093	165,200	165,311	165,749	166,172	167,059	167,987	167,163	167,001	166,728	164,262	163,016

Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
217,427	218,016	218,041	216,092	215,370	214,804	214,883	215,165	212,910	211,903	210,911	207,310	204,539

Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
43,855	46,089	47,742	49,263	50,537	51,848	53,093	54,912	55,663	56,315	57,542	58,216	59,029

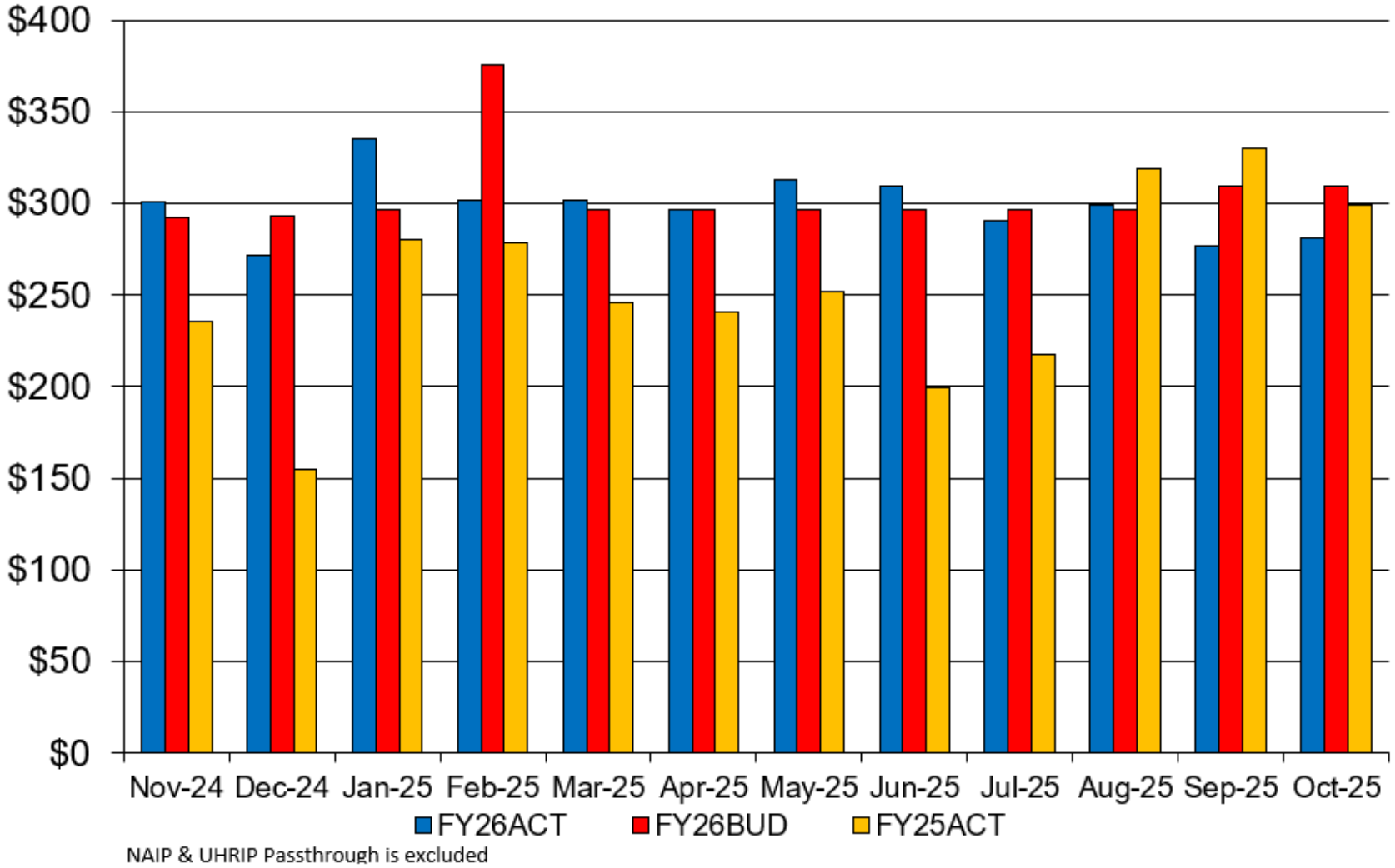
- Enrollment data does not include retroactive adjustments (typically included in PCHP financial statements)

Key Operating Performance Metrics



Key Operating Performance Metrics

Premium Revenue PMPM



NAIP & UHRIP Passthrough is excluded

Parkland

Balance Sheet

Balance Sheet Combined as of October 30, 2025 and 2024

PARKLAND HEALTH & HOSPITAL SYSTEM

BALANCE SHEET

October 31, 2025 and 2024

(Dollars in Thousands)

	FY 2026					FY 2026	FY 2025
Assets	PHHS	PCHP	PCCI	AUX	FDN	Total	Total
Current Assets							
Cash, Cash Equivalents & Investments	$ 1,277,739	$ 208,271	$ -	$ 1,184	$ 31,130	$ 1,518,324	$ 1,373,520
Net Ad Valorem Taxes Receivable	(15,231)	-	-	-	-	(15,231)	(10,436)
Net Patient Accounts Receivable	306,866	-	-	-	-	306,866	222,407
Other Receivables	327,552	133,331	1,117	343	-	462,344	410,608
Inventories & Other Assets	96,493	2,725	(374)	294	93	99,231	82,004
Total Current Assets	1,993,419	344,327	744	1,821	31,223	2,371,534	2,078,104
Capital Assets, Net							
Construction In Progress	81,308	-	-	-	-	81,308	76,176
Property, Plant, and Equipment	1,488,122	2,180	3,958	5	-	1,494,265	1,569,284
Total Net Capital Assets	1,569,431	2,180	3,958	5	-	1,575,574	1,645,460
Long Term Assets							
Other Noncurrent Assets	-	-	1,499	-	5,645	7,144	6,007
Total Other Long Term Assets	-	-	1,499	-	5,645	7,144	6,007
Assets Limited to Use:							
New Parkland Relocation	-	-	-	-	-	-	-
Community Service Capital Expansion	-	-	-	-	-	-	-
Breast Center	-	-	-	-	-	-	-
Irving Clinic - Foundation Repair	3,777	-	-	-	-	3,777	3,777
Routine Capital	390,001	-	-	-	12,771	402,773	328,215
Debt Service	182	-	-	-	-	182	158
LPPF	237,699	-	-	-	-	237,699	216,675
Insurance Reserves	10,111	-	-	-	-	10,111	9,281
Total Assets Limited to Use	641,769	-	-	-	12,771	654,541	558,106
Deferred Outflows of Resources	218,779	-	-	-	-	218,779	224,175
Total Assets	$ 4,423,398	$ 346,507	$ 6,201	$ 1,826	$ 49,640	$ 4,827,572	$ 4,511,852

