Minutes of the Budget and Finance Committee meeting of the Board of Managers of the Dallas County Hospital District, held Tuesday, July 26, 2022, scheduled for 11:30 a.m. in the WISH Building Executive Conference Room (02-175) at Parkland Health and via WebEx. These minutes do not constitute a certified agenda from the meeting.

I. Attendance and Call to Order

Committee Chair Ramon Miguez, PE, noted that a quorum was physically present and called the meeting to order at 11:30 a.m. Committee members Eric G. Bing, MD, PhD, and Don O'Bannon, Esq, were present. Committee member Lisa Sutter attended via Webex.

Committee member John Proctor did not attend.

Board Member attendees included: Todd Furniss, JD, and Robert Martinez, JD, via Webex.

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

Adriana Hinojosa, Supplier Diversity Program Manager
April Audain, VP UT Contracts Admin
Beall Carothers, Director Real Estate Development
Bennie Miller, Manager Supplier Diversity
Donna Richardson, EVP & Chief Nursing Executive
Felicia Miller, EVP & Chief Talent Officer
Forrest Stovall, Governance Program Coordinator (in-person)
Fred Cerise, President & Chief Executive Officer (in-person)
Gerry Baker, SVP Revenue Cycle
Guy Toliver, Director Inclusion-Supply Diversity
James Balfour, Sr. Associate General Counsel
Jared Ginter, VP Institutional Risk Management
Joe Longo, SVP & Chief Information Officer
Joe Mayer, Treasury Director
John Raish, SVP Support Services
Keri Disney-Story, VP Clinical Finance
Melanie Roberts, SVP Chief Compliance & Ethics Officer
Pam Bryant, SVP Chief Supply Chain Officer (in-person)
Rick Humphrey, EVP & Chief Financial Officer (in-person)
Roberto de la Cruz, EVP & Chief Clinical Officer
Saul Cordero, VP & Chief Governance Officer (in-person)
Steven Roth, EVP & General Counsel (in-person)
Tabitha Lee, VP Finance/Controller
Vic Summers, SVP Internal Audit

II. Mission Statement

Committee Chair began the meeting by stating the mission statement:

Advance Wellness | Relieve Suffering | Develop and Educate

III. Public Comments Regarding Agenda Items

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

IV. Conflicts of Interest

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

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

A. Approve Contracts over $200,000

Pam Bryant reviewed the briefing documents for contracts over $200,000. (See Appendix A of these minutes for more specific details on each contract.) Discussion of non-sole source contracts was first. Pam Bryant provided a brief overview of each contract and highlighted the MWBE participation.

The Committee asked questions and received further information related to the Contracts over $200,000.

Don O'Bannon, Esq, motioned for the approval of Contracts over $200,000. Eric G. Bing, MD, PhD, seconded the motion. The motion passed unanimously.

B. Approve Capital Substitutions

Rick Humphrey presented two Capital Substitutions for approval to the Committee:

- Refurbish Laundry Chiller for $299,862
- CHASE Maple and PPCC Clinics to Moody for $2,626,000

Don O'Bannon, Esq, motioned for the approval of Capital Substitutions. Eric G. Bing, MD, PhD, seconded the motion. The motion passed unanimously.

C. Approve Investment Committee Members

Joe Mayer provided an update on the Investment Committee. He then proposed two new Investment Committee Members for approval: Christina Wu and Joe Martinez.

Lisa Sutter motioned to recommend Board approval of Investment Committee Members. Eric G. Bing, MD, PhD, seconded the motion. The motion passed unanimously.

The Committee asked questions and received further information related to the Investment Committee Update and the $64.5 million decrease for the quarter. The Committee agreed to continue monitoring the Investment Committee's recommendations and expressed an interest in considering alternative investment options.

D. Parkland Financial Performance Presentation

Rick Humphrey reviewed the financial results for June 2022 and discussed significant performance variances.

For the month of June, Parkland Health (Parkland) recognized a net income of $1.1M which is ($10.3M) unfavorable to the budgeted net income of $11.4M and an unfavorable change of ($6.9M) compared to the prior year net income of $8.0M.

