



University Health System

BEXAR COUNTY HOSPITAL DISTRICT BOARD OF MANAGERS

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

MINUTES

BOARD MEMBERS PRESENT:

Ira Smith, Vice Chair
Robert Engberg
James C. Hasslocher
Janie Barrera

BOARD MEMBERS ABSENT:

James R. Adams, Chair
Dianna M. Burns, M.D., Secretary
Roberto L. Jimenez, M.D, Immediate Past Chair

OTHERS PRESENT:

George B. Hernández, Jr., President/Chief Executive Officer, University Health System
Bryan J. Alsip, M.D., Executive Vice President/Chief Medical Officer, 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
Edward Cruz, Jr., Director, Supplier Diversity/Procurement Services, University Health System
Ted Day, Executive Vice President, Strategic Planning and Business Development, University Health System
Roe Garrett, Vice President/Controller, University Health System
Reed Hurley, Executive Vice President/Chief Financial Officer, University Health System
Michelle Ingram, Interim Executive Director/Facilities Management, 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
Brian Lewis, Vice President/Quality, University Health System
Elliott Mandell, PhD, MBA, RPh, Senior Vice President/Chief Pharmacy Officer, University Health System
Joshua Nieto, General Counsel, Chief Compliance/HIPAA Officer, Integrity Services, University Health System
Rosa Olivares, Senior Director of Operations/Administration, University Hospital

Bill Phillips, Senior Vice President/Chief Information Officer, Information Services, University Health System
Serina Rivela, Interim Vice President/General Counsel, Legal Services, University Health System
Don Ryden, Vice President/Projects, Design, and Construction
Theresa Scepanski, Senior Vice President/Chief Administrative Officer, University Health System
Allen Strickland, Vice President/Hospital Administration, Fiscal, University Hospital
Travis Smith, Deputy Chief Financial Officer, University Health System
Rajeev Suri, M.D., Professor and Vice Chair, Department of Radiology, UT Health San Antonio; and
President, Medical/Dental Staff, University Health System
Jim Willis, Associate Administrator, University Hospital
Chris Vineyard, Executive Director, Radiology Services, University Health System
And other attendees.

CALL TO ORDER AND RECORD OF ATTENDANCE: IRA SMITH, VICE CHAIR, BOARD OF MANAGERS:

Mr. Smith called the meeting to order at 6:00 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Mr. Smith said the invocation and then he led the pledge of allegiance.

SPECIAL RECOGNITION: QUARTERLY EMPLOYEE RECOGNITION AWARDS (GEORGE B. HERNÁNDEZ, JR. BOARD MEMBERS):

Professional: (Nursing)	Elba Chapa Clinic Staff Nurse III, Pediatric ICU
Professional: (Non-Nursing)	Reynaldo Mayorga Sr. Special Procedures Technologist, Interventional Radiology
Management:	Jeanette C. Vigil Executive Director, Patient Business Services
Technical:	Consuelo Mondragon License Vocational Nurse, Juvenile Detention Health Care Services
Clerical:	Delma Lee Billing Coordinator, Neurosurgery Adult Clinic
Service:	Vincent B. Valeriano Police Officer II, Protective Services
Volunteer:	Mark Oholendt Volunteer, Volunteer Services
Physician:	Patrick Pierre, MD UMA Associate Medical Director, Southeast Clinic

Team: Pathology Implementation Team
Martin Arenas, Marla Khalikov, Rudy Lara, Lisa Devane
Trent Freeman, Ernest Magallan, Velma Resendez

All of this year's quarterly recipients will be special honored guests at the Annual Recognition Awards Ceremony at the Omni 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. Ms. Janie Barrera addressed the honored employees on behalf of the Board of Managers and thanked them for their compassion and their empathy in their work. The staff's pride and dedication is noted by the Board of Managers.

CITIZENS' PARTICIPATION: None.

APPROVAL OF MINUTES OF PREVIOUS MEETING(S): None.