Balance Sheet Combined as of October 30, 2025 and 2024

(Dollars in Thousands)	FY 2026					FY 2026	FY 2025
	PHHS	PCHP	PCCI	AUX	FDN	Total	Total
Liabilities and Net Position							
Current Liabilities							
Accounts Payable	$ 542,685	$ 54,516	$ 65	$ 32	$ 1,178	$ 598,477	$ 498,299
Accrued Payroll & Benefits	137,280	(18)	1,993	-	-	139,255	114,812
Claims Payable	-	151,436	-	-	-	151,436	210,781
Deferred Ad Valorem Taxes	(77,742)	-	-	-	-	(77,742)	(73,053)
Interest Payable	5,809	-	-	-	-	5,809	5,989
Due to Third Party	10,902	-	-	-	-	10,902	(3,958)
Other Current Liabilities	55,218	4,355	31,869	-	-	91,443	106,233
Total Current Liabilities	674,153	210,290	33,927	32	1,178	919,580	859,103
Long Term Debt	548,323	1,597	-	-	-	549,920	559,346
Net Pension Liability	730,071	-	-	-	-	730,071	696,801
Other Non-Current Liabilities	16,877	168	10,664	-	-	27,708	36,139
Total Liabilities	1,969,423	212,055	44,591	32	1,178	2,227,279	2,151,388
Deferred Inflows of Resources	12,440	-	-	-	-	12,440	8,679
Net Position	2,441,535	134,452	(38,390)	1,794	48,462	2,587,853	2,351,784
Total Liabilities and Net Position	$ 4,423,398	$ 346,507	$ 6,201	$ 1,826	$ 49,640	$ 4,827,572	$ 4,511,852

Statement of Cash Flow and Routine Capital

Cash Flow Combined
FYTD October 2025

(Dollars in Thousands)	FYE 2026				FY 26	FY 25
	PHHS	PCHP	PCCI	FDN/AUX	Total	Total
Cash Flows from Operating Activities:						
Receipts from Customers	$ 111,568	$ 108,802		$ 39	$ 220,409	$ 904,333
Ad Valorem Tax Receipts	20,205			-	20,205	16,543
Government Programs	2,457			-	2,457	(39,867)
Stimulus Funds	-			-	-	-
Other Receipts	2,185	(79)	737	-	2,844	(6,369)
Donations Received				549	549	1,677
Contributions Paid to/from Foundation				(297)	(297)	(1,108)
Payments for Medical Claims Costs		(113,422)		-	(113,422)	(714,095)
Payments to Suppliers	(93,071)	(5,071)	(26)	(362)	(98,531)	(124,101)
Payments to Employees	(147,703)	(2,753)	(738)	(411)	(151,605)	(166,470)
Net Cash Flow from Operations	(104,359)	(12,524)	(27)	(483)	(117,392)	(129,456)
Cash Flows from Capital and Financing Activities:						
Purchases of Capital assets	(805)		27	1	(777)	(61,536)
Sale of Capital Assets	1,450			-	1,450	3,085
Interest Received	4,782	1,009		908	6,700	12,841
Interest Paid	125			-	125	211
Bond Principal Paid	-	-	-	-	-	-
Net Cash Flows from Capital and Financing Activities	5,553	1,009	27	909	7,498	(45,400)
Net Change in Cash	$ (98,806)	$ (11,514)	$ (0)	$ 426	$ (109,895)	$ (174,856)
Beginning Cash Balance	1,780,657	219,785	-	44,660	2,045,103	1,889,975
Ending Cash Balance	$ 1,681,851	$ 208,271	$ (0)	$ 45,087	$ 1,935,208	$ 1,715,118

Routine Capital Summary (FY26 Only)
October 30, 2025

CAPITAL SPENDING SUMMARY
Year to Date as of 10/31/2025

2026 Budget Only

(Dollars in Thousands)

Description	Amount
FY26 Capital Budget	$ 390,001
YTD Actual Spend	(1,039)
Committed	-
Remaining Budget	388,963

% Total Capital Funding Spent and Committed	0.3%

Statistics
MTD & FYTD October 2025

Parkland Health & Hospital System

	Month					Fiscal Year to Date					FY 2026
	Oct-25 Actual	Oct-25 Budget	Oct-24 Actual	% Var Budget	% Var FY26-25	Oct-25 Actual	Oct-25 Budget	Oct-24 Actual	% Var Budget	% Var FY26-25	Annual Budget
Hospital Discharges (Adult/Infant Inpatient, Observation)											
Adult Inpatient	3,097	2,988	3,118	3.6%	-0.7%	3,097	2,988	3,118	3.6%	-0.7%	36,500
Neonatal ICU	129	133	127	-3.0%	1.6%	129	133	127	-3.0%	1.6%	1,397
Newborn Nursery / Room-in	947	1,009	1,052	-6.1%	-10.0%	947	1,009	1,052	-6.1%	-10.0%	12,073
Total Inpatient Discharges	4,173	4,130	4,297	1.0%	-2.9%	4,173	4,130	4,297	1.0%	-2.9%	49,970
Observation Discharges	2,036	1,944	1,882	4.7%	8.2%	2,036	1,944	1,882	4.7%	8.2%	23,683
Total Hospital Discharges	6,209	6,074	6,179	2.2%	0.5%	6,209	6,074	6,179	2.2%	0.5%	73,653
Total Hospital Discharges (excluding Newborn Nursery)	5,262	5,065	5,127	3.9%	2.6%	5,262	5,065	5,127	3.9%	2.6%	61,580
Inpatient Posted Census Days											
Adult Inpatient	18,745	17,416	17,432	7.6%	7.5%	18,745	17,416	17,432	7.6%	7.5%	211,696
Neonatal ICU	2,182	2,423	2,413	-9.9%	-9.6%	2,182	2,423	2,413	-9.9%	-9.6%	29,381
Newborn Nursery / Room-in	2,162	2,242	2,357	-3.6%	-8.3%	2,162	2,242	2,357	-3.6%	-8.3%	26,725
Total Inpatient Posted Census Days	23,089	22,081	22,202	4.6%	4.0%	23,089	22,081	22,202	4.6%	4.0%	267,802
Average Length of Stay											
Adult	6.05	5.83	5.59	-3.8%	-8.2%	6.05	5.83	5.59	-3.8%	-8.2%	5.80
Neonatal ICU	16.91	18.22	19.00	7.2%	11.0%	16.91	18.22	19.00	7.2%	11.0%	21.0
Case Mix Index											
Acute	2.01	1.98	1.97	1.5%	2.0%	2.01	1.98	1.97	1.5%	2.0%	1.98
Adult Average Inpatient Available Beds (less L&D)	746	745	744	0.1%	0.3%	746	745	744	0.1%	0.3%	743
Observation Unit Beds	60	60	60	0.0%	0.0%	60	60	60	0.0%	0.0%	59
Adult Inpatient Occupancy Rate	73%	67%	67%	9.0%	9.0%	73%	67%	67%	9.0%	9.0%	73%
Adjusted Patient Days											
Inpatient Days x (Total Charges/Inpatient Charges)	59,572	57,916	57,500	2.9%	3.6%	59,572	57,916	57,500	2.9%	3.6%	669,194
Equivalent Patient Days											
Adult Census, NNICU, and Observation Days	28,194	27,311	27,363	3.2%	3.0%	28,194	27,311	27,363	3.2%	3.0%	329,484
Adjusted Occupancy Rate (includes Observation)											
Medicine/ Surgery	95%	93%	92%	2.2%	3.3%	95%	93%	92%	2.2%	3.3%	93%
Psych	99%	100%	99%	-1.0%	0.0%	99%	100%	99%	-1.0%	0.0%	100%
Rehab	99%	97%	97%	2.1%	2.1%	99%	97%	97%	2.1%	2.1%	89%
WISH *(Less: Newborn Nursery, NNICU, and L&D)*	84%	83%	85%	1.2%	-1.2%	84%	83%	85%	1.2%	-1.2%	84%