Parkland's operating margin and operating cash flow margin for the month of June are 0.5% and 4.6%, respectively. The operating margin is unfavorable compared to budget of 5.1% and the operating cash flow margin is also unfavorable compared to budget of 9.1%. Parkland's operating margin is unfavorable compared to the prior year operating margin of 2.5% and unfavorable to the operating cash flow margin of 6.2% from the prior year.

Parkland's patient cash collections in June were $99.2M which is above budget by $22.4M and $11.2M higher than the prior year. Parkland's days cash on hand of 180 days for the month is a decrease of 20 days compared to prior month of 200 days and greater compared to the prior year June of 174 days an increase of 5 days.

Rick Humphrey reviewed the income statement for June 2022 noting the variances to budget. Salaries and Benefits is approximately $11 million higher than budget for the month of June due to contact labor costs. Rick also highlighted an increase in monthly cost associated with employee benefits that will be realized in the coming months. Increased costs associated with surgical supplies, bond interest rates, and pharmaceutical supplies continues to drive the budget variances. Operating expenses for the system are on track to be approximately $100 million variance to budget.

The Committee asked questions and received further information related to the Financial Performance Presentation.

Lastly, Rick reviewed the Key Metrics for the system. Emergency room visits were below budget, but surgeries and deliveries were above budget. Approximately $220 million in Medicaid DSH, DSRIP, and GME payouts is expected in July.

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

E. FY23 Budget Presentation v2

Rick Humphrey presented version two of the FY23 budget. He reviewed the income statement projections, the long-range financial plan, and changes from version one.

Key Metrics:

- Total Operating Revenues: $2,474,056,000

- Total Operating Expenses: $2,387,689,000
- Total Net Income: $27,756,000
- Capital Budget: $60,900,000

The Committee asked questions and received information related to the FY23 budget presentation.

Lastly, Rick Humphrey reviewed the remaining dates for the FY23 budget approval timeline.

VI. Executive Session

At 12:59 p.m., the Committee went into Executive Session as permitted by the closed meeting exceptions specified on the agenda.

A. Discussion of Master Service Agreement for Physician Services FY22 Contract Update

Members of management in executive session attendance included:

April Audain, Donna Richardson, Felicia Miller, Forrest Stovall, Fred Cerise, Gerry Baker, Jared Ginter, Keri Disney-Story, Melanie Roberts, Pam Bryant, Rick Humphrey, Roberto de la Cruz, Saul Cordero, Steve Roth, and Vic Summers

The Committee reviewed information regarding the agenda items presented by management and asked additional questions and received answers.

At 1:17 p.m., the Committee moved into Open Session.

VII. Adjourn

With no further business to discuss, the Committee Chair adjourned the meeting at 1:17 p.m.

SO RECORDED:

RFMA
RFMA (Aug 30, 2022 15:25 CDT)

Ramon Miguez, PE
Committee Chair

Steven J Roth
Steven J Roth (Sep 1, 2022 12:53 CDT)

Steve Roth, JD, MPH
Assistant Secretary

Appendix A (Contracts Reviewed for Approval)

Item	Page No.	Contract Type	Service or Product	Supplier	Contract Term	Current Contract Approval Amount Request	New Approved Contract Value	Selection Method	Budgeted?	Business Owner / Dept.	MWBE %	MWBE Gender	MWBE Ethnicity
													July 26, 2022
NON-SOLE SOURCE CONTRACTS - Sorted by Size													
N1	7	Capital	Resuscitaire (neonatal care station) and Options	Draeger, Inc.	Last Signature - 1 Year	$1,394,717	$1,394,717	GPO Purchase	Yes	Marcus Cooper, Clinical Engineering	0%	N/A	N/A
N2	9	Expense	Executive Recruiting Services	B.E. Smith, DHG Search, Rudish Health, Strand TwoG LLC, & Curative Talent	8/1/2022 - 7/31/2027	$1,250,000	$1,250,000	Request for Proposals (Low Price/Tech Accept)	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Stacy Dorsey, Office of Talent Management	See M/WBE Table	See M/WBE Table	See M/WBE Table
N3	11	Expense	Executive Coaching Consulting	Brenda Routt Consulting, Health Management Associates, Jill Vershum, & United Training	8/1/2022 - 7/31/2027	$800,000	$800,000	Request for Proposals (Best Value)	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Delancey Johnson, Office of Talent Management	0%	N/A	N/A
N4	15	Expense	COPC Building Assessments	Burns & McDonnell Engineering Co., Inc.	7/27/2022 - 7/26/2023	$568,875	$568,875	Request for Qualifications	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Shabretta Manning, Engineering Services	30.20%	N/A	N/A
N5	18	Expense	Mod #1 Main Campus Grounds Maintenance	Bare Roots Landscape Design, Inc.	3/15/2021 - 3/14/2026	$198,375	$4,021,437	Non-Sole Source Modification	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Thomas Wilkins, Engineering Services	15.55%	Black or African American	Male
N6	20	Revenue	Nurse Family Partnership	Parkland Community Health Plan, Inc.	10/1/2022 - 9/30/2025	($3,600,000)	($3,600,000)	N/A-Revenue	N/A-Revenue	Niccole McKinley, WISH	N/A	N/A	N/A