REPORT FROM UT HEALTH SAN ANTONIO – RAJEEV SURI, M.D. FOR WILLIAM HENRICH, M.D., PRESIDENT

SUMMARY: On behalf of Dr. Henrich and Dr. Hromas, Dr. Suri provided a UT Health update. One finalist for the chair position in the Department of Radiation Oncology has been asked to return next week for second round of interviews, and an offer will be extended soon. Leadership is in negotiations with a finalist for the chair position in the Department of Epidemiology. Patient volume at the Medical Arts and Research Center (MARC) has increased by 11 percent over the last 12 months. The Sam and Ann Barshop Institute for Longevity and Aging Studies will be up and running by 2020 at the Texas Research Park. The School of Medicine has added four pediatric specialty services at the West Gate Medical Center - hematology/oncology, allergy/immunology, neurology, and pulmonology. The School of Medicine has concluded a recruitment drive that will bring 60 new faculty to the campus this summer. In collaboration with The University of Texas at San Antonio, the School of Medicine will launch an MD/MBA program starting in the fall of 2019, which will be led by Dr. Luci Leykum. The existing MD/Ph.D. Program at UT Health is very strong and is the largest in the nation at this time. Dr. Peter Loomer from New York University College of Dentistry was named dean of the School of Dentistry at UT Health San Antonio by Dr. Henrich in the fall and he arrived to the campus a couple of months ago.

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

CONSENT AGENDA – IRA SMITH

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 1ST 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 1st Quarter 2019 Investment Report — Roe Garrett/Reed Hurley - Board members were provided with Investment Portfolio Summaries for the Health System and CFHP invested funds for the first quarter of 2019. In total, the value of all invested funds as of March 31, 2019 was \$1,357,541,795 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 \$8,267,309 in interest income in the first quarter, a 128% increase over the \$3,629,382 in the same period a year ago. The portfolio’s prior period unrealized loss transitioned to an unrealized gain of \$279,020 as interest rates fell during the quarter.

Consideration and Appropriate Action Regarding Purchasing Activities (See Attachment A) — Antonio Carrillo/Travis Smith - A total of 18 contracts with a value of \$16,566,962 are being presented to the Board of Managers during the April 2019 meetings. The following contracts require approval by the BCHD Board of Managers: Ten (10) consent contracts with a total value of \$5,015,993; and eight (8) presented contracts with a total value of \$11,550,969. During the month of April 2019, there were two (2) contracts classified as a Small, Minority, Woman, or Veteran Owned Business Enterprises (SMWVBE). April 2019 SMWVBE Status Report reflects items submitted for Board approval.

RECOMMENDATION: Staff recommends approval of the items listed on the consent agenda.
ACTION: A **MOTION** to approve staff’s recommendation was made by Ms. Barrera, **SECONDED** by Mr. Hasslocher, and **PASSED UNANIMOUSLY**.
EVALUATION: None.
FOLLOW-UP: None.

ACTION ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING A DEPOSITORY SERVICES AGREEMENT WITH FROST BANK — ROE GARRETT/REED HURLEY

SUMMARY: The Health System is required by the Texas Public Funds Investment Act/Government Code to select a depository service provider which includes treasury management and investment safekeeping services every four years. A request for proposal was prepared and published by Health System staff in January of 2019. Staff reviewed proposals from five financial institutions to provide University Health System with depository and investment safekeeping services. The review team consisted of five staff members who scored each institution based on the following criteria: (1) Ability to perform and provide the required and requested services; (2) Pricing; (3) Background, Experience, Qualifications, Location; and (4) Financial Rating, References. The final scores ranged from a high of 95 points to a low of 60 points. All five financial institutions described similar ranges of depository services from check disbursement to investment safekeeping and reporting. The decision came to the staff's interpretation of coordination with Health System needs and the cost of those services. The cost for depository services ranged from a low of \$152,880 to \$207,360 average per year. Based on the highest score, including the lowest cost, Staff is proposing the selection of Frost Bank to be the provider of Depository and Custodial Investment Services to the Health System. The estimated cost of this 4-year agreement is \$573,320 in banking fees, including a 3-month waiver of fees. The estimated contract cost is an increase of \$21,256 per year and \$85,024 over 4 years from the previous 4-year agreement. The contract covers the 4-year time period beginning April 1, 2019 through March 31, 2023.

