Minutes of the Budget and Finance Committee meeting of the Board of Managers of the Dallas County Hospital District, held Tuesday, October 24, 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; Byron Cryer, MD; and Lisa Sutter attended in-person.
Committee member John Proctor did not attend.
Board Member attendees included: Chair Marjorie Petty, JD; Reina Gonzalez, JD (via Webex); and Vincent Hall.
Staff Present (via Webex and in-person) included:
Anthony Tarango, Employee Health Manager Nursing (in-person)
April Audain, VP UT Contracts Administration (in-person)
Donna Richardson, EVP & Chief Nursing Executive (in-person)
Felicia Miller, EVP & Chief Talent Officer (in-person)
Forrest Stovall, Governance Program Manager (in-person)
Gerry Baker, SVP Revenue Cycle
Guy Toliver, Director Inclusion-Supplier Diversity
Jared Ginter, VP Institutional Risk Management
Joe Mayer, Director Treasury (in-person)
Joseph Longo, SVP Chief Information Officer
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)
Tabitha Lee, VP Finance
Vic Summers, SVP & Chief Audit Executive
Additional Attendees:
Ryan Bailey, Investment Committee Chair
Janet Becker-Wold, Callan
Gordon Weightman, Callan

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. Investment Committee Overview

i. Review Investment Policy

Rick Humphrey introduced Ryan Bailey, the Investment Committee Chair, as well as Gordon Weightman and Janet Becker-Wold with Callan. Next, he provided an overview of the Investment Committee to include a historic perspective, governance structure, committee membership, and oversight of funds. Rick also differentiated between the pension fund and short-term investment funds.

Next, Rick reviewed Parkland's investment allocations with respect to the Investment Policy. Callan also provided a comparison of Parkland's investment returns with other public funds.

The Committee asked questions and received additional information related to the Investment Committee Overview. The Committee specifically asked questions and received additional information related to other public funds investing in real estate and private equity. The Committee asked management to provide a Private Equity educational briefing at a future meeting.

B. 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, All Relocation Services, is 75% MWBE participation. Contract N2, McGough Construction, is 48% MWBE participation.

The Committee asked questions and received additional information related to Contract N1, All Relocation Services. The Committee Chair requested a more descriptive summary of the relocation services offered.

Next, Pam presented the sole source contracts. She provided a brief overview of each contract and highlighted the MWBE participation.

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

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

C. Parkland Financial Performance Presentation

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

For the month of September, Parkland Health recognized a net income of $54.4M which is $53.8M favorable to the budgeted net income of $0.6M and ($121.7M) unfavorable compared to the prior year net income of $176.1M.

Parkland Health's operating margin and operating cash flow margin for the month of September are 16.2% and 26.8%, respectively. The operating margin was favorable compared to budget of (0.5%) and the operating cash flow margin is also favorable compared to budget of 3.1%. Parkland Health's operating margin is unfavorable compared to the prior year operating margin of 36.2% and unfavorable to the operating cash flow margin of 40.3% from the prior year.

Parkland Health's patient cash collections in September were $78.1M which is below budget by ($13.4M) and ($14.2M) lower than the prior year. Parkland Health's days cash on hand of 177.0 days for the month is a decrease of (33.3) days compared to prior month of 210.3 days and compared to the prior year September of 156.7 days, an increase of 20.3 days.

Rick Humphrey reviewed the income statement for September 2023. He noted September is the end of the fiscal year as well. The variance to budget for Operating Revenues is $189,435,000. The variance to budget for Operating Expenses is $159,577,000. The variance to budget for Total Net Income (Loss) is approximately $88,288,000.

Next, Rick reviewed the income statement including all Parkland entities. The variance to budget for Operating Revenues is $327,084,000. The variance to budget for Operating Expenses is $334,141,000. The variance to budget for Total Net Income (Loss) is $59,777,000. The fiscal year end Operating Margin is 0.4% including all Parkland entities.