Statistics
MTD & FYTD October 2025

Parkland Health & Hospital System

	Month					Fiscal Year to Date					FY 2026
	Oct-25 Actual	Oct-25 Budget	Oct-24 Actual	% Var Budget	% Var FY26-25	Oct-25 Actual	Oct-25 Budget	Oct-24 Actual	% Var Budget	% Var FY26-25	Annual Budget
Average Daily Inpatient Census											
Medicine/ Surgery	414	380	373	8.9%	11.0%	414	380	373	8.9%	11.0%	411
Psych	28	28	28	0.0%	0.0%	28	28	28	0.0%	0.0%	28
Rehab	22	21	20	4.8%	10.0%	22	21	20	4.8%	10.0%	20
WISH *(Less: Newborn Nursery, NNICU, and L&D)*	115	108	114	6.5%	0.9%	115	108	114	6.5%	0.9%	117
L&D	26	25	28	4.0%	-7.1%	26	25	28	4.0%	-7.1%	25
Total Adult Inpatient	605	562	563	7.7%	7.5%	605	562	563	7.7%	7.5%	601
Observation	234	241	243	-2.9%	-3.7%	234	241	243	-2.9%	-3.7%	242
Total Adult Average Daily Census	839	803	806	4.5%	4.1%	839	803	806	4.5%	4.1%	843
Neonatal ICU	70	78	78	-10.3%	-10.3%	70	78	78	-10.3%	-10.3%	80
Total Average Daily Census	909	881	884	3.2%	2.8%	909	881	884	3.2%	2.8%	923
Deliveries	1,068	1,126	1,171	-5.2%	-8.8%	1,068	1,126	1,171	-5.2%	-8.8%	13,300
Surgeries											
Day Surgery Cases (Hospital)	709	698	678	1.6%	4.6%	709	698	678	1.6%	4.6%	7,960
Day Surgery Cases (ASC)	422	515	459	-18.1%	-8.1%	422	515	459	-18.1%	-8.1%	5,744
Total Day Surgery Cases	1,131	1,213	1,137	-6.8%	-0.5%	1,131	1,213	1,137	-6.8%	-0.5%	13,704
Inpatient Cases	896	835	824	7.3%	8.7%	896	835	824	7.3%	8.7%	9,544
Total Surgical Cases	2,027	2,048	1,961	-1.0%	3.4%	2,027	2,048	1,961	-1.0%	3.4%	23,248
Emergency Services (unduplicated patients)											
Arrivals Count	19,169	19,446	19,665	-1.4%	-2.5%	19,169	19,446	19,665	-1.4%	-2.5%	229,765
Treated Patients Count	18,790	19,144	19,311	-1.8%	-2.7%	18,790	19,144	19,311	-1.8%	-2.7%	226,061
Percent Left w/o Being Seen	2.0%	1.6%	1.8%	-25.0%	-11.1%	2.0%	1.6%	1.8%	-25.0%	-11.1%	1.6%
Emergency Visit Counts (includes multiple visits)											
Main ED	14,224	13,858	13,862	2.6%	2.6%	14,224	13,858	13,862	2.6%	2.6%	163,852
Psych / EOU ED	848	700	727	21.1%	16.6%	848	700	727	21.1%	16.6%	8,787
Urgent Care - ED	5,016	4,805	4,936	4.4%	1.6%	5,016	4,805	4,936	4.4%	1.6%	52,306
ICC ED (OB/Gyn Intermediate Care)	1,861	1,972	2,001	-5.6%	-7.0%	1,861	1,972	2,001	-5.6%	-7.0%	22,723
Total Emergency Visit Counts	21,949	21,335	21,526	2.9%	2.0%	21,949	21,335	21,526	2.9%	2.0%	247,668
Ambulatory Visits by Division											
COPC	51,930	49,467	49,320	5.0%	5.3%	51,930	49,467	49,320	5.0%	5.3%	518,306
WISH	21,402	23,295	23,044	-8.1%	-7.1%	21,402	23,295	23,044	-8.1%	-7.1%	251,510
Ambulatory Specialty Clinics	41,369	39,348	38,759	5.1%	6.7%	41,369	39,348	38,759	5.1%	6.7%	426,526
Employee Health Integration	2,949	3,416	2,987	-13.7%	-1.3%	2,949	3,416	2,987	-13.7%	-1.3%	36,051
All Other Divisions	5,540	5,676	5,665	-2.4%	-2.2%	5,540	5,676	5,665	-2.4%	-2.2%	61,939
Total Ambulatory Visits	123,190	121,202	119,775	1.6%	2.9%	123,190	121,202	119,775	1.6%	2.9%	1,294,332

Key Operating Performance Metrics

Staffing Information:	Actual	FYTD 2026 Budget	Variance	FYTD 2025 Actual	FY26 to FY25 Variance
Total Paid FTEs, includes Contract Labor and excludes Nursing Homes and Jail	12,818	12,765	53	12,839	(21)
Productivity:					
Paid Hours/Adjusted Patient Day	38	39	(1)	40	(2)
Labor Rates:					
Average Hourly Rate	$ 47.16	$ 46.98	$ 0.18	$ 45.26	$ 1.90

Truven Comparative Peer Group

FACILITY NAME	City	ST
Denver Health	Denver	CO
Erlanger Medical Center	Chattanooga	TN
Georgia Regents Health System	Augusta	GA
Harborview Medical Center	Seattle	WA
Harris Health - Ben Taub	Houston	TX
Harris Health - Lyndon B. Johnson General Hospital	Houston	TX
Harris Health - Quentin Mease	Houston	TX
JPS Health Network	Fort Worth	TX
OSU Medical Center - Academic Medical Center	Columbus	OH
OSU Medical Center - University Hospital East	Columbus	OH
Parkland Health & Hospital System	Dallas	TX
San Francisco General Hospital	San Francisco	CA
Shands at University of Florida	Gainesville	FL
Shands Jacksonville	Jacksonville	FL
Stony Brook University Medical Center	Stony Brook	NY
Temple University Hospital	Philadelphia	PA
The U of A Medical Center - University Campus	Tucson	AZ
UAMS Medical Center	Little Rock	AR
UCSD - Health System, San Diego	San Diego	CA
University Health System	San Antonio	TX
University Medical Center of El Paso	El Paso	TX
University of Alabama Hospital	Birmingham	AL
University of California Davis Medical Center	Davis	CA
University of California Irvine Medical Center	Irvine	CA
University of Chicago Hospitals	Chicago	IL
University of Colorado Hospital	Aurora	CO
University of Illinois Medical Center at Chicago	Chicago	IL
University of Kansas Hospital	Kansas City	KS
University of Kentucky Hospital	Lexington	KY
University of New Mexico Hospitals	Albuquerque	NM
University of Texas Medical Branch, Galveston	Galveston	TX
University of Utah Hospitals & Clinics	Salt Lake City	UT