RECOMMENDATION: Staff recommends the Board of Managers approve a contract with Frost Bank for depository and investment safekeeping services in the amount of \$573,320.

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

EVALUATION: Mr. Hurley reported that historically the Depository Agreement included lockbox services to accept patient payments and documentation. The Epic implementation timeline and technical requirements made it necessary to segregate those services from the Depository Agreement. Lockbox services will be awarded to J.P. Morgan Chase.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING AN AGREEMENT WITH JOHNSON CONTROLS INCORPORATED FOR CONSTRUCTION SERVICES FOR A SECONDARY COOLING SYSTEM FOR SKY TOWER 8TH FLOOR MRI AT UNIVERSITY HOSPITAL — DON RYDEN

SUMMARY: University Health System solicited a Request for Proposals (RFCSP-218-01-003-CNST) for Construction Services with four firms responding. The proposals received by the Health System were evaluated based on the

criteria provided to the firms in the RFP. Two firms actually submitted construction bids lower than the recommended selection and were given higher points for that category in the evaluation matrix. Johnson Controls, Inc. (JCI) was selected based on their proposed schedule, healthcare experience, safety record and familiarity with the system while working on previous and current projects. The spread, from highest to lowest bid, was \$113,978 with JCI's bid at \$41,756 higher than the low bid. The firms responding to the RFP were:

Capital Construction	Johnson Controls, Inc.	TD Industries	Caliber Construction
\$441,765.00	\$369,543.00	\$351,213.00	\$327,787.00

Staff has reviewed and negotiated the pricing for these services and recommends approval of construction services with JCI for a secondary cooling system for Sky Tower 8th Floor MRI in the amount of \$388,020. This includes an owner allowance of \$18,477, or five (5) percent. This project will be funded from 2018 capital funds.

Overall Project Budget:

MRI Cooling System	Currently Funded	Estimated Co
Design	\$51,650	\$51,650
Construction	\$388,020	\$388,020
Total	\$439,670	\$439,670

The workforce composition data for Johnson Controls, Inc., was provided for the Board's review.

RECOMMENDATION: Staff recommends the Board of Managers approve the selection of Johnson Controls, Inc. as Contractor for Secondary Cooling System for Sky Tower 8th Floor MRI and authorize the President/Chief Executive Officer to execute the Construction Services Agreement with Johnson Controls, Inc. in the amount of \$388,020.

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

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING AN AGREEMENT WITH TDINDUSTRIES FOR CONSTRUCTION SERVICES FOR INSTALLATION OF A REVERSE OSMOSIS SYSTEM IN THE CENTRAL UTILITY PLANT AT UNIVERSITY HOSPITAL — DON RYDEN

SUMMARY: University Health System solicited Request for Proposals (RFCSP No.218-05-0027-CNST) for Construction Services with two firms responding. The following table lists the respondents and their corresponding construction pricing:

R.E.C. Industries, Inc.	TDIndustries
\$785,934.25	\$780,545.00

The proposals, received by the Health System, were evaluated based on the criteria provided to the firms in the RFP. Of the firms that proposed, TDIndustries (TDI) was selected based on their competitive pricing, proposed schedule, healthcare experience and safety record. Staff has reviewed and negotiated the pricing for these services and recommends

approval of construction services for CUP—RO System project in the amount of \$858,599.00. Due to the complexity of the project, an Owner Allowance of \$78,054 has been added to the successful vendors’ proposal to be included in the contract documents. This project will be funded from 2017 capital funds and will serve both the Horizon and Rio Towers.

Overall Project Budget:

Reverse Osmosis System	Currently Funded	Estimated at Completion
Design	\$10,000	\$10,000
Construction (includes Owner Allowance)	\$858,599	\$858,599
Total	\$868,599	\$868,599

The workforce composition data for TDIndustries was provided for the Board’s review.

