Minutes of the Budget and Finance Committee meeting of the Board of Managers of the Dallas County Hospital District, held Tuesday, July 25, 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 11:30 a.m. Committee members Eric G. Bing, MD, PhD; and Lisa Sutter attended in-person. Committee member John Proctor attended via Webex.

Board Member attendees included: Chair Marjorie Petty, JD; 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)
Beall Carothers, Director Real Estate Development
Bennie Miller, Manager Supplier Diversity
Donna Richardson, EVP & Chief Nursing Executive
Edmundo Castañeda, EVP Chief Operating Officer
Felicia Miller, EVP Chief Talent 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
Jessica Hernandez, SVP Chief DEI Officer
John Raish, SVP Support Services
Joseph Abrahams, Supplier Diversity Program Manager
Keri Disney-Story, VP Clinical Finance
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)
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

Committee member John Proctor noted his conflict of interest related to contract N6, Azteca Enterprises. He abstained from the vote on the contract.

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. Contract N1, Firetrol Protection Systems, is 25% MWBE participation. Contract N3, Supreme Roofing Systems, is 30% MWBE participation and N4, also Supreme Roofing Systems, is 8.33% MWBE participation. Contract N5, Royal Striping, is 100% MWBE participation.

Next, Pam presented the sole source contracts. She provided a brief overview of each contract and highlighted the MWBE participation. She also noted contracts S2, Genomic Health, and S5, Foundation Medicine, have changes and should be removed from the list of contracts submitted for approval.

Lastly, Pam presented three other contracts awarded without competition. Contract O1, Baxter, is a contract extension to a current contract. Contract O2, FirstSource Transaction Services, is also a contract extension to a current contract. Contract O3, UT Southwestern, is an extension for a revenue generating contract.

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 without contracts S2 and S5, Genomic Health Inc and Foundation Medicine Inc. Lisa Sutter seconded the motion. John Proctor abstained from voting for contract N6, Azteca Enterprises Inc. The motion passed unanimously.

B. Approve Capital Substitutions

April Audain presented two capital substitutions for approval. The Capital Substitutions total $1,257,281. The first item, Standard Replacement of Visual Field Plotters, is $225,000 and the second item, Orthopedic Robot Navigation System, is $1,032,281.

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

C. Approve Budget & Finance Committee Charter

The Committee Chair presented the Budget & Finance Committee Charter for approval.

Mr. Proctor requested a copy of the current Facilities Committee Charter.

Eric G. Bing, MD, PhD, motioned to recommend Board approval of the Budget & Finance Committee Charter. Lisa Sutter seconded the motion. The motion passed unanimously.

D. Parkland Financial Performance Presentation

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

For the month of June, Parkland Health recognized a net income of $2.7M which is $0.6M unfavorable to the budgeted net income of $3.3M and $1.6M favorable compared to the prior year net income of $1.1M.

Parkland Health's operating margin and operating cash flow margin for the month of June are (1.2%) and 2.1%, respectively. The operating margin was unfavorable compared to budget of 0.8% and the operating cash flow margin is also unfavorable compared to budget of 4.4%. Parkland Health's operating margin is unfavorable compared to the prior year operating margin of 0.5% and unfavorable to the operating cash flow margin of 4.6% from the prior year.

Parkland Health's patient cash collections in June were $90.7M which is above budget by $8.9M and ($8.5M) lower than the prior year. Parkland Health's days cash on hand of 229.9 days for the month is a decrease of (1.2) days compared to prior month of 231.1 days and compared to the prior year June of 179.9 days, an increase of 50.1 days.

Rick Humphrey reviewed the income statement for June 2023. He noted the variances to budget for revenues as well as for expenses. Net Patient Revenues had a positive variance to budget of approximately $8,135,000. Operating Expenses had a negative variance to budget of approximately $17,334,000.

The Committee asked questions and received additional information related to drivers of the variance for Salaries and Benefits as well as Purchased Medical Services.

Next, Rick reviewed the income statement including all Parkland entities. The negative variance to budget for Total Net Income (Loss) is approximately $22,684,000.

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

Next, Rick reviewed the Key Statistics for the system. He noted metrics are favorable to budget with the exception of Case Mix Index and Ambulatory Visits. Days Cash on Hand and Cash Balance remained steady from the prior month.

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

E. Parkland Health FY24 Budget Presentation

Rick Humphrey presented the FY24 Budget. First, he reviewed the Budget Assumptions relating to Risk Elements, Revenue, Volumes, and Expenses. Next, he reviewed the FY24 Budget.

Key Metrics:

- Total Operating Revenues: $3,013,610,651
- Total Operating Expenses: $2,908,989,962
- Total Net Income: $73,519,872
- Capital Budget: $153,000,000

The Committee asked questions and received additional information related to the FY24 Budget Presentation. The Committee also asked questions and received additional information related to nursing pay.

VI. Executive Session

At 12:52 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, Edmundo Castañeda, Felicia Miller, Forrest Stovall, Fred Cerise, 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 1:14 p.m.

A. **Adjourn**

With no further business to discuss, the Committee Chair adjourned the meeting at 1:14 p.m.

SO RECORDED:

RFMA
RFMA (Aug 24, 2023 15:30 CDT)

Ramon Miguez, PE
Committee Chair

Steven J Roth
Steven J Roth (Aug 26, 2023 12:07 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, 2023
NON-SOLE SOURCE CONTRACTS - Sorted by Size													
N1	6	Expense	Fire Protection Inspection, Testing & Maintenance Services	Firetrol Protection Systems, Inc.	8/1/2023 - 7/31/2028	$2,480,000	$2,480,000	Request for Proposals (Best Value)	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Michael Rader, Facilities Support Services	25%	Hispanic	Female
N2	8	Expense	Compensation Consultant (dual award) project.	Mercer (US) Inc. & Sullivan, Cotter, and Associates, Inc.	8/1/2023 - 7/31/2028	$750,000	$750,000	Request for Proposals (Best Value)	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Brian Irvin, Office of Talent Management	0%	N/A	N/A
N3	10	Expense	Roof Replacement for Tex Oak Warehouse	Supreme Roofing Systems	8/1/2023 - 12/31/2023	$673,802	$673,802	Invitation for Bids	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Cynthia Harrington, Planning, Design and construction	30%	Caucasian	Female
N4	12	Expense	Roof Inspection, Repair & Maintenance	Supreme Roofing Systems	8/1/2023 - 7/31/2028	$500,000	$500,000	Invitation for Bids	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Roderick Stephens, Engineering Services	8.33%	Caucasian	Female
N5	14	Expense	Parking Lot Striping	Royal Striping LLC	8/1/2023 - 7/31/2026	$300,000	$300,000	Invitation for Bids	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Roderick Stephens, Engineering Services	100%	African American	Male
N6	16	Capital	New Parkland Hospital Construction Project Collapsed Duct Replacement	Azteca Enterprises, Inc.	8/1/2023 - 1/2/2024	$271,730	$271,730	Invitation for Bids	Yes	Asma Momin, Planning, Design and Construction	49%	Hispanic	Male
N7	18	Capital	Rhino-laryngoscopes	Karl Storz Endoscopy-America, Inc.	Last Signature - 8/2/2024	$258,485	$258,485	GPO Purchase	Yes	Justin Mahan, Clinical Engineering	0%	N/A	N/A
N8	20	Expense	Mod #2 Investment Consulting Services – Retirement Plans	Callan, LLC	5/1/2018 - 10/31/2023	$150,320	$1,567,919	Non-Sole Source Modification	Yes	Joe Mayer, Treasury/Finance	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
SOLE SOURCE CONTRACTS - Sorted by Size													
S1	22	Expense	Mod #6 radial align, stems, and screws for orthopedic implants	Skeletal Dynamics	12/15/2018 - 1/31/2025	$1,254,953	$3,094,953	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	24	Expense	Genetic Testing Laboratory Services Agreement	Genomic Health Inc	8/1/2023 - 7/31/2028	$500,000	$500,000	Sole Source	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Tim Lenz, Laboratory Services	0%	N/A	NA
S3	26	Capital	D-SPECT Cardio system for nuclear medicine	Spectrum Dynamics Medical, Inc.	Last Signature - 7/25/2024	$389,945	$389,945	Sole Source	Yes	Patrick Eaton, Clinical Engineering	0%	N/A	N/A
S4	28	Expense	BDV Comprehensive Coverage	Steris Corporation	8/1/2023 - 7/31/2026	$339,000	$339,000	Sole Source	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
S5	30	Expense	Referral Lab Genetic testing through Foundation Medicine	Foundation Medicine Inc	8/1/2023 - 7/31/2028	$250,000	$250,000	Sole Source	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Tim Lenz, Laboratory Services	0%	N/A	N/A
S6	32	Expense	Mod to Add Funds2 Angio-Seal Vessel Products	Terumo Interventional Systems	7/3/2019 - 7/2/2024	$250,000	$592,040	Sole Source Modification	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Cheston Chan, Surgical Administration	0%	N/A	N/A
S7	34	Revenue: Court Approval	Urban Land Bank Demonstration Program Interlocal Agreement	City of Dallas	10/1/2019 - 9/30/2026	$0	$0	Sole Source	N/A-Revenue	Beall Carothers, Planning Design & Construction	N/A	N/A	N/A
CONTRACTS AWARDED WITHOUT COMPETITION (OTHER) - Sorted by Size													
O1	36	Expense	Mod #2 Dialysis products, including cycler and solutions	Baxter	12/8/2020 - 3/31/2028	$10,000,000	$20,436,777	Contract Extension without Competition	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Sandy O'Rear and Denise Harrington, Dialysis and Transplant	0%	N/A	N/A
O2	38	Expense	Mod #1 Claim adjudication services	FirstSource Transaction Services, LLC	4/1/2018 - 6/30/2026	$4,449,025	$13,949,025	Contract Extension without Competition	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	April Audain, UTSW Contracts	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
O3	40	Revenue	Mod #5 Phlebotomy Training to UTSW	The University of Texas Southwestern Medical Center ("UT Southwestern")	8/1/2018 - 8/1/2025	($187,200)	($427,200)	Contract Extension without Competition	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Cynthia Nixon, Phlebotomy Services	N/A	N/A	N/A