Glossary of Terms

Total Hospital Discharges	The number of inpatients who left the hospital to return home or were transferred to another facility
Total Average Daily Census	Equivalent Patient Days / Number of Days in the Month
Average Length of Stay	Total Inpatient Census Days / Total Discharged Cases
Case Mix Index	The weighted average diagnosis-related group (DRG) value for Parkland (Total CMS MS DRG Assigned Weights / Total Discharged Cases)
Total Emergency Service Visits	Emergency Room Visits includes Main ED, Psych ED, Urgent Care ED, and ICC ED (OB/Gyn Intermediate Care)
Total Ambulatory Visits	Hospital Clinic Visits + Hospital Community Visits + Wish Clinical Visits + COPC Clinical Visits
Surgeries	Main Operating Room Cases + Main Day Surgery Cases
Deliveries	Inpatient + Outpatient Deliveries
Adjusted Patient Days	Inpatient Days x (Total Charges/Inpatient Charges)
Operating Margin	(Total Operating Revenue + Gov't Subsidies - Total Operating Expenses) / (Total Operating Revenue + Government Subsidies)
Operating Cash Flow Margin	(Total Operating Revenue + Gov't Subsidies - Total Operating Expenses + Interest & Depreciation) / (Total Operating Revenue + Gov't Subsidies)
Days Cash on Hand	The number of Days that Parkland could continue to pay its obligations with no new cash resources becoming available
Days in Accounts Payable	The average number of days it takes to pay outstanding bills, defined as (Total Current Liabilities - Deferred Revenue) / ((Total Opererating Expenses - Depreciation) / Days in Period)
Days In Accounts Receivable	The average time that it takes Parkland to collect a patient account

Parkland

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Informational Report on Parkland's Capital Project Summary as of October 2025

Project Summary
As of 10/31/2025

Project Number	Description	Start Date	End Date	Month to Date Amount	Year to Date Amount	Life to Date Amount	Budgeted Amount	Remaining Budget
18282	Systemwide Security Enhancements - Category 1	**11/27/2023**	**7/23/2025**	5,350	5,350	5,350	257,727	252,377
18315	Replace carpet in old PEOU with flooring	**1/28/2025**	**11/30/2025**	68,225	68,225	68,225	76,000	7,775
18335	Boiler Condensate Return System	**7/22/2025**	**12/31/2025**	111,859	111,859	111,859	111,859	-
18317	Specialty expansion at Garland COPC	**10/24/2024**	**10/30/2025**	23,664	23,664	45,639	555,738	510,099
18300	COPC Irving Optometry Lane Expansion	**2/20/2024**	**1/15/2026**	1,070	1,070	12,877	1,388,022	1,375,145
18310	Stations to assist patients with virtual health	**11/20/2024**	**9/30/2025**	228	228	350	70,200	69,850
18316	Renovation of Garland Clinic	**11/1/2024**	**1/15/2026**	22,336	22,336	25,664	972,009	946,345
18284	ACH 9th Floor Shell Buildout	**11/27/2023**	**9/15/2026**	1,775,887	1,775,887	5,176,346	54,383,500	49,207,154
18283	Systemwide Security Enhancements - Category 3	**11/27/2023**	**1/23/2025**	10,092	10,092	502,479	983,772	481,293
18290	ASC Storage Addition	**12/14/2023**	**10/1/2025**	371,787	371,787	541,425	1,949,602	1,408,177
18278	Flexible Sigmoidoscopy Room Buildout and Equipment	**10/19/2023**	**8/14/2025**	50,538	50,538	305,630	750,144	444,514
18263	Construction of an Expanded Psych Intake Area	**11/1/2022**	**4/25/2025**	11,593	11,593	1,032,159	1,056,292	24,133
18230	Old Campus Demolition (Phase II)	**12/9/2021**	**6/30/2025**	(37,802,049)	(37,802,049)	(347,743)	39,505,800	39,853,543
18182	Renovation of Garland COPC	**12/3/2020**	**3/31/2025**	7,467	7,467	1,565,761	1,698,339	132,578
18172	Vickery Clinic	**8/1/2020**	**1/31/2026**	2,300	2,300	1,209,755	31,337,800	30,128,045
19379	Cisco Wired NK (Hospital NK Refresh Yr 2 of 5)	**3/1/2020**	**9/20/2025**	30,340	30,340	10,017,001	10,407,562	390,561
19430	EoS Switching Gear/ DRT core network refresh	**3/1/2024**	**9/30/2025**	8,266	8,266	2,524,050	2,607,817	83,767
19429	Access layer refresh FY24 (year 5 of 5)	**2/1/2024**	**12/31/2024**	17,100	17,100	2,752,441	2,735,341	(17,100)
	Total Capital Projects			**(35,283,946)**	**(35,283,946)**	**25,549,267**	**150,847,524**	**125,298,257**

Informational Report Actuarial Audit Report–Retirement Income Plan

Dallas County Hospital District Retirement Income Plan

AUDIT OF ACTUARIAL VALUATION SERVICES

September 2025

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Segal

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Via Email

September 24, 2025

Board of Managers
Parkland Health
8435 N. Stemmons Freeway, Suite 920
Dallas, TX 75247

Re: Audit of Actuarial Valuation Services for the Dallas County Hospital District Retirement Income Plan

Board Members:

We are pleased to present the results of Segal's Level 3 audit of the Dallas County Hospital District Retirement Income Plan (Plan). The audit was requested by the Board of Managers. The purpose of this audit is to conduct a review of the actuarial methods, assumptions, and procedures employed by Parkland Health and its retained actuary, Milliman, Inc. (Milliman).

To the best of our knowledge this audit is complete and accurate and was prepared in accordance with generally accepted actuarial principles as prescribed by the Actuarial Standards Board of the American Academy of Actuaries.

Our audit included a review of the following documents:

- The Plan's draft Actuarial Report as of January 1, 2025, dated June 2025 and the final Actuarial Report as of January 1, 2024, dated July 12, 2024
- The Plan's GASB 67/68 Disclosure for the Plan Year Ending December 31, 2023, dated July 1, 2024
- The Plan's Funding analysis based on the January 1, 2025 Actuarial Report, dated June 2025, and
- The Plan's Experience Study, dated July 2024, covering the January 1, 2019 through December 31, 2023 plan years.

This audit includes the following:

Actuarial Report review: a review of the valuation reports and the results provided to Parkland Health, including a determination of compliance with actuarial standards, and whether the valuation reports reflect appropriate disclosure information under required reporting, as well as whether the report describes the plan of benefits consistently with the Summary Plan Description. Also included in this section is our review of the GASB 67 and 68 disclosures.

Experience Study review: a review of the experience study document to determine whether it contains the required and appropriate information that should be included in an experience study.

Assumptions and methods review: an analysis of the actuarial assumptions and methods to determine their reasonableness and compliance with the Actuarial Standards of Practice.

Funding Analysis review: a review of the "Retirement Income Plan Funding Analysis"

This review was conducted under my supervision, with the assistance of Ms. Teresa Jones, FSA, MAAA, EA. I am an Associate of the Society of Actuaries, Fellow of the Conference of Consulting Actuaries, Member of the American Academy of Actuaries, and an Enrolled Actuary under ERISA, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

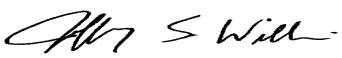
This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with their legal, tax and other advisors before taking, or refraining from taking, any action.

This report should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of the Plan and as allowed by applicable law.

The assistance of the Plan's staff is gratefully acknowledged.

We appreciate the opportunity to serve as an independent actuarial advisor for the Dallas County Hospital District Retirement Income Plan, and we are available to answer any questions you may have regarding this report.

Sincerely,



Jeffrey S. Williams, ASA, FCA, MAAA, EA
Vice President and Consulting Actuary

cc: Teresa Jones - Segal

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Executive Summary

The Board retained Segal to conduct an independent actuarial audit for the Fiscal Year ended December 31, 2024, and its associated documentation performed by the Plan's actuary, Milliman. The objectives for this engagement included:

- A review of the actuarial valuation reports to provide recommendations for improvement, if applicable
- Comparison of the plan provisions described in the actuarial valuation reports to the Plan's Summary Plan Description
- A review of the actuarial assumptions to determine their reasonableness and compliance with the Actuarial Standards of Practice
- A review of the Experience Study for the period January 1, 2019 through December 31, 2023
- A review of the Plan Funding Analysis
- A review of the GASB 67 and 68 Disclosures, and
- An evaluation of whether all work was performed in accordance with Actuarial Standards of Practice.