RECOMMENDATION: Staff recommends the Board of Managers approve the selection of TDIndustries as Contractor for Central Utility Plant (CUP)—Reverse Osmosis System at University Hospital and authorize the President/Chief Executive Officer to execute the Construction Services Agreement with TDIndustries in the amount of \$858,599.00

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

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE PURCHASE OF REAL PROPERTY LOCATED AT 2135 BABCOCK RD., SAN ANTONIO, BEXAR COUNTY, TEXAS — DON RYDEN

SUMMARY: Clarity Child Guidance Center is in the process of selling surplus property in order to provide continued funding for its mission to help children, adolescents and families overcome the disabling effects of mental illness and improve their ability to function successfully at home, at school and in the community. The property for sale is 2135 Babcock Rd. located at the northeast corner of Babcock Rd. and Merton Minter Blvd. This property tract consists of approximately 2.15 acres with the improvements of a two-story office building with approximately 17,676 sq. ft. This property will provide a strategic site for the expansion of clinical services in this particular quadrant of the city. Further analysis will be required to determine the specific clinical services that should be provided here such as primary care or out-patient dialysis. In the short term, and upon further study this property will be used as a supplemental training center for the implementation of the Epic Electronic Health Record (EHR), and as offsite construction offices and parking as the Health System proceeds with the Women’s and Children’s tower. The Health System engaged a real estate appraisal firm to assess the market value of the land and building. Based on the results of the appraisal, the Health System submitted a non-binding letter of intent to acquire the property for a purchase price of \$2,170,000. Clarity has accepted the Health System’s offer, and if the Board of Managers gives approval to acquire the property, there will be a sixty (60) day inspection period once

a purchase agreement has been executed in order to conduct a due diligence process. This purchase will be funded out of the Board's designated Capital Account.

RECOMMENDATION: Staff recommends that the Board of Managers authorize the President/CEO to enter into a purchase agreement with Clarity Child Guidance Center to acquire the property located at 2135 Babcock Road, San Antonio, Texas, for \$2,170,000.

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

EVALUATION: This building has been vacant over three years. Mr. Engberg feels the transaction was well explained by staff as were the potential uses and opportunities. It makes sense to have the property available; it is a wise acquisition, reasonable and fair. Mr. Hasslocher and other Board members agreed. During the inspection period the Health System will acquire and conduct Title Commitment, Title Policy, Land Survey, Phase I Environmental Assessment (soil or groundwater contamination), Facility Inspection (electrical, plumbing, HVAC), and Asbestos Survey. Following the inspection period, and assuming there are no significant issues that would prohibit the Health System's intended present and future use of the property, closing will occur within thirty (30) days.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE FINANCIAL REPORTS FOR MARCH 2019 — REED HURLEY

SUMMARY: In March, clinical activity (as measured by inpatient discharges) was down 2.3% for the month compared to budget. Community First Health Plan (CFHP) fully-insured membership was up 0.4 percent to budget. On a consolidated basis, gain from operations was \$11.8 million, \$6.0 million better than budget. The consolidated bottom line gain (before financing activity) was \$9.8 million, \$9.1 million better than the budgeted gain of \$709 thousand. Higher patient revenue and non-operating revenue combined with lower operating expenses resulted in performance better than budget. CFHP experienced a bottom line loss of \$543 thousand which was \$671 thousand better than budget. Lower than budget employee compensation and purchased services expense drove the positive performance to budget, while higher premium revenue and medical claims expense offset each other. Debt service revenue was \$5.8 million which matched budget. Mr. Hurley reviewed notable increases and/or decreases from the December 31, 2018 consolidated balance sheet.

RECOMMENDATION: Staff recommends acceptance of the financial report subject to audit.

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

EVALUATION: Mr. Hurley attributed the decrease in ambulatory activity to UMA provider vacancies. UMA has hired four providers, has 4-5 others in the pipeline, and are exploring locum tenen physicians at this time. Mr. Hernandez also attributed the provider shortage to retirement of baby boomers which has changed dynamics; the generations that follow are

much smaller in size, and it's a very competitive time for primary care physicians. For example, the VA Hospital has increased their salaries and benefits, as well as other institutions in the community. In terms of the presentation to the Board next month, Dr. Kapur will touch upon the results of recent salary surveys and will report on what UