



# University Health System

## BEXAR COUNTY HOSPITAL DISTRICT BOARD OF MANAGERS

Tuesday, July 30, 2019  
6:00 p.m.  
Board Room  
Texas Diabetes Institute  
701 S. Zarzamora  
San Antonio, Texas 78207

### MINUTES

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#### **BOARD MEMBERS PRESENT:**

James R. Adams, Chair  
Ira Smith, Vice Chair  
Dianna M. Burns, M.D., Secretary  
Roberto L. Jimenez, M.D, Immediate Past Chair  
Robert Engberg  
James C. Hasslocher  
Janie Barrera

#### **OTHERS PRESENT:**

George B. Hernández, Jr., President/Chief Executive Officer, University Health System  
Bryan J. Alsip, MD, Executive Vice President/Chief Medical Officer, University Health System  
Tommye Austin, PhD, Senior Vice President/Chief Nurse Executive, University Health System  
Edward Banos, Executive Vice President/Chief Operating Officer, University Health System  
Awoala Banigo, Senior Vice President/Chief Revenue Officer, University Health System  
Antonio Carrillo, Executive Director, Procurement Services, University Health System  
Lourdes Castro-Ramirez, President, University Health System Foundation  
Ted Day, Executive Vice President, Strategic Planning and Business Development, University Health System  
Stacey Foremski, Special Assistant to the Chief Operating Officer, University Health System  
Roe Garrett, Vice President/Controller, University Health System  
William Henrich, MD, President, UT Health San Antonio  
Rob Hromas, MD, Dean, Long School of Medicine, UT Health San Antonio  
Reed Hurley, Executive Vice President/Chief Financial Officer, University Health System  
Leni Kirkman, Senior Vice President, Strategic Communications and Patient Relations, University Health System  
Monika Kapur, MD, President/Chief Executive Officer, University Medicine Associates  
Elliott R. Mandell, PhD, MBA, RPh, Senior Vice President/Chief Pharmacy Officer, Department of Pharmacotherapy and Pharmacy Services, University Health System  
Bill Mundt, Deputy Chief Information Officer, Information Services, University Health System  
Joshua Nieto, General Counsel, Chief Compliance/HIPAA Officer, Integrity Services, University Health System

Rosa Olivares, Senior Director, Hospital Operations, University Hospital  
Bill Phillips, Senior Vice President/Chief Information Officer, Information Services, University Health System  
Serina Rivela, Vice President/General Counsel, Legal Services, University Health System  
Michael Roussos, Hospital Administrator, University Hospital  
Don Ryden, Vice President/Projects, Design, and Construction, University Health System  
A.J. Sandoval, III, Chief of Police/ Protective Services, University Health System  
Theresa Scepaniski, Senior Vice President/Chief Administrative Officer, University Health System  
Travis Smith, Deputy Chief Financial Officer, University Health System  
Allen Strickland, Vice President/Hospital Administration, Fiscal, University Hospital  
Sally Taylor, MD, Chief, Behavioral Health Services, University Health System  
Emily Volk, MD, Senior Vice President/Clinical Services, University Health System  
Jim Willis, Associate Administrator, University Hospital  
William (Bill) Avila, Partner, Bracewell, LLP  
Geraldine Garcia, Andrade/Van de Putte  
Don Gonzalez, CPA, Managing Director, Estrada Hinojosa & Company, Inc., Investment Bankers  
And other attendees.

**CALL TO ORDER AND RECORD OF ATTENDANCE: JIM ADAMS, CHAIR, BOARD OF MANAGERS:**

Mr. Adams called the meeting to order at 6:04 p.m.

**INVOCATION AND PLEDGE OF ALLEGIANCE:**

The Reverend Casmir Dike, Chaplain, University Hospital, said the invocation and Mr. Adams led the pledge of allegiance.

**SPECIAL RECOGNITION:**

**QUARTERLY EMPLOYEE RECOGNITION AWARDS - (GEORGE B. HERNÁNDEZ, JR., BOARD MEMBERS)**

The following employees were recognized by the Board of Managers:

Professional (Nursing)	Katelyn Hayes Staff Nurse II, Obstetrics
Professional: (Non-Nursing)	Starleah Pinones Respiratory Therapist III, Pediatric Respiratory Care
Management:	Kelly Sellers Patient Access Manager, Emergency Center Registration
Technical:	Maribel Thomas LVN Clinic Supervisor, Pediatric Diabetes – Texas Diabetes Institute
Clerical	Valerie Gutierrez Member Services Manager, Carelink Administration

Service: Reynaldo Mirasol  
Environmental Services, University Hospital

Volunteer: Margarita Viera  
Volunteer, Volunteer Services

Physician: Carolyn Eaton, MD  
UMA Staff Physician, Northwest Clinic

Team: Southwest Clinic Lab Services Team - Crystal Ortiz, Lisa Alonso

All of this year's quarterly recipients will be special honored guests at the Annual Recognition Awards Ceremony at the Omni Colonnade Hotel on February 27, 2020. Employees of the Quarter receive a plaque, embossed pen and an opportunity to select one of numerous awards valued at \$100 on the Employee Recognition website. Dr. Burns addressed the employees on behalf of the Board of Managers. She thanked them for working so hard, for cleaning floors and taking care of babies throughout the year. The Board's job would not be complete without each and every employee. The leadership can put a price on the hours worked by staff, but the Board knows their work is priceless.

**CITIZENS' PARTICIPATION:** None.

**REPORT FROM UT HEALTH SAN ANTONIO — WILLIAM HENRICH, M.D., PRESIDENT**

SUMMARY: Dr. Henrich greeted the Board of Managers. He noted that in the past few weeks the Long School of Medicine welcomed 220 medical students; the white coat ceremony was well attended and was very moving. This month, staff also welcomed 188 new residents, critical for the quality care provided at University Hospital. This year was a particularly good match, not only for the students that were selected to attend UT Health SA, but for the ones that left UT Health and were placed in other parts the country. Dr. Hromas added that 52 new faculty had also arrived this summer; however, the School of Medicine also lost 25 faculty members. Eileen M. Lafer, Ph.D. received the 2019 Regents' Outstanding Teaching Award from The University of Texas System. Dr. Lafer is a professor in the Department of Biochemistry and Structural Biology/Graduate School of Medical Sciences, UT Health San Antonio. She will receive \$25,000 in recognition of her commitment to student success; and she plans to retire later this year. Frank Rosinia, M.D., the new Chair for the Department of Anesthesiology, has arrived on campus. As required by the Bylaws, his appointment is on the consent agenda today for final approval by the Board of Managers. Dr. Rosinia is a great guy and a wonderful asset to the Health System and UT Health SA. Two other new faculty candidates – Chief of Cardiology and Chair of the Department of Emergency Medicine, have agreed to the terms offered, however, they have not signed their offer letters, so their names were not announced. Both candidates were favorites of the Health System team that interviewed. Researchers at UT Health SA have received a massive new grant to treat inherited breast cancer. Dr. Henrich thanked Health System administrators for their dedication and resources pledged to the new Chief of Cardiology; thanks to the Health System for helping to

offer a competitive package. As soon as the new Chief of Cardiology arrives, he will be introduced to the Board of Managers. He will make great contributions at University Hospital, which is true for all School of Medicine recruits, especially those services that are hospital-based specialties, such as Emergency Medicine and Anesthesiology. Dr. Jimenez asked about the composition of the incoming School of Medicine class, in terms of the number of Texans accepted. For the last 5 to 7 years, 50 percent of the incoming class has been female, 20 percent is Hispanic; and 4 to 5 percent are African American. By law, 90 percent of the incoming class must be from Texas. UT Austin is the number one school to provide medical student candidates and UT San Antonio is the number two school from which many of the Hispanics come from. This year for the first time, UT San Antonio surpassed Texas A&M in this regard. Dr. Hromas acknowledged that the admission numbers for minority students are not where he would like for them to be. However, UT Health San Antonio coordinates a minority pipeline program on behalf of the State of Texas for all of the medical schools throughout the state. For most of the summer, the School of Medicine hosted 35 to 40 minority students to supplement current study skills, life skills, basic human anatomy and physiology and study/preparation skills for the Medical College Admission Test. Further, CAST Med High School is in its first year of operation with 150 new 9<sup>th</sup> grade students from all over San Antonio and the Bexar Country area. It is a public high school located at Brooks City Base, in the southeastern part of San Antonio, in the San Antonio Independent School District and part of the CAST Network of Schools. Former Dean, Ron Rodriguez, MD, is active in this pipeline project and is the lead for the School of Medicine. Mr. Adams thanked Drs. Henrich and Hromas for the update and expressed great pride in the Health System's partnership with UT Health San Antonio.

RECOMMENDATION: None.  
ACTION: This report was provided for informational purposes only; no action was required by the Board.  
EVALUATION: None  
FOLLOW-UP: None.

**CONSENT AGENDA – JIM ADAMS, CHAIR**

**CONSIDERATION AND APPROPRIATE ACTION REGARDING MEDICAL-DENTAL STAFF RECOMMENDATIONS FOR STAFF MEMBERSHIP — RAJEEV SURI, M.D., PRESIDENT, MEDICAL/DENTAL STAFF**

**CONSIDERATION AND APPROPRIATE ACTION REGARDING THE APPOINTMENT OF FRANCIS ROSINIA, M.D. AS THE CLINICAL DEPARTMENT CHAIR OF ANESTHESIOLOGY — RAJEEV SURI, M.D., PRESIDENT, MEDICAL/DENTAL STAFF**

**CONSIDERATION AND APPROPRIATE ACTION REGARDING THE RESCISSION OF CERTAIN CORPORATE POLICIES — REBECCA Q. CEDILLO**

**CONSIDERATION AND APPROPRIATE ACTION REGARDING THE 2ND QUARTER 2019 INVESTMENT REPORT — ROE GARRETT/REED HURLEY**

**CONSIDERATION AND APPROPRIATE ACTION REGARDING PURCHASING ACTIVITIES (SEE ATTACHMENT A) — ANTONIO CARRILLO/TRAVIS SMITH**

SUMMARY: The items above were presented for the Board's consideration as consent items. The following details are associated with these consent items:

Consideration and Appropriate Action Regarding Medical-Dental Staff Recommendations for Staff Membership — Rajeev Suri, M.D., President, Medical/Dental Staff - Monthly Credentials Committee Report (listing of providers in accordance with the Health System's Credentialing and Privileging Process); and Focused/Ongoing Professional Performance Evaluation Reports submitted to the Board of Managers for approval.

Consideration and Appropriate Action Regarding the Appointment of Francis Rosinia, M.D. as the Clinical Department Chair of Anesthesiology — Rajeev Suri, M.D., President, Medical/Dental Staff - The recommendation of Clinical Department Chair is a joint decision between the Health System and the School of Medicine. All Department chairs must be members of the Health System's Medical/Dental Staff in good standing at the time of nomination and appointment; and must remain active members in good standing during their term of office. Pursuant to the Bylaws of the Medical/Dental Staff, the Executive Committee recommends approval of Francis A. Rosinia, M.D., as Clinical Department Chair for the Department of Anesthesiology.

Consideration and Appropriate Action Regarding the Rescission of Certain Corporate Policies — Rebecca Q. Cedillo - Since the early 1990s when the formal policy review process was developed, policies have included both high-level policy statements approved by the Board and exhaustive procedural detail as guidance to staff and physicians. The new model separates Board policy matters from day-to-day procedure and process, leaving the latter to area vice presidents and departments to maintain and monitor. At this time, two policies are presented for approval to rescind. In both cases, the processes outlined in the policies are no longer in practice and do not meet current standards of operation for the Health System:

1. Policy 3.06—Transportation and Delivery Service
2. Policy 8.01—Operating Bed Complement

In accordance with Health System Policy No. 11.01, staff recommends Board approval to rescind Policy no. 3.06, and Policy no. 8.01 as described above.

Consideration and Appropriate Action Regarding the 2nd Quarter 2019 Investment Report — *Roe Garrett/Reed Hurley* - Staff provided investment portfolio summaries for the Health System and CFHP invested funds for the second quarter of 2019. In total, the value of all invested funds as of June 30, 2019 was \$1,307,305,207 consisting of Health System, Project, Certificate and CFHP Funds. The reports include all information required by the Texas Public Funds Investment Act. In addition, the Health System and CFHP portfolio reports have been provided separately. The portfolios earned \$8,172,042 in interest income in the first quarter, a 52 percent increase over the \$5,382,640 in the same period a year ago. The portfolio's unrealized gain swelled to \$1,912,581 as interest rates fell during the quarter. This information is presented for approval by the Board of Managers.

Consideration and Appropriate Action Regarding Purchasing Activities (See Attachment A) — *Antonio Carrillo/Travis Smith* – A total of seventeen (17) contracts with a value of \$18,845,548 were presented to the Board of Managers in July 2019. The following contracts require approval by the BCHD Board of Managers: Twelve (12) consent contracts with a total value of \$14,808,367; and five (5) presented contracts with a total value of \$4,037,152. During the month of July 2019, there were 7 contracts classified as Small, Minority, Women, or Veteran-Owned Business Enterprises (SMWVBE). This report reflects all items submitted for Board approval.

RECOMMENDATION: Staff recommends approval of the items listed on the consent agenda as submitted.

ACTION: A **MOTION** to **APPROVE** staff's recommendation as made by Ms. Barrera, **SECONDED** by Mr. Engberg, and **PASSED UNANIMOUSLY**.

EVALUATION: None.

FOLLOW-UP: None.

**ACTION ITEMS:**

**CONSIDERATION AND APPROPRIATE ACTION REGARDING THE 2019 BEXAR COUNTY HOSPITAL DISTRICT TAX RATE RECOMMENDATION TO COMMISSIONERS COURT IN SUPPORT OF ITS OPERATING AND CAPITAL BUDGET AND DEBT SERVICE OUTLOOK FOR FY 2020 – *GEORGE B. HERNÁNDEZ, JR.***

SUMMARY: The 2019 value of property taxable by the Health System increased to \$177.0 billion, \$11.7 billion (or 7.1 percent) higher than 2018 values. The total value consists of existing property, which increased by \$8.1 billion (or 3.9 percent) and newly constructed property, with a value of \$3.6 billion. The 2018 average home value of \$205,315 increased \$12,097 (or 6.0 percent) to \$217,412 based on the 2019 certified values. The Health System's existing total tax rate is \$0.276235. The estimated published effective total tax rate for the Health System for 2019 is \$0.265376 or 4.1 percent less. Mr. Hurley presented significant challenges, areas of concern, and an analysis of the uncertainty related to

the future of Medicaid supplemental payment programs as well as other items that will impact the 2020 operating budget.

#### **Major Items Impacting 2020 Financials**

- Supplemental Funding Changes
- BCCS to LPPF
- Challenges to the ACA
- Epic Impact
- 2020 Operations
- Revenue projection
- Operating expense projection
- Tax Rate Recommendation

#### **DSRIP**

- Under the new Waiver payments are based on outcomes vs. projects
- Funding will be phased out from current \$82 million funding level.
- FY 2020 projected at \$76 million
- FY 2021 projected at \$60 million
- FY 2022 currently no funding \$0

#### **Uncompensated Care (UC)**

- The rules have changed
- “Medicaid Shortfall” no longer included -2020
- Moving from UC Tool to Medicare S-10
- Debate between Texas and CMS \$3.1B vs \$2.7B
- University Health System well positioned
- 2020 Funding projected to improve from \$45 million to \$72 million, an increase of \$27M

#### **Cuts to DSH Funding**

- Disproportionate Share Hospital Funding (DSH)
- ACA planned reductions in DSH as coverage expanded
- Originally scheduled for 2014
- Congress has delayed implementation multiple times
- Will have negative annual impact starting in FY 2020 of \$8 million

#### **BCCS to LPPF**

- Local Provider Participation Fee (LPPF)
- Assessment on Non-Governmental hospitals
- Not to exceed 6 percent of Net Patient Revenue
- Method to draw down Federal Match of Medicaid funding
- IGT for Others no longer funded by University Health System
- Loss of \$17 million due to support from BCCS

#### **Challenges to ACA**

- Currently being challenged in Federal Court
- CareLink population has declined to 26,000 from 50,000 in 2013
- \$3,567 a year to support each CareLink member
- A 10,000 member increase will cost \$36 million

#### **2020 Epic Go Live**

- Epic implementation will be major focus
- May 2020 Go-Live
- Intense training begins January 2020
- Almost every employee and physician will need to be trained on the new system

- Estimated one time operating expense related to Epic training and support \$40 million (expenses), May 9, 2020 is the projected go live date.

**2020 Operations - Operating Expense Assumptions**

- 2.5 percent Increase Salaries, Wages, Benefits \$15.3M
- 5 percent Increase Purchased Services \$11.1M
- Potential increased Epic consulting
- 5 percent Increase Drug Cost \$4.3M
- Expand Retail Pharmacy Service
- 3 percent Increase Medical Supplies \$4.2M
- High cost surgical cases

**Total Projected Expense Increase: \$34.9M**

**2020 Revenue Changes - Revenue Impact**

- \$7M Net Patient Revenue +1 percent
- \$22.7M M&O Property Tax (assumes existing rate)
- (\$8.5M) DSH reduction
- (\$5M) DSRIP reduction
- \$27M UC revenue

**Total Improvement: \$43.2M**

**2020 Expense Changes - Major Expense Impacts**

- \$40M Epic Go-Live
- \$10M Pension liability
- \$20M Physician contracts – Loss of BCCS
- \$35M Projected increase in operating expense

**Projected Increase in 2020 Expense: \$105 million**

**2020 Outlook**

UHS Less CFHP (Dollars are in Thousands)	2017 Actual	2018 Actual	2019 Budget	2019 YE V	2020 Outlook	Variance 2020 Outlook vs 2019 YE V	% Variance
Total Operating Revenues	\$1,179,980	\$1,319,376	\$1,336,994	\$1,389,439	\$1,432,541	\$43,102	3.1%
Total Operating Expenses	\$1,078,391	\$1,184,018	\$1,263,310	\$1,267,735	\$1,373,199	(\$105,464)	(8.3%)
Gain (Loss) from Operations	\$101,590	\$135,357	\$73,683	\$121,704	\$59,341	(\$62,362)	(51.2%)
Total Non-operating Revenue/Expense	(\$72,532)	(\$59,267)	(\$60,166)	(\$42,739)	(\$53,458)	(\$10,718)	25.1%
Bottom Line Excluding Debt Service	\$29,058	\$76,090	\$13,517	\$78,964	\$5,884	(\$73,080)	(93%)

**2019 Tax Rate**

- Proposal is to keep the existing tax rate
- The existing tax rate will produce \$489M in 2020 revenue a \$27.5M increase over 2019
  - An increase of \$17.7 Million from increased values on existing properties
  - An increase of \$9.8 Million from new properties
  - \$419M for M&O and \$70M for I&S



**Request to Stay With the Existing Tax Rate:**

	<b>M&amp;O</b> Cents/\$100	<b>Debt Service</b> Cents/\$100	<b>Total Rate</b> Cents/\$100
Existing Tax Rate	23.68	3.94	27.62
Recommended Tax Rate	23.65	3.97	27.62
(Increase)/Decrease	0.03	(0.03)	0.00

  

	<b>M&amp;O</b> \$ in Millions	<b>Debt Service</b> \$ in Millions	<b>Total Revenue</b> \$ in Millions
Net 2020 Tax Revenue	\$418.7	\$70.2	\$488.9
\$ Increase/(Decrease)	\$22.7	\$4.8	\$27.5

**2019 Tax Rate Summary:**

Tax Rate Description	Total Tax Rate Per \$100 of Value	Increase in Tax Revenue Over Last Year
Effective Tax Rate	\$ 0.265273	\$ 8,105,977
2018 Adopted Tax Rate	\$ 0.276235	\$ 27,466,477
2019 Proposed Tax Rate	\$ 0.276235	\$ 27,466,477
Rollback Rate	\$ 0.285258	\$ 43,435,926

**RECOMMENDATION:** Staff recommends that the Board of Managers request Commissioners Court set the 2019 total tax rate in support of University Health System's operating, debt service and capital requirements for 2020 at the current tax rate of \$0.276235 per \$100 property valuation.

**ACTION:** A **MOTION** to **APPROVE** staff's recommendation as made by Ms. Barrera, **SECONDED** by Mr. Hasslocher, and **PASSED UNANIMOUSLY**.

**EVALUATION:** This recommendation will support an I&S tax rate of \$0.039665. This rate is \$0.000230 (or 0.6 percent) higher than the existing I&S tax rate of \$0.039435. Due to the advanced refunding of the Certificates of Obligation Series 2010B this rate will support the debt service payments for the new Certificates of Obligation Series 2019. The recommendation also supports an M&O tax rate of \$0.236570. This rate is conversely lower than the existing M&O rate by \$0.000230 (or 0.1 percent) to support critical operational updates while maintaining the existing total tax rate of \$0.276235. The recommended total tax rate for 2019 yields a projected \$488.9 million. This is an increase to the Health System of \$27.5 million, which is the combination of \$9.8 million for new properties and \$17.7 million for the increased value of existing properties. The projected \$488.9 million creates I&S tax revenue of \$70.2 million and M&O tax revenue of \$418.7 million. In depth discussion occurred regarding the largest undertaking by the Health System in 2020, implementation of the Epic Electronic Health Record. Also discussed were details regarding Epic training and turnover of those trained employees. Globally at the Health System, turnover rate is 15 percent. Nursing is usually higher at 20-25 percent at other institutions. Currently the staff has finished phase 2 of the Epic project. There are many months of integrated testing ahead starting the third quarter of 2019.

**FOLLOW-UP:** Presentation to Bexar County Commissioners Court regarding the Health System's tax recommendation is scheduled for Tuesday, August 20, 2019, exact time to be determined. Bexar County Commissioners Court

will adopt a tax rate on Tuesday, September 10, 2019, time to be determined.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING A RESOLUTION OF THE BOARD OF MANAGERS OF THE BEXAR COUNTY HOSPITAL DISTRICT REQUESTING THAT BEXAR COUNTY COMMISSIONERS COURT TAKE ALL ACTIONS REQUIRED TO AUTHORIZE THE ISSUANCE OF LIMITED TAX REFUNDING BONDS IN ACCORDANCE WITH SPECIFIED PARAMETERS; AUTHORIZING DISTRICT STAFF, CO-FINANCIAL ADVISORS AND BOND COUNSEL TO COORDINATE THIS MATTER WITH COUNTY STAFF; AND AUTHORIZING ALL OTHER REQUIRED AND RELATED ACTIONS — REED HURLEY/GEORGE B. HERNÁNDEZ, JR.**

**SUMMARY:**

Starting in 2008, the Health System issued four ad valorem tax supported municipal bond offerings, Certificates of Obligation Series 2008 Tax Exempt, Series 2009A Tax Exempt, Series 2009B Taxable and Series 2010B Taxable. The 2008 Certificates of Obligation issue was refinanced primarily in 2016 with a final early payment on February 15, 2018. The first of the 2009 issues, 2009A Tax Exempt bonds were paid off on schedule on February 15, 2017. The 2009B Certificates of Obligation issue was refinanced with the issuance of a 2019 Series of Limited Tax Refunding Bonds on February 15, 2019. The 2010B issue included a ten year call option to pay off remaining bonds on February 15, 2020. The current low interest rate environment and the Health System's higher bond ratings since 2009 presents an opportunity to exercise the call provision (refinance) of the 2010B issue. The 2010B Certificates of Obligation were taxable bonds and included a subsidy. These special bonds were named Build America Bonds (BABs). The subsidy in essence lowered the interest rate on the taxable bonds to the level of a tax exempt issuance. Several years ago the BABs subsidy was reduced from 35 to 33 percent due to Federal sequestration (a reduction on Federal spending which impacted many Federally-funded programs). By refunding the 2010B Certificates of Obligation issuance, the Health System will be able to lower the interest rate and remove the uncertainty of future reductions in the BABs subsidy. Staff proposes a Resolution requesting that Bexar County Commissioners Court authorize the issuance and sale of refunding bonds. Assuming that the market conditions remain favorable, Health System staff will make its recommendations regarding the timing of the sale and issuance of the limited tax refunding bonds to the Board's Audit Committee. Upon the concurrence of the Board's Audit Committee, the Health System, through the assistance of Co-Financial Advisors and Bond Counsel, will coordinate the sale of the refunding bonds to ensure the lowest possible interest rate. The transaction to refund the 2010B issuance is anticipated to be completed in late 2019.

**RECOMMENDATION:**

Staff recommends the Board of Managers approve and authorize the attached Parameters Resolution

**ACTION:**

A **MOTION** to **APPROVE** staff's recommendation as made by Mr. Smith, **SECONDED** by Dr. Burns, and **PASSED UNANIMOUSLY**.

EVALUATION: Based on the most recent analysis, the Health System can save approximately \$8.5 million over the remaining life of the 2010B issue or \$5 million in present value. The projected savings figures may change as interest rates fluctuate. These savings will come in the form of reduced interest expense due to lower rates over the remaining life of the bonds which are projected to be paid off fully in 2039.

FOLLOW-UP: None.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING A RESOLUTION OF THE BOARD OF MANAGERS OF THE BEXAR COUNTY HOSPITAL DISTRICT REQUESTING THAT BEXAR COUNTY COMMISSIONERS COURT APPROVE A RESOLUTION AUTHORIZING PUBLICATION OF A NOTICE OF INTENT TO ISSUE CERTIFICATES OF OBLIGATION FOR THE BENEFIT OF THE BEXAR COUNTY HOSPITAL DISTRICT; AUTHORIZING DISTRICT STAFF, CO-FINANCIAL ADVISORS AND BOND COUNSEL TO COORDINATE THIS MATTER WITH COUNTY STAFF; AND AUTHORIZING ALL OTHER REQUIRED AND RELATED ACTIONS — REED HURLEY/GEORGE B. HERNÁNDEZ, JR.**

SUMMARY: On April 15, 2018, the District issued \$283,565,000 Certificates of Obligation, Series 2018 to finance the development and construction of a new Women’s and Children’s Hospital, along with a new parking garage and build-out of the Heart and Vascular Institute and Advanced Endoscopy area. Because of high demand for hospital based services, there remains an existing need for additional funds to completely finish the development of the Project. The current project budget did not include the expansion of the Podium area, addition of a 12<sup>th</sup> floor to the tower, and the build out of floors 8 through 11. Due to strong economic indicators over the past two years, the Federal Reserve has started raising short term rates which is pushing long term rates higher. Overall interest rates are still very low when compared to average rates over the last 20 years. Staff proposes a Resolution requesting that Bexar County Commissioners Court approve a Resolution authorizing the publication of a Notice of Intention to issue certificates of obligation for the benefit of the District in an amount not to exceed \$170 million, and authorizing all other required actions on behalf of the District, to provide the additional funding needed to complete the Project. Assuming that the market conditions remain favorable, Health System staff will make its recommendations regarding the timing of the sale and issuance of the certificates of obligation to the Board’s Audit Committee. Upon the concurrence of the Board’s Audit Committee, the Health System, through the assistance of Co-Financial Advisors and Bond Counsel, will coordinate the sale of the certificates of obligation to ensure the lowest possible interest rate. Based on the most recent analysis, the Health System can issue up to \$170 million in bonded indebtedness while remaining within the current tax rate.

RECOMMENDATION: Staff recommends the Board of Managers approve and authorize the attached Requesting Resolution.

**ACTION:** A **MOTION** to **APPROVE** staff’s recommendation as made by Mr. Engberg, **SECONDED** by Mr. Hasslocher, and **PASSED UNANIMOUSLY**.

**EVALUATION:** Mr. Engberg reiterated to the Board that there is no commitment to spend or buy certificates of obligation at this time. Mr. Bill Avila agreed that there is not an urgent need to implement the “enabling” Parameters Resolution once approved by Commissioners Court. Timing for sale of the bonds is at the Board of Manager’s discretion. If the waiting period after Commissioners Court approval extends beyond one year, staff will seek Board approval, again.

**FOLLOW-UP:** None.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:**

**CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH METROPOLITAN CONTRACTING COMPANY TO PROVIDE CONSTRUCTION SERVICES FOR THE OPERATING ROOM 34 AND OPERATING ROOM 36 FINISH OUT PROJECT AT UNIVERSITY HOSPITAL — DON RYDEN**

**SUMMARY:** Operating Rooms 34 and 36 are located on the 3rd floor in the Sky Tower at University Hospital. These rooms were not completely finished out at the time of construction of the new tower. Most of the necessary infrastructure is already in place within these Operating Rooms but some additional modifications are needed to make them fully functional. Finishing out Operating Rooms 34 and 36 will help accommodate the increasing number of surgeries at University Hospital. This will provide greater access to care for the Health System’s patient population. Length of stay (LOS) improvement is anticipated with more access to Operating Rooms. The addition of two Operating Rooms will also be in line with hospital expansion plans with the opening of the new Women’s and Children’s Hospital. The Health System solicited Request for Proposals (RFCSP#219-05-011-CNST) for Construction Services with three firms responding. The following table lists the respondents and their corresponding construction schedules and pricing:

<b>Metropolitan</b>	<b>SpawGlass</b>	<b>Texas Premier</b>
\$534,497	\$482,302	\$590,673
Construction – 70 calendar days	Construction – 61 calendar days	Construction – 70 calendar days

Staff recommends approval of the proposal submitted by Metropolitan Contracting Company in the amount of \$534,497. This purchase will be funded from 2019 capital funds. The additional two operating rooms will allow for increased elective surgeries and more efficient operating room turnover time improving patient flow. Metropolitan Contracting Company has a total of 66 employees, and the workforce composition data was provided for the Board’s review.

**RECOMMENDATION:** Staff recommends the Board of Managers approve the selection of Metropolitan Contracting Company for the finish out project of operating rooms 34 and 36; and authorize the President/Chief Executive Officer to execute a Construction Services Agreement with Metropolitan Contracting Company in the amount of \$534,497.

**ACTION:** A **MOTION** to **APPROVE** staff's recommendation as made by Mr. Hasslocher, **SECONDED** by Dr. Burns, and **PASSED UNANIMOUSLY**.

**EVALUATION:**

**FOLLOW-UP:** None.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH FALKENBERG CONSTRUCTION TO PROVIDE CONSTRUCTION SERVICES FOR COUNTER TOP REPAIRS AND UPGRADES AT THE TEXAS DIABETES INSTITUTE — DON RYDEN**

**SUMMARY:** The Health System's Texas Diabetes Institute (TDI) Clinics to include, Orthopedic, Podiatry, Adult Endocrinology, Renal/Neuro, Primary Care, and Wound Care have experienced deterioration of their plastic laminate countertops in exam rooms, clean and soiled supply rooms and workstations. These deteriorated conditions include chipped, broken and missing laminate found throughout. After an assessment, staff determined to replace the 23 year-old countertops with the Health System's standard solid surface tops to include under mount sinks in order to maintain a clean environment while minimizing the spread of infectious diseases in keeping with the Health System's Infection Control & Prevention Program. Procurement Services solicited formal bids from three Group Purchasing Organizations (GPO) with two responding:

<b>Falkenberg Construction</b>	<b>SpawGlass</b>
\$378,117	\$469,455
65 Calendar Days	60 Calendar Days

The proposals were evaluated based on the criteria provided to the firms in the RFP. Of the firms that submitted proposals, Falkenberg Construction, Inc. was selected based on its competitive pricing in the amount of \$378,117, proposed schedule, healthcare experience and safety record. This purchase will be funded from 2019 operational funds. Falkenberg Construction has a total of 29 employees, and the workforce composition data was provided for the Board's review. Falkenberg Construction, Inc., has a local office and a corporate office in Dallas, Texas. However, the mill work will be performed by a local subcontractor, Texas Custom Countertops. With so many clinics, Ms. Barrera asked whether there is an internal committee or a group that reviews and prioritizes facility needs. Staff has commissioned a vendor to do an assessment of all ambulatory clinics, and staff is currently focused on prioritizing the first 4-5 clinics. Having recently received those final assessments, the Planning, Design and Construction staff is working with ambulatory leadership to prioritize needs for the remainder of 2019, as well as looking ahead to next year. The assessments include

everything from countertops, to roofs, and windows. Five (5) million dollars were committed for this purpose in this budget year. The Southeast Family Health Center has been identified as the biggest need right now because of leaks in windows and roof issues. This is a large project that will take a couple of years. The staff is concerned with mechanical items and structure. Staff is standardizing as much as possible across the Health System using the Clinical Services Building at the RBG as a footprint. Dr. Jimenez asked if there was a similar group or committee looking at medical needs in certain neighborhoods, such as demographics, birth rates, gynecological issues, to see how those needs fit in to what services will need in these facilities in the next 5-10 years, especially in the Southside where there is tremendous growth. According to Dr. Alsip, Mr. Ted Day has access to a lot of robust data about this community, specifically the kind of data Dr. Alsip is used to working with from a public health perspective. The data is even more granular not just demographics of the existing population, but also immigration growth, where those growth areas are occurring and overlapping those with what medical facilities exist, what kind of medical services people are accessing, and what some of the future needs will be. The staff is forming its strategy for ambulatory services to continue to expand services now, and more importantly, for the future. Staff reviews these statistics routinely to see how they relate to value-based care. Staff also needs to think about how to manage continuity of care. Mr. Hernandez noted for example, that when the Sky Tower was built, the staff took into consideration the closure of Wilford Hall Trauma Center and knew more operating rooms would be needed at University Hospital. The Health System is in a similar position now, looking at the community as a whole, no decisions have been made. Right now, staff is concerned with closure of Southwest General Hospital on the Southside and the Nix Hospital downtown.

RECOMMENDATION: Staff recommends the Board of Managers approve the selection of Falkenberg Construction to provide construction services for counter top repairs and upgrades at the Texas Diabetes Institute and authorize the President/Chief Executive Officer to execute a contract with Falkenberg Construction in the amount of \$378,117.

ACTION: A **MOTION** to **APPROVE** staff's recommendation as made by Mr. Hasslocher, **SECONDED** by Dr. Burns, and **PASSED UNANIMOUSLY**.

EVALUATION: Ms. Barrera commended the staff for the aesthetics at the Robert B. Green. She recently observed that the 2014 Clinical Services Building is very well maintained, from the art, to the bright colors, furniture, and carpeting.

FOLLOW-UP: Mr. Smith requested a chronological timeline (fact sheet) showing the various costs approved by the Board for the Women's and Children's Hospital. He is concerned that the cost has grown from \$316 million to \$500 million so soon. Mr. Hernandez suggested that he and Dr. Burns discuss this immediately after today's meeting with Mr. Smith, and he agreed.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH PHILIPS HEALTHCARE D/B/A PHILIPS NORTH AMERICA LLC FOR THE PURCHASE AND INSTALLATION OF A CT SCANNER AT THE ROBERT B. GREEN CAMPUS — JIM WILLIS**

**SUMMARY:** In 2013, with the opening of the new Clinical Pavilion on the RBG campus, the original CT scanner was relocated from the modular building to the Clinical Pavilion. At that time, a second CT scanner was purchased to address growth at RBG. Since 2007, yearly volumes have increased by 47 percent from 6,400 procedures to 9,400 procedures. The purchase of a CT scanner will preserve current volumes and services provided at RBG. Due to advancements in CT technology, newer equipment will reduce radiation exposure to patients while improving image quality and patient comfort. Regulatory organizations have established reduced exposure targets for all imaging facilities and this purchase will exceed those quality standards. This purchase will also expand additional imaging capabilities to RBG that have been limited to University Hospital. This includes advanced cardiac imaging for the diagnosis of coronary disease and image guided biopsies. The original Toshiba CT scanner placed at RBG is now 12 years old and no longer supported by the vendor. There are no available upgrades and this scanner no longer meets the community standard. The two older scanners, which are located at the RBG, were built by Toshiba. In recent years the Health System has standardized its CT scanners with Philips products in order to improve efficiency, staff operational competency and simple maintenance. The new proposed CT scanner for the RBG is a Philips 256 slice CT Elite Scanner with advanced cardiac imaging for the diagnosis of coronary disease and image guided biopsies. The cost of this replacement CT is \$1,324,958. These costs include \$1,082,088 for the scanner and \$242,870 for construction. This particular CT Scanner is available through the Health System's group purchasing organization, Premiere. However, the exiting local agreement with Philips provided the Health System with greater discounts than those offered through Premiere. The CT replacement cost of \$1,324,958 is a budgeted capital expense item for 2019. Philip's Healthcare d/b/a Philips North America, LLC has a total of 77,400 employees with 120 different nationalities as stated in the 2018 Annual Report. Philips North America has been recognized for diversity and inclusion. The workforce composition data was provided for the Board's review.

**RECOMMENDATION:** Staff recommends the Board of Managers approve the request for \$1,324,958 for the turnkey purchase and construction to replace a CT scanner at the Robert B. Green from Philips Healthcare d/b/a Philips North America LLC.

**ACTION:** A **MOTION** to **APPROVE** staff's recommendation as made by Mr. Hasslocher, **SECONDED** by Dr. Burns, and **PASSED UNANIMOUSLY**.

**EVALUATION:** None

**FOLLOW-UP:** None.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING THE FINANCIAL REPORT FOR JUNE 2019 — REED HURLEY**

**SUMMARY:** In June, clinical activity (as measured by inpatient discharges) was down 8.3 percent for the month compared to budget, partially driven by a 20.8 percent increase in observation days. Community First Health Plan (CFHP) fully-insured membership was down 0.7 percent to budget. On a consolidated basis, gain from operations was \$14.8 million, \$6.3 million better than budget. The consolidated bottom line gain (before financing activity) was \$12.5 million, \$9.0 million better than the budgeted gain of \$3.5 million. Higher supplemental revenue and non-operating revenue resulted in performance better than budget. CFHP experienced a bottom line gain of \$2.5 million which was \$557 thousand better than budget. Higher non-operating revenue drove the positive performance to budget, while higher premium revenue was offset by higher purchased services and higher medical claims expense. Debt service revenue was \$5.6 million which was \$173 thousand below budget due to lower revenue on appealed property tax values. Mr. Hurley reviewed notable increases and/or decreases from the Consolidated Balance Sheet.

**RECOMMENDATION:** Staff recommended acceptance of the financial reports subject to audit.

**ACTION:** A **MOTION to APPROVE** staff's recommendation as made by Mr. Engberg, **SECONDED** by Ms. Barrera, and **PASSED UNANIMOUSLY**.

**EVALUATION:** Dr. Hromas was pleased to see the case mix index (CMI) getting better every month and Mr. Adams was delighted to see supply expense decrease, congratulations to staff.

**FOLLOW-UP:** None.

**INFORMATION ONLY ITEMS:**

**EPIC ELECTRONIC HEALTH RECORD PROJECT UPDATE — GEORGE B. HERNÁNDEZ, JR.**

**UPDATE ON PLANNING, DESIGN AND CONSTRUCTION ACTIVITIES — DON RYDEN**

**UNIVERSITY HEALTH SYSTEM FOUNDATION UPDATE — LOURDES CASTRO-RAMÍREZ**

**REPORT ON RECENT RECOGNITIONS AND UPCOMING EVENTS — LENI KIRKMAN**

**SUMMARY:** Mr. Adams directed his colleague's attention for the informational reports. He urged them to

**RECOMMENDATION:** None.

**ACTION:** This report was provided for informational purposes only; no action was required by the Board.

**EVALUATION:** None

**FOLLOW-UP:** None.



**ADJOURNMENT — JIM ADAMS, CHAIR**

There being no further business, Mr. Adams adjourned the Board meeting at 7:55 pm.

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James R. Adams  
Chair, Board of Managers

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Dianna M. Burns, M.D.  
Secretary, Board of Managers

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Sandra D. Garcia, Recording Secretary