Such an audit is typically called a **Level 3 actuarial audit.** The objective of a level 3 actuarial audit of any system is an assessment of the actuarial assumptions and methods, valuation reports and plan provisions based on governing law and employee handbooks, if applicable. This audit is not a full or partial replication of the actuarial valuation results (and, in fact, does not involve any actuarial calculations), but rather is a review of the key components in the valuation process that encompass the derivation of the liabilities and costs for the Plan. These key components are the benefits valued, the actuarial assumptions and funding method used, and the asset valuation method and amortization method employed.

We reviewed all information supplied to us, with the exception of the demographic data. We considered the reasonableness of the actuarial assumptions and methods in the context of our own experience, and those of other state and local pension systems.

Summary of Findings

1. The valuation reports appear to correctly apply the plan provisions according to the Summary Plan Description. We have offered some suggested improvements for clarification regarding selected items.

2. While we have no reason to doubt the reasonableness of the assumptions used in the valuation reports, the experience study covering the calendar years 2019 through 2023 does not provide enough detail for us to conclude the assumptions are appropriate and conform with the applicable Actuarial Standards of Practice. We have commented on where we have recommendations.

3. The amortization policy uses a closed 30-year amortization period for the Plan's actuarially determined contribution (ADC), beginning 2014. We find the closed 30-year amortization period reasonable for the calculation of an actuarially determined contribution under ASOP 4. As noted in our discussion of actuarial methods, the current amortization period is 19 years and as the period continues to shorten, the Actuarial Determined Contribution will most likely continue to rise.

4. The valuation reports appear to cover all relevant information regarding the plan of benefits and convey the message in a manner that conforms with the applicable Actuarial Standards of Practice, with our noted, suggested additional analysis.

5. The Experience Study and Funding Analysis do not include an acknowledgement of qualification as required by the American Academy of Actuaries for Statements of Actuarial Opinion, nor do they include the required disclosure requirements for actuarial communications required by ASOP No. 41, "Actuarial Communications". These issues should be included in future studies.

Finally, we offer suggestions we believe may improve the clarity and understanding of the valuation reports. Several recommendations are made throughout this document. We would classify them as "presentation" suggestions to enhance the valuation process or report or something to be examined during the next experience review and are denoted in navy blue text.

Purpose, Scope and Methodology of the Audit

Purpose of the Audit

Segal was retained to conduct an independent review of the Dallas County Hospital District Retirement Income Plan's (Plan) January 1, 2025 and January 1, 2024 Actuarial Reports, December 31, 2024 financial statement reporting with respect to GASB Statement Nos. 67 and 68, Funding Analysis based on the January 1, 2025 Actuarial Report, and the Experience Study covering the five-year period ending December 31, 2023. A level 3 audit was requested. This includes an assessment of the actuarial assumptions and methods, and plan provisions based on governing law and employee handbooks, if applicable. It is neither a full nor partial replication of the actuarial valuation results but rather is a review of the key components in the valuation process that encompass the derivation of the costs for the Dallas County Hospital District Retirement Income Plan along with a review of the actuarial deliverables.

Scope of the Audit

This level 3 actuarial audit has a specified and limited scope. A level 3 audit is a review of the valuations already performed through a review of the benefits, assumptions, and methods, without a review of test lives or full/partial replication of the actuarial valuation results.

What a level 3 audit is intended to provide includes:

- A comparison of the plan provisions described in the actuarial valuation reports to governing law and employee handbooks, if applicable, for consistency and completeness;
- A review of actuarial assumptions including an assessment of their reasonableness and compliance with the Actuarial Standards of Practice;
- A review of the reasonableness of the actuarial funding and asset valuation methods;
- An assessment of whether the valuation appropriately discloses the required information under the appropriate reporting standards with recommendations for improvement; and
- An opinion as to the reasonableness of the conclusions reached by the actuary when performing experience studies.

Methodology of the Audit

One of the purposes of this audit is to express an opinion regarding the reasonableness and accuracy of the actuarial assumptions, methods and valuation results. The review is not the same as completing an actuarial valuation but represents a "second opinion" at a high level on the processes included in the valuation.

The measurement of the reasonableness of the funding levels encompasses three key analyses:

- A verification of the appropriateness of the actuarial assumptions that are used in calculating the liabilities;
- A verification of the appropriateness and explanation of the funding and asset valuation methods; and
- A review and comparison of plan provisions stated in the valuation report to those described in the summary plan description.

Assumptions Analysis

A critical component in assessing the reasonableness of the funding levels is in the selection and the application of the actuarial assumptions. With respect to the assumptions, we:

1. Reviewed the Experience Study dated July 2024 covering the 2019 through 2023 calendar years, and

2. Considered the economic assumptions against an updated survey of state and local employee retirement systems produced by the National Association of State Retirement Administrator and offered opinions on the methodology.

Methods Analysis

The components in assessing funding levels are the selection and application of the actuarial cost method, the asset valuation method (including smoothing techniques) and the amortization of unfunded actuarial accrued liability.

Review of Plan Provisions

We reviewed the applicable Plan statutes and ordinances to confirm whether Milliman calculates and values plan benefits in a consistent manner based on the Summary of Plan Provisions in their valuation reports.

Review of the Actuarial Reports

The content and presentation of the actuarial valuation results to a layperson and professional are important components of a level 3 audit. The actuarial valuation reports are comprehensive and contain a summary of the data, the actuarial funding results, development of the actuarial value of assets, and a reconciliation of the unfunded actuarial accrued liability (including gains and losses by source). Overall, the valuation reports generally communicate results with clarity, are complete, and follow the required actuarial standards of practice for actuarial communications.

We reviewed the January 1, 2025 and January 1, 2024 Actuarial Valuation Reports for compliance with applicable standards of practice. Overall, it is our opinion that the reports completely and fairly present the results of the actuarial valuations and comply with all applicable actuarial standards. Particular attention was paid to Actuarial Standards No. 4, 27, 41, 44, and 51.

While we are of the opinion that the valuation reports completely and fairly present the results of the actuarial valuations and comply with all applicable actuarial standards, we offer a few observations and recommendations regarding the January 1, 2025 actuarial valuation report that may improve the understanding of the actuarial valuation reports going forward. Page numbers are in reference to the January 1, 2025 actuarial valuation report. Comments are in the order they appear in the report.

1. Page 3 – An investment return assumption of 5.5% is used to calculate the required ASOP No. 4 Reasonable Actuarial Determined Contribution (ADC). By labeling the 5.5% calculation as the "Reasonable ADC", and the 6.0% calculation as the "Plan's Funding Policy", the implication is the actuary does not believe the 6.0% assumption used by Parkland is reasonable (per ASOP No. 41, Sec. 4.3). After discussion with the Plan's actuary, we understand that the "Plan's Funding Policy" ADC is the required ADC for the Plan, but in our opinion the labeling is not clear. Additionally, the statement *"In our opinion the [ASOP 4 Reasonable] ADC reflects a balance among benefit security for plan members, intergenerational equity among stakeholders, and stability of pension costs"* further adds to the possible confusion as it explicitly references the Reasonable ADC as reflecting balance, without mentioning the Plan's Funding Policy ADC. The exclusion of the 6.0% ADC from the statement can be interpreted as not believing that the Funding Policy ADC reflects the "balance" described previously.

   After discussion with the Plan's actuary, we understand that the 5.5% ADC was included in the report as part of an accelerated funding policy. We do not think that this meaning is clear from the labeling and text on the page. We recommend either changing the labeling and text or providing the ADC based on a 5.5% discount rate in a deliverable outside the valuation report since plan funding is based on 6.0% and not 5.5%.

2. Pages 6 and 7 contain 31 years' worth of demographic history for active and retired participants, but no historical data for terminated participants with deferred benefits. There are currently more terminated participants with deferred benefits than retirees and surviving spouses in pay status, and the liability for terminated participants accounts for 12.8% of the total actuarial accrued liability, which is not inconsequential.

Though not required, the actuary should consider whether it's appropriate or would add value to the readers of the report to add historical information for terminated vested participants.

3. Page 14 – There was a 3.88% net experience loss in 2024, with approximately a 3.77% loss due to non-investment factors, i.e., demographic liability losses. This is a significant loss, and we would expect there to be a discussion regarding the reasons for the loss.

   In our opinion a 3.77% loss due to non-investment factors warrants a sentence or two describing the causes of the loss.

4. Appendix B, "Actuarial Assumptions and Methods" of both Actuarial Reports seems to list most – if not all – assumptions used to calculate the liabilities used in the report. The actuary is also required to list their rationale for any assumption that has a significant effect on the measurement (per ASOP No. 27, Sec. 4.12). If it is an assumption that was dictated by another party (such as the sponsor or another actuary), then the report should identify whether or not it significantly conflicts with their professional judgement or if they do not have enough data to assess the assumptions reasonableness. (per ASOP No. 27, Sec. 4.2).

   The actuary should add additional disclosures to their report determining the rationale for all assumptions that have a material impact on their liability calculations. They should consider whether they are making additional assumptions not listed in their calculations and consider adding those to Appendix B as well.

5. It appears that the assumption changes recommended in the experience study were first reflected in the January 1, 2024 actuarial report based on the "Prior Year" and "Current Year" columns of retirement and withdrawal rates. On page 20 of the January 1, 2024 report, under "Changes in Actuarial Assumptions and Methods", it states "None". The changes in assumptions should be explicitly pointed out in the report.

   On page 20 of the January 1, 2025 report it also states "None" regarding assumption changes, though pages 2, 15, and 19 all indicate that the mortality tables were updated from the PubG-2010 mortality tables to the PubG-2016 mortality tables in the 2025 report.

   On pages 21 and 22, it appears that Tables 2 and 3 were copied from the 2024 report and not updated; the 2025 report should not need the "Prior Year" columns since the changes were first implemented in the 2024 report.

   The actuary should clearly state in the "Changes in Actuarial Assumptions and Methods" which, if any, assumption changes are made each year.

   In Appendix C, "Plan Provision", we expected to see a "Changes in Plan Provisions" section that is currently missing. In addition, we found publicly available information on a Parkland website indicating that the Plan was closed to new entrants as of December 12, 2023[1]. We would have expected to see mention of the plan closing in the January 1, 2024 report.

   The actuary should do a careful review of both Appendix B and Appendix C for completeness and accuracy.

[1] https://parklandbenefits.org/well-being/retirement-program/on-or-before-dec-12/

6. The plan provisions indicate that there is a subclass of employees labeled in the report as "House" employees (referred to by Parkland as "house staff" employees). There is no other mention of them throughout the report. If there are different plan provisions or assumptions associated with this group, they should be described in the report.

   We recommend that the actuary regularly disclose the house staff employee class size as a part of their active demographic statistics in their Actuarial Reports and evaluate and consider whether separate assumptions applicable to this group should be considered in their next experience study.

Review of Plan Provisions

We reviewed the applicable statutes and legal documents (described further below) to confirm that Milliman values benefits in a consistent manner based on Appendix C, "Plan Provisions" in their valuation report. Specifically:

- Texas Governmental Code, Chapter 810,
- The Retirement Income Plan SPD for Full-Time Employees Hired on or Before Dec. 12, 2023, effective January 1, 2018. [2]

1. The Actuarial Report states that the plan was most recently restated January 1, 2011 and amended January 1, 2024. Comparing these dates to the dates of the SPD mentioned above, it seems highly probable that there is more documentation that was not available.

   We recommend the actuary discuss this information with the client. Since the Plan is closed to new entrants, we recommend that the actuary describe fully throughout all deliverables the nature of this closure and how this does or does not affect their actuarial advice.

2. The actuarial report and the limited plan provisions available do not include the interest crediting rate for employee contributions.

   We recommend the actuary include the interest crediting rate for employee contributions in the report, even if the rate is 0.00%.

Review of GASB 67 and 68 Disclosures

In our opinion the GASB 67 and 68 Disclosures for the plan year ending December 31, 2023 meet necessary actuarial requirements.

[2] https://parklandbenefits.org/resources/legal-notices/

Review of Experience Study

Experience Study

As part of our analysis, we reviewed the assumptions and methods recommended by Milliman in connection with the July 2024 Experience Study. There is limited information available in the experience study, as well as a limited number of assumptions analyzed.

Lack of Expected Information

Experience studies generally contain the information upon which the new assumptions are based. For example, for the retirement assumption, we would expect to see the number of exposures for each year of age included in the assumption, the number of expected retirements for each year of age based on the prior assumption, the actual number of retirements that occurred for each year of age, and the number of retirements that would have occurred for each year of age under the proposed assumption. This type of information is typically included at least for retirement, withdrawal, mortality, disability, and salary. Instead, retirement, withdrawal, and mortality assumptions only include in the study the ratio of the actual incidences over the expected incidences, both on the then-current and proposed rates. No supporting documentation or evidence is included. For the salary assumption the only item included is a bar graph that includes “Experience” and “Assumption”. Disability was excluded from the experience study.

While we have no reason to doubt the appropriateness of the assumptions proposed in the experience study and used in the valuation report, the study does not contain enough information for us to comment on the appropriateness of the assumptions used due to the lack of information included in the experience study.

Limited Assumptions Analyzed

While salary, retirement, withdrawal and mortality were reviewed in the experience study, we would have expected other assumptions that impact the Plan’s liability and/or actuarial determined contribution to have been reviewed as well: investment return/interest rate, inflation, payroll growth, administrative expenses, disability rates, form of benefit payments chosen, retirement age(s) for terminated vested participants, percentage married upon retirement, and spousal age difference.

We recommend in the next experience study that the actuary analyze all assumptions that impact Plan liabilities.

Responsibility for the Experience Study

It is our belief that the Experience Study constitutes a Statement of Actuarial Opinion (SAO) as defined by the “Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States” issued by the American Academy of Actuaries since the work included in the

Study is based on actuarial considerations. As such, the Qualification Standards require an "appropriate acknowledgment of qualification"[3] of the responsible actuary.

ASOP No. 41, "Actuarial Communications", also requires[4] actuarial communications to include identification of the responsible actuary (4.1.1), identification of actuarial documents (4.1.2), and certain disclosures in actuarial reports (4.1.3). In our opinion the Experience Study does not meet the requirements of Sections 4.1.1 and 4.1.3.

The actuary should ensure the next experience study meets the requirements of the American Academy of Actuaries for issuing Statements of Actuarial Opinion and ASOP No.41.

[3] "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States", Section 5
[4] ASOP No. 41, Section 4

Review of Assumptions and Methods

Economic Assumptions

Economic assumptions have a significant effect on the development of Plan liabilities. Changes to these assumptions can substantially alter the results determined by the actuary. The goal is to have a consistent set of economic assumptions that appropriately reflect expected future economic trends.

The primary economic assumptions that affect the Plan's funding are:

- Inflation
- Investment rate of return (or discount rate)
- Individual salary increase rates
- Payroll growth rate
- Administrative expenses

Actuarial Standard of Practice (ASOP) No. 27, Selection of Assumptions for Measuring Pension Obligations, provides guidance in developing economic assumptions, and a key feature of this publication encourages consistency among economic assumptions selected by the actuary.

The principle of consistency suggests that the actuary should select their estimate for the key components of economic assumptions: inflation, the risk-free rate of return, and the expected return premium (or risk premium) for each asset class. The actuary begins with a reasonable range for each component, then selects a specific point within the range based on historical data, System specific data and economic expectations, such as future capital market assumptions.

Inflation

Actuarial standards of practice suggest the actuary review appropriate inflation data in developing the assumed inflation component. This data may include consumer price indices, forecasts of inflation and yields on government securities of various maturities (per ASOP No. 27, Sec. 3.5). The inflation assumption is 2.50% based on price inflation and 3.0% based on wage inflation.

Milliman did not explicitly outline the inflation assumption in their report, nor did they give any justification for that assumption. Further, the inflation rate of 2.50% is not listed in the actuarial report, but only in the GASB report.

While we have no reason to doubt that the price and wage inflation assumptions are reasonable, we recommend more robust disclosure of the decision-making process in the next Experience Study, perhaps with references to CPI indices or a discussion of how expected inflation matched actual experience (per ASOP No. 27, Sec. 4.1.2).

Investment Return

The investment return assumption is used as the discount rate to determine the present value of expected future benefits. The current assumption is 6.00%, and this is comprised of a 3.50% real rate of return (net of investment and administrative expenses), in addition to a 2.50% price inflation assumption.

An analysis of the 6.00% investment return was not included during the most recent Experience Study. An explicit analysis of the assumption should be considered. If it is an assumption that was set by another party, then a statement about whether that assumption conflicts significantly with their professional judgement should be provided (per. ASOP No. 41, Sec. 3.4.4). Also, including the probability of achieving the investment assumption can help all stakeholders make an informed decision regarding the validity of the assumption.

Based on our knowledge of investment return assumptions used in the public sector universe, we believe the 6.00% investment return assumption is reasonable based on the information provided on page 10 of the GASB report. However, we recommend that Milliman describe their analysis of the interest rate assumption in the next Experience Study, perhaps with the likelihood of earning 6.00% over the long-term as part of their analysis (per ASOP No. 27, Sec. 4.1.2).

Individual Pay Increases

The individual pay increase assumption is used to determine participants' projected benefits provided by the Plan. Generally, a participant's salary will change over their career in accordance with inflation, productivity growth, and merit increases. The actuary should review available compensation data when selecting this assumption, including employers' current compensation practices and any anticipated changes, along with historical compensation increases.

The best estimate pay scale is generally constructed using a "building block" that combines best-estimate ranges for the components of the pay scale: inflation, productivity, and merit. The inflation and productivity components are combined to produce the assumed rate of wage inflation. This rate represents the "across the board" average annual increase in salaries shown in the experience data. The merit component includes the additional increases in salary due to performance, seniority, promotions, etc.

It does not appear the inflation, productivity, and merit assumptions were separately analyzed when constructing the salary assumption.

While we have no reason to doubt the salary assumption is reasonable, there was not enough information included in the experience study for us to comment on its appropriateness. We recommend a more thorough discussion of the salary assumption in the next Experience Study process. If the salary assumption was set according to a contract negotiation, that documentation should also be cited in the Experience Study (per ASOP No. 27, Sec 4.12).

Payroll Growth

The payroll growth rate assumption is used to determine how the total sum of the Plan's payroll costs grows over time. That assumed rate is then used as a component of the effective interest

rate used to amortize unfunded liability. Total payroll generally grows at a different rate than an individual participant's compensation, so a different assumption is often needed.

The Payroll Growth assumption is not described in Appendix B, "Actuarial Assumptions and Methods" but it is described as 4% per year in the development of the Amortization of Unfunded Actuarial Accrued Liability in Exhibit 12 of the most recent Actuarial Report. The payroll growth assumption was not reviewed in the Experience Study.

While we have no reason to doubt the payroll growth assumption is reasonable, there was not enough information included in the experience study for us to comment on its appropriateness. We recommend a more thorough discussion of the payroll growth assumption in the next Experience Study process, perhaps through a detailed comparison of the actual payroll growth and how it compared to the expected growth over the 5-year period of the study (per ASOP No. 27, Sec 4.12).

Administrative Expenses

Milliman considers the administrative expenses through an implicit offset in the investment return assumption. Our typical recommendation is for the use of an explicit assumption for administrative expenses, as a load to normal cost. An implicit assumption is still reasonable, especially in this instance where the investment return assumption is lower than the median (per ASOP No. 27, Sec. 3.6.3 (e)).

We agree with Milliman's assumption of administrative expenses as reasonable, but we suggest that Milliman consider a review of the implicit assumption compared to an explicit assumption during the next Experience Study. Since the expense assumption is an implicit offset in the investment return assumption, we also recommend disclosing what the actual rates of return would have been without inclusion of the administrative expense assumption.

Demographic Assumptions

The demographic assumptions used to value the pension liabilities reflect the expected occurrence of various events among participants. The assumptions should reflect specific characteristics of the populations under consideration and produce reasonable results. A reasonable assumption is one that is expected to model the contingency being measured and not expected to produce significant gains and losses. The types of demographic assumptions used to measure pension obligations include, but are not limited to the following:

- Mortality
- Retirement
- Termination of employment (withdrawal)
- Disability
- Others, including Form of Payment, percentage married, and spousal age difference.

Actuarial Standard of Practice (ASOP) No. 27, *Selection of Assumptions for Measuring Pension Obligations*, provides guidance in developing demographic assumptions. The standard recommends that the actuary follow a general process for selecting demographic assumptions. The first step of this general process is to identify the types of assumptions to use. The actuary should consider relevant plan provisions that will affect timing and value of any potential benefit payments, all contingencies that give rise to benefits or loss of benefits, and the characteristics of the covered group. The next step in the process is to identify the relevant assumption universe. The assumption universe may include prior experience studies or general studies of trends relevant to the specific type of demographic assumption and System experience to the extent that it is credible. The third step in the process is to consider the assumption format. The format may include different tables for different segments of the covered population (such as different turnover rates for municipal employees versus public safety). The final step in the process is to select assumptions and evaluate the reasonableness of each assumption. The specific experience of the Plan should be incorporated but not given undue weight if recent experience is attributable to a phenomenon that is unlikely to continue. For example, if recent rates of termination were due to a one-time reduction in workforce it may be unreasonable to assume that such rates will continue.

Mortality

The mortality experience appears to be significantly greater than the expected number of deaths projected. Milliman recommended using the Pub-2010 General Amount-Weighted Mortality Table for Healthy Annuitants, Employees, and Disabled participants with use of the generational mortality improvement assumption scale 2024 Adjusted MP-2021 to project future improvements in mortality.

The actuary should consider using actual participant mortality data, to the extent fully or partially credible. The Society of Actuaries has published guidance on what defines a fully or partially credible set of actual participant mortality data, in a document entitled, “Credibility Educational Resource for Pension Actuaries: Application of Credibility Theory to Mortality Assumption.” If experience is not fully or partially credible to determine an appropriate mortality table, then that should be stated explicitly in the experience study.

We are familiar with the Pub-G 2010 mortality tables, but supporting data needs to be included in the Experience Study. We recommend additional information to be provided during the next Experience Study (such as a table of the actual number of deaths in the period compared to the expected) to allow another actuary to make an objective appraisal of the reasonableness of their work (per. ASOP No. 41, Sec. 3.2). We also note the actual mortality experience is 79% greater than would be expected under the proposed new rates. This margin is extremely high compared to normal actuarial practices; rationale for an abnormally high margin of actual deaths over proposed deaths should be included in the study. We understand the COVID-19 pandemic occurred during the years of the study but having performed quite a few experience studies over the past year, including one for participants living in and around Dallas, Texas, we have not seen any instances where actual deaths exceeded expected or proposed deaths by such a large margin.

Retirement Rates

The retirement rate assumption is only briefly mentioned in the Experience Study with a combined line and bar graph and does not contain any supporting data.

While we have no reason to doubt that the retirement rates are reasonable, there is not enough information included in the Experience Study for us to comment on their appropriateness. We recommend additional information to be provided during the next Experience Study (such as a table of the actual number of retirements in the period compared to the expected) to allow another actuary to make an objective appraisal of the reasonableness of their work (per ASOP No. 41, Sec. 3.2).

Withdrawal Rates

The termination rate assumption is only briefly mentioned in the Experience Study with a combined line and bar graph and does not contain any supporting data.

While we have no reason to doubt that the withdrawal rates are reasonable, there is not enough information included in the Experience Study for us to comment on their appropriateness. We recommend additional information to be provided during the next Experience Study (such as a table of the actual number of terminations in the period compared to the expected) to allow another actuary to make an objective appraisal of the reasonableness of their work (per ASOP No. 41, Sec. 3.2).

Disability Rates

The disability rate assumption does not appear to have been reviewed as a part of the experience study.

We conclude that there is not enough information to determine if Milliman's disability rate assumption is reasonable. We recommend additional information to be provided during the next Experience Study (such as a table of the actual number of disabilities in the period compared to the expected) to allow another actuary to make an objective appraisal of the reasonableness of their work (per ASOP No. 41, Sec. 3.2). While disability rates typically have the lowest impact on liability of the four primary demographic assumptions, there is an explicit assumption for incidences of disability and as such disability should be included in the next experience study.

Other Assumptions and Relevant Information

Form of Benefit Payment and Percentage Married

The actuarial assumptions section of the report suggests that the assumed Form of Benefit Payment selected for all participants is a Single Life Annuity but that 50% of males and 50% of females have an eligible spouse. ASOP No. 27, Sec. 3.3 suggests that the actuary should consider the election of the optional form of benefit payment. In this case, that means discussing the probability that married participants are likely to select a different Form of Payment compared to single participants – particularly in those cases where actuarial and valuation equivalence are quite different (as in this case), suggesting a potentially material impact on the valuation results.

If optional forms of payment were valued using the same interest rate and mortality tables as plan funding, then an argument could be made for assuming everyone takes a single life annuity. However, with the actuarial equivalence basis for optional forms of payment being 8.25% interest and the 1983 Group Annuity Mortality table, the form of benefit payment, whether a benefit is being paid out over one or two lifetimes, and the assumed age differences of spouses if married participants are assumed to take a 50% Joint and Survivor form of payment, matters. We recommend the next Experience Study include analysis of the form of benefit payments elected and the age difference between spouses upon retirement if a 50% Joint and Survivor form of payment is elected.

We also recommend modifying the Form of Benefit Payment assumption so that the percentage of participants assumed to be married at retirement are assumed to elect the 50% Joint and Survivor benefit while the percentage of participants assumed to be single at retirement are assumed to elect a single life annuity.

Terminated Vested Retirement Age

Considering the number of terminated vested participants in the Plan, assuming all terminated vested participants retire at age 55 may not be reasonable.

We recommend in the next experience study that the retirement patterns for terminated vested participants be analyzed, with a table of retirement rates added if appropriate.

Plan Closure

In researching for this report, we found a website that appears to be associated with the Parkland Health and Retirement Income Plan that states that the Plan is closed to employees hired after December 12, 2023.[5] We found no mention of this possible closure anywhere in the Experience Study. Also, the January 1, 2024 actuarial valuation indicated that the Plan was ongoing to all participants.

We recommend the next experience study includes a discussion of the plan closure as a characteristic of the obligation to be measured (per. ASOP No. 27, Sec. 3.3). It may also be helpful to readers of the actuarial report to explicitly state that the Plan is closed to new entrants.

[5] https://parklandbenefits.org/well-being/retirement-program/

Actuarial Methods

Amortization Method

The amortization method employed is the Entry Age Normal (EAN) Level Dollar actuarial cost method with a 30-year closed amortization period.

Under the current standard of ASOP No. 4, a 30-year closed amortization period is reasonable, and is expected pay off unfunded liabilities in a reasonable amount of time. It does have the potential to become unaffordable for some plans as the amortization period continues to decline.

We conclude that Milliman's Amortization Method is reasonable. Since the Plan is closed, we recommend that the actuary consider reviewing the amortization method in later Experience Studies, particularly if the long-term cost becomes untenable to the plan. A layered base amortization methodology may need to be considered by the time of the next experience study since the amortization period will be approximately 14 years at that time.

Asset Valuation Method

The actuarial asset method is a five-year smoothing method that determines the investment gain or loss on the market value of assets and recognizes this amount at the rate of 20% per year. The method also imposes a corridor, which limits the spread between the actuarial value of assets (AVA) and the market value of assets (MVA) to 20%. The methodology used by the Plan will generate an actuarial value that converges to market value if the Plan's assets earn the assumed rate of return. It also does so within a reasonable period.

The actuary's guide for determining the reasonableness of an asset smoothing method is ASOP No. 44.

Two key principles arise from ASOP No. 44. First, an acceptable asset smoothing approach must create asset values that fall within a reasonable range around market value, and second, that gains and losses are recognized in a reasonable period of time. In lieu of satisfying both of these principles, a smoothing method could satisfy the requirements if, in the actuary's professional judgment, the range around market value is sufficiently narrow or the differences are recognized in a sufficiently short period.

The asset smoothing method is a common one used in public sector plans, as is the five-year smoothing period, and in our opinion is reasonable for use in the Parkland Health and Hospital Retirement Income Plan.

Review of Funding Analysis

We have reviewed the three-page document titled “Retirement Income Plan Funding Analysis” of June 2025. The projections appear to be reasonable, but as this audit does not contain actuarial calculations, we cannot confirm the accuracy of the projected results. While it is assumed the calculations are Milliman’s, there is no indication on the document who is responsible for the work, as the only markings on the document are those of Parkland.

If the work included in the document is that of Milliman then it is our belief that the Funding Analysis constitutes a Statement of Actuarial Opinion (SAO) as defined by the “Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States” issued by the American Academy of Actuaries, since the work included in the Analysis is based on actuarial considerations. Similar to the Experience Study, the Funding Analysis does not address the acknowledgment of qualification of the American Academy of Actuaries or the reporting requirements of ASOP No. 41.

If the Funding Analysis is a regularly prepared document, the actuary should ensure the next Funding Analysis meets the requirements of the American Academy of Actuaries and ASOP No.41.