Minutes of the Budget and Finance Committee meeting of the Board of Managers of the Dallas County Hospital District, held Tuesday, June 27, 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 11:31 a.m. Committee members Eric G. Bing, MD, PhD; and Lisa Sutter (arrived at 11:32 a.m.) attended in-person. Board member Vincent Hall was appointed to the Committee for quorum until Lisa Sutter arrived.

Committee member John Proctor was not present.

Board Member attendees included: Chair Marjorie Petty, JD (arrived at 11:35 a.m.); and Byron Cryer, MD; and Vincent Hall.

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

Adriana Hinojosa, Supplier Diversity Program Manager
April Audain, VP UT Contracts Administration (in-person)
Bennie Miller, Manager Supplier Diversity
DeLancey Johnson, SVP Associate Chief Talent Officer
Donna Richardson, EVP & Chief Nursing Executive
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
Jared Ginter, VP Institutional Risk Management
Jennifer Trousdale, Associate General Counsel PCHP
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 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, VP & 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

Other Attendees included:
Zubin Mehta, Student

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, Cigna Health and Life Insurance Company, is the third-party administration of the employee health plan and pharmacy benefit management services. The contract has a 25% MWBE participation, 9% is African American participation and 16% Hispanic participation. Contract N2, Tech Systems, is a passive security screening system. She noted the lowest bidder was not selected for this contract due to the lowest bidder not being a true passive security screening system based on the pilot that was conducted. Contract N4, Vets Securing America, is to secure armed guards to supplement the required labor for the passive security screening system. Pam also noted contract N6, Terracon Consultants, provides environmental consulting services with a 25% MWBE participation. There are nine different vendors for this contract with 18% female participation, 4% Asian Pacific participation, and 3% African American participation.

Next, Pam presented the sole source contracts. She provided a brief overview of each contract and highlighted the MWBE participation. Lastly, Pam provided a brief explanation of deviations and ratifications. She presented two ratifications for approval.

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. Lisa Sutter seconded the motion. The motion passed unanimously.

B. Approve Capital Substitutions

April Audain presented one capital substitution for approval. The Capital Substitution totals $1,175,066 for Correctional Health Swisslog Pharmacy Automation equipment. An additional $185,066 is requested in contingency funds.

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

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

C. Parkland Financial Performance Presentation

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

For the month of May, Parkland Health recognized a net income of $1.2M which is $0.1M unfavorable to the budgeted net income of $1.3M and 5.6M favorable compared to the prior year net loss of (4.4M).

Parkland Health's operating margin and operating cash flow margin for the month of May are (2.8%) and 0.5%, respectively. The operating margin was unfavorable compared to budget of (0.4%) and the operating cash flow margin is also unfavorable compared to budget of 3.2%. Parkland Health's operating margin is favorable compared to the prior year operating margin of (3.5%) and favorable to the operating cash flow margin of 0.4% from the prior year.

Parkland Health's patient cash collections in May were $89.3M which is above budget by $5.5M and $15.6M higher than the prior year. Parkland Health's days cash on hand of 231.1 days for the month is a decrease of (20.5) days compared to prior month of 251.6 days and compared to the prior year May of 200.1 days, an increase of 31.0 days.

Rick Humphrey reviewed the income statement for May 2023. He noted the variance to budget for revenues as well as for expenses. Contract labor continues to decline so a favorable drop in Salaries and Benefits expenditure is expected in June. The positive variance to budget for nonoperating revenue (expense) is primarily due to positive interest revenue and some positive grant revenue. Rick also noted the pension plan is expected to have a large expense come September. The Total Net Income (Loss) positive variance to budget for the month of May is approximately $17.1 million.

Next, Rick reviewed the income statement including all Parkland entities. The negative variance to budget for Total Net Income (Loss) is approximately $27.1 million, primarily due to the Parkland Community Health Plan's financials.

The Committee asked questions and received further information related to the Financial Performance Presentation. The Committee also asked questions and received additional information related to the investment portfolio and investment trends for the pension plan.

Next, Rick reviewed the Key Statistics for the system. He noted metrics are favorable to budget with the exception of Case Mix Index. Average Daily Census and Emergency Visits are negative to prior year. Cash Balance continues to decline from a its high point in March.

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

Lastly, Rick reviewed the Parkland Community Health Plan (PCHP) financials.

VI. Executive Session

At 12:24 p.m., the Committee moved into Executive Session as permitted by the closed meeting exceptions specified on the agenda.

Members of management were excused from the discussion of topics as necessary.

Members of management in executive session attendance included:

April Audain, Donna Richardson, Forrest Stovall, Fred Cerise, Melanie Roberts, Pamela Bryant, Rick Humphrey, Roberto de la Cruz, Saul Cordero, Steve Roth, and Vic Summers

A. Discussion of Master Services Agreement for Physician Services Contract

The Committee adjourned the executive session at 12:42 p.m.

A. **Adjourn**

With no further business to discuss, the Committee Chair adjourned the meeting at 12:42 p.m.

SO RECORDED:

RFMA
RFMA (Jul 29, 2023 09:12 CDT)

Ramon Miguez, PE
Committee Chair

Steven Roth
Steven Roth (Aug 5, 2023 12:59 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
													June 28, 2023
					NON-SOLE SOURCE CONTRACTS - Sorted by Size								
N1		Expense	Third Party Administration of Employee Health Plan and Pharmacy Benefit Management Services	Cigna Health and Life Insurance Company "CHLIC"	1/1/2024 - 12/31/2030	$21,734,345	$21,734,345	Request for Proposals (Best Value)	Yes	Tawana McCullough, Office of Talent Management – Benefits	25%	See M/WBE table	See M/WBE table
N2		Capital	Passive Security Screening/Weapons Detection	Tech Systems, Inc.	7/1/2023 - 6/30/2028	$4,229,151	$4,229,151	Request for Proposals (Best Value)	No, CAP contingency funds	Marlin Suell , Police Department	0%	N/A	N/A
N3		Capital	Cisco B200 M6	Netsync	Last Signature - 7/7/2024	$1,047,676	$1,047,676	TXMAS or DIR Purchase	Yes	Joe Longo, Information Technology	100%	Hispanic	Female
N4		Expense	Mod #4 Level III armed guard service	Vets Securing America	1/1/2022 - 12/31/2024	$708,247	$1,318,582	Non-Sole Source Modification	No	Marlin Suell , Police Department	0%	N/A	N/A
N5		Capital	Hybrid OR6 Lights with Booms and Integration	STERIS Corporation	Last Signature - 5/31/2024	$479,115	$479,115	GPO Purchase	Yes	Patrick Eaton, Clinical Engineering	0%	N/A	N/A
N6		Expense	Environmental Consulting Services	Terracon Consultants, Inc.	7/1/2023 - 6/30/2028	$450,000	$450,000	Request for Qualifications	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Asma Momin, Planning, Design and Construction	25%	See M/WBE table	See M/WBE table
N7		Capital	Mod #1 Purchase Servers, Licenses and Accessories for the continued support of the camera system.	Siemens Industry, Inc.	2/23/2023 - 5 Years from last signature	$413,823	$924,160	Non-Sole Source Modification	Yes	Bruce McDaniels / Joe Longo, Information Technologies	0%	N/A	N/A
N8		Capital	Purchase 20 Affinity Birthing Beds	Hill-Rom Company, Inc.	Last Signature - 6/30/2025	$274,339	$274,339	GPO Purchase	Yes	Marcus Cooper, Clinical Engineering	0%	N/A	N/A
N9		Expense	Mod #7 Water Treatment Services & Materials	Veolia WTS Services USA, Inc.	7/1/2018 - 6/30/2024	$251,000	$893,525	Non-Sole Source Modification	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Travis Kobernick, Clinical Engineering	0%	N/A	N/A
N10		Expense	Sterile Processing Brushes	Healthmark Industries Co.	6/29/2023 - 6/28/2028	$250,000	$250,000	Invitation for Bids	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

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
N11		Expense	sterile processing brushes	Possible Missions Inc.	6/29/2023 - 6/28/2028	$220,000	$220,000	Invitation for Bids	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Cheston Chan, Perioperative Services	100%	Hispanic	Female

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
SOLE SOURCE CONTRACTS - Sorted by Size													
S1		Expense	MatriDerm Products	Access Pro Medical	Last Signature - 3 Years	$400,000	$400,000	Sole Source	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Cheston Chan, Perioperative Services	0%	N/A	N/A
S2		Expense	Mod #1 Overstitch Suturing System	Apollo Endosurgery	10/7/2019 - 4/30/2024	$180,000	$379,000	Sole Source	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Cheston Chan, Perioperative Services	0%	N/A	N/A
DEVIATION/RATIFICATION													
R1		Capital and Expense-Ratification	New prescription filling machines and associated licenses, installation, and technical support	Innovation Associates, Inc.	4/14/2023 - 4/13/2024	$6,128,424	$6,128,424	Sole Source	Yes	Carrie Berge, Pharmacy Department	0%	N/A	N/A
R2		Expense-Ratification	Mod to Add Funds Intravascular Lithotripsy ("IVL") Products	Shockwave Medical Inc.	3/1/2020 - 3/1/2024	$250,000	$448,000	Sole Source	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Cheston Chan, Perioperative Services	0%	N/A	N/A