The Committee asked questions and received further information related to the Income Statements.

Next, Rick reviewed the Key Statistics for the system. He noted those metrics with variances to budget. The Case Mix Index and Ambulatory Visit metrics remain averse to budget.

The Committee asked questions and received further information related to the Key Metrics. The Committee specifically asked questions and received additional information related to the increase in unfunded patients and decrease in Medicaid patients.

A. **Adjourn**

With no further business to discuss, Committee Chair Ramon Miguez, PE, adjourned the meeting at 1:07 p.m.

SO RECORDED:

RFMA
RFMA (Nov 16, 2023 12:59 CST)

Ramon Miguez, PE
Committee Chair

Steven Roth
Steven Roth (Nov 18, 2023 11:52 CST)

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
													October 25, 2023
NON-SOLE SOURCE CONTRACTS - Sorted by Size													
N1	82	Expense	Employee Relocation Services	All Relocation Services	11/1/2023 - 10/31/2028	$3,500,000	$3,500,000	Request for Proposals (Best Value)	Yes	Shannon Mosley, Office of Talent Management	75%	See Chart	See Chart
N2	85	Capital	Additional Ultrasound Room Renovation	McGough Construction	Last Signature - 4/25/2024	$287,367	$287,367		Yes	Asma Momin, Planning, Design and Construction	48%	See Chart	See Chart
N3	87	Revenue: Court Approval	Denton Rehab Sublease	Shields Care Center, Inc., dba Denton Rehabilitation & Nursing Center, Inc., a Texas corporation	Upon execution - 8/31/2025	$0	$0	Real Estate – Exemption	N/A-Revenue	Lisa Cross, Director, Post-Acute Services, Post-Acute Services	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
SOLE SOURCE CONTRACTS - Sorted by Size													
S1	89	Expense	Coblation System Disposables	Smith & Nephew	Last Signature - 5 Years	$4,200,000	$4,200,000	Sole Source	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Cheston Chan, Perioperative Services Admin	0%	N/A	N/A
S2	91	Expense	Bendit 0.021" steerable microcatheters	Bend It Technologies	Last Signature - 3 Years	$1,350,000	$1,350,000	Sole Source	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	John Camacho, Interventional Radiology	0%	N/A	N/A
S3	93	Expense	Mod to Add Funds Eligibility Verification Services & Claims Management Services	Change Healthcare Technologies, LLC	4/1/2016 - 5/31/2024	$960,000	$6,830,842	Sole Source Modification	Yes	Gerry Baker, Patient Financial Services	0%	N/A	N/A
S4	95	Expense	Mod #3 Blood apheresis disposables/consumables	Terumo BCT	11/4/2021 - 12/31/2024	$623,336	$1,819,421	Sole Source Modification	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Sandra O'Rear, Acute Dialysis	0%	N/A	N/A
S5	97	Revenue	LMSW Services for DARTCare	Dallas Area Rapid Transit	11/2/2023 - 10/31/2024	$560,310	$560,310	N/A-Revenue	N/A-Revenue	Kristin Peterson, Psych Social Work	0%	N/A	N/A
S6	99	Expense	Mod #4 Intravascular Lithotripsy ("IVL") Products	Shockwave Medical Inc.	3/1/2020 - 3/1/2027	$500,000	$948,000	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
S7	101	Expense	Mod #4 Total Joint Products and Accessories	Smith and Nephew, Inc.	6/15/2018 - No Expiration	$200,000	$444,999	Sole Source	Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.	Cheston Chan, Perioperative Services Administration	0%	N/A	N/A
S8	103	Revenue: Court Approval	Mod #5 Amendment #5 to Lease – Michael Carroll, M.D.	Michael Carroll, M.D.	1/1/2013 - 12/31/2024	($21,869)	($409,818)	Sole Source Modification	N/A-Revenue	Beall Carothers, Planning Design & Construction	N/A	N/A	N/A