Minutes of the Budget and Finance Committee meeting of the Board of Managers of the Dallas County Hospital District, held Tuesday, May 23, 2023, 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 11:35 a.m. Committee members Eric G. Bing, MD, PhD; and John Proctor attended in-person. Committee member Lisa Sutter attended via Webex.

Board Member attendees included: Chair Marjorie Petty, JD; and Vincent Hall. Reina Gonzalez, JD, attended via Webex.

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

April Audain, VP UT Contracts Administration
Donna Richardson, EVP & Chief Nursing Executive
Edmundo Castañeda, EVP & Chief Operating Officer
Forrest Stovall, Governance Program Manager (in-person)
Fred Cerise, President & Chief Executive Officer (in-person)
Gerry Baker, SVP Revenue Cycle
Guy Toliver, Director Inclusion-Supplier Diversity (in-person)
Jeffrey Giles, Sr. Associate Attorney
Jennifer Trousdale, Associate General Counsel PCHP
Joe Longo, SVP Chief Information Officer
Joe Mayer, Treasury Director
Keri Disney-Story, VP Clinical Finance
Melanie Roberts, SVP & Chief Compliance and 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, SVP & Chief Governance & Strategy Officer (in-person)
Steven Roth, EVP & Chief Legal Officer (in-person)
Tabitha Lee, VP Finance/Controller
Vic Summers, SVP & Chief Audit Executive

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. She noted N1, Netsync Network Solutions, is a 100% Hispanic female company providing network engineering services. She also noted N2, Restoration Specialists, is an 80% female company providing air handler cleaning services.

Next, Pam reviewed the sole source contracts. She provided a brief overview of each contract and noted the MWBE participation. Pam also presented R1, Southern Area Behavioral Health, as a ratification.

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

Eric G. Bing, MD, PhD, motioned to recommend Board approval of Contracts over $200,000. Ramon Miguez, PE, seconded the motion. The motion passed unanimously.

B. Approve Capital Substitutions

April Audain presented two capital substitutions for approval totaling $2,391,037. Item 1 is for $1,946,364, OR Integration and Equipment Boom Update. Item 2 is for $444,673, Mobile Medical Unit. The Mobile Medical Unit will be reimbursed by the Parkland Health Foundation.

The Committee asked questions and received additional information related to Capital Substitutions.

Eric G. Bing, MD, PhD, motioned to recommend Board approval of Capital Substitutions. John Proctor seconded the motion. The motion passed unanimously.

C. Approve Fiscal Policy 8311-1-02, Accounting Policy

Rick Humphrey presented Fiscal Policy 8311-1-02 for approval.

D. Approve Fiscal Policy 8311-1-11, Tax Incentive Policy

Rick Humphrey presented Fiscal Policy 8311-1-11 for approval.

E. Approve Fiscal Policy 8311-1-15, Supplemental Retirement Plan Investment Policy

Rick Humphrey presented Fiscal Policy 8311-1-15 for approval.

Joe Mayer reviewed recommended key changes for each policy.

Eric G. Bing, MD, PhD, motioned to recommend Board approval of all three policies: Fiscal Policy 8311-1-02, Fiscal Policy 8311-1-11, and Fiscal Policy 8311-1-15. John Proctor seconded the motion. The motion passed unanimously.

Committee member John proctor left the meeting at 12:19 p.m. Marjorie Petty, JD, was appointed to the Committee for quorum.

F. Parkland Financial Performance Presentation

Rick Humphrey reviewed the financial results for April 2023 and discussed significant performance variances.

For the month of April, Parkland Health recognized a net income of $8.4M which is $6.0M favorable to the budgeted net income of $2.4M and $4.6M favorable compared to the prior year net income of $3.8M.

Parkland Health's operating margin and operating cash flow margin for the month of April are (0.6%) and 2.7%, respectively. The operating margin was unfavorable compared to budget of 0.1% and the operating cash flow margin is also unfavorable compared to budget of 3.7%. Parkland Health's operating margin is unfavorable compared to the prior year operating margin of 2.2% and unfavorable to the operating cash flow margin of 6.8% from the prior year.

Parkland Health's patient cash collections in April were $83.9M which is above budget by $7.0M and $11.2M higher than the prior year. Parkland Health's days cash on hand of 251.6 days for the month is a decrease of (5.5) days compared to prior month of 257.2 days and compared to the prior year April of 223.2 days, an increase of 28.5 days.

Rick Humphrey reviewed the income statement for April 2023. He noted the $8.718 million variance to budget for Operating Expenses, of which $7.564 million is for Salaries and Benefits. With the Operating Revenues positive variance of approximately $7.258 million, the variance to budget for Total Net Income (Loss) is approximately $5.971 million.