Appendix A (Continued)

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SOLE SOURCE CONTRACTS - Sorted by Size													
S1	22	Expense	Mammotome Breast Biopsy Products	Devicor Medical Products, Inc.	Last Signature - 3 Years	$333,000	$333,000	Sole Source	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Julie Hughes Moreno, Rad Mammography	0%	N/A	N/A
S2	24	Expense	Mod #2 Kahook Dual Blade	New World Medical	8/11/2017 - 8/10/2024	$70,000	$220,000	Sole Source Modification	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Cheston Chan, Operating Room	0%	N/A	N/A
S3	26	Revenue: Court Approval	Mod #5 Third Amendment to Office Lease Agreement (Bravo Dental / Garland)	Bravo Dental, LLC	2/1/2017 - 1/31/2025	($29,780)	($95,235)	Sole Source Modification	N/A-Revenue	Beall Carothers, Planning Design & Construction	N/A	N/A	N/A
S4	28	Revenue: Court Approval	Mod #5 Third Amendment to Office Lease Agreement (Bravo Dental / Southeast Dallas)	Bravo Dental, LLC	1/1/2017 - 12/31/2024	($52,167)	($166,827)	Sole Source Modification	N/A-Revenue	Beall Carothers, Planning Design & Construction	N/A	N/A	N/A
S5	30	Revenue: Court Approval	Mod #5 Third Amendment to Office Lease Agreement (Bravo Dental / Grand Prairie)	Bravo Dental, LLC	2/1/2017 - 1/31/2025	($58,141)	($185,931)	Sole Source Modification	N/A-Revenue	Beall Carothers, Planning Design & Construction	N/A	N/A	N/A
S6	32	Revenue: Court Approval	Mod #5 Third Amendment to Office Lease Agreement (Bravo Dental / deHaro Saldivar)	Bravo Dental, LLC	10/1/2016 - 9/30/2024	($72,709)	($232,519)	Sole Source Modification	N/A-Revenue	Beall Carothers, Planning Design & Construction	N/A	N/A	N/A
S7	34	Revenue: Court Approval	Mod #5 Third Amendment to Office Lease Agreement (Bravo Dental / Irving)	Bravo Dental, LLC	1/1/2017 - 12/31/2024	($84,875)	($271,425)	Sole Source Modification	N/A-Revenue	Beall Carothers, Planning Design & Construction	N/A	N/A	N/A
S8	36	Revenue: Court Approval	Mod #5 Third Amendment to Office Lease Agreement (Bravo Dental / Bluitt Flowers)	Bravo Dental, LLC	10/1/2016 - 9/30/2024	($110,250)	($352,575)	Sole Source Modification	N/A-Revenue	Beall Carothers, Planning Design & Construction	N/A	N/A	N/A

Appendix A (Continued)

Item	Page No.	Contract Type	Service or Product	Supplier	Contract Term	Current Contract Approval Amount Request	New Approved Contract Value	Selection Method	Budgeted?	Business Owner / Dept.	MWBE %	MWBE Gender	MWBE Ethnicity
R1	39	Expense-Ratification	Mod #2 Extend term for Interim Director of Data Management and Analytics	Tru Team Staffing Advisors, LLC	9/29/2021 - 9/30/2022	$155,000	$316,200	Sole Source	Yes	Deborah Johnson , Information Technology	0%	N/A	N/A