Next, Rick reviewed the income statement including all Parkland entities. The variance to budget for Total Net Income (Loss) is approximately $861,000.

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

Next, Rick reviewed the Key Metrics for the system. Although multiple metrics for the month of April are variable to budget, all metrics are favorable to budget with the

exception of Case Mix Index and Ambulatory Visits. Cash Balance and Days Cash on Hand remain very strong but will begin to decrease for the next six months.

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

Lastly, Rick reviewed the financial statement for the Parkland Community Health Plan.

A. **Adjourn**

With no further business to discuss, the Committee Chair adjourned the meeting at 12:52 p.m.

SO RECORDED:

RFMA
RFMA (Jul 1, 2023 03:19 CDT)

Ramon Miguez, PE
Committee Chair

STeven J Roth
STeven J Roth (Jul 3, 2023 14:49 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
													May 24, 2023
NON-SOLE SOURCE CONTRACTS - Sorted by Size													
N1	5	Expense	Steady State On-Site Engineer	Netsync Network Solutions	Last Signature - 4/30/2026	$2,995,200	$2,995,200	Request for Proposals (Best Value)	Yes	Jeff DeFord/Darren Jones, Information Technology	100%	Female	Hispanic
N2	7	Expense	Air Handler Cleaning	Restoration Specialists, LLC	6/1/2023 - 5/31/2026	$573,911	$573,911	Invitation for Bids	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Frederick Datcher, Engineering Services	80%	Female	Caucasian
N3	9	Expense	Mod #1 Mobile Cardiology Outpatient Telemetry	Rhythmedix	12/20/2021 - 12/19/2024	$403,000	$1,258,000	Non-Sole Source Modification	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Alissa Tran, Acute Care Home Program – Hospital at Home	0%	N/A	N/A
N4	11	Capital: New Parkland	Upgrade Endoscopy system at the Main Operating Room	KARL STORZ Endoscopy-America, Inc.	Last Signature - 7/31/2026	$259,359	$259,359	GPO Purchase	Yes	Shika Shakelli, Clinical Engineering	0%	N/A	N/A
N5	13	Expense: Court Approval	Ground Lease Agreement	Dallas College	Upon issuance of Certificate of Occupancy - plus thirty-five (35) years	$50,000	$50,000	Real Estate – Exemption	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Beall Carothers, Planning Design & Construction	N/A	N/A	N/A
N6	15	Expense: Court Approval	Access & Encroachment Easement	Children's Health Systems of Texas d/b/a Children's Medical Center of Dallas	4/30/2023 - No Expiration	$0	$0	Real Estate – Exemption	N/A-Zero Dollar	Beall Carothers, Planning Design & Construction	N/A	N/A	N/A
N7	17	Expense: Court Approval	Temporary Demolition & Construction Easement	Children's Health Systems of Texas d/b/a Children's Medical Center of Dallas	4/30/2023 - No Expiration	$0	$0	Real Estate – Exemption	N/A-Zero Dollar	Beall Carothers, Planning Design & Construction	N/A	N/A	N/A

Appendix A (Continued)

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SOLE SOURCE CONTRACTS - Sorted by Size													
S1	19	Expense	Mod #5 Radial align, stems, and screws for orthopedic implants	Skeletal Dynamics	12/15/2018 - 1/31/2025	$1,120,000	$1,840,000	Sole Source Modification	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Cheston Chan, Perioperative Services	0%	N/A	N/A
S2	21	Expense	Mod #2 Versajet Accessories	Smith and Nephew, Inc.	7/1/2020 - 6/30/2026	$375,000	$736,039	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	23	Expense	Mental Health Svc	Dallas County Mental Health and Mental Retardation Center d/b/a Metrocare Services	6/1/2023 - 4/30/2028	$279,988	$279,988	Sole Source	No, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Minnie Mathew, Global Behavioral Health	0%	N/A	N/A
S4	25	Expense	Mod #4 American Red Cross-PAL, ALS, BLS	American Red Cross	6/1/2023 - 6/30/2024	$196,824	$226,824	Sole Source Modification	Yes	Theresa Kaplan, Clinical Education	0%	N/A	N/A
S5	27	Expense	Mod #5 Youth Student Intern Work Study Program	Cristo Rey Dallas	8/1/2019 - 7/31/2025	$77,000	$227,600	Sole Source	Yes	Che'Nita White, C-Suite	0%	N/A	N/A
DEVIATION/RATIFICATION													
R1	30	Expense-Ratification	Mental Health Services	Southern Area Behavioral Health	5/1/2023 - 4/30/2028	$605,000	$605,000	Sole Source	No. Foundation is covering the cost of this contract	Minnie Mathew, Global Behavioral Health	0%	N/A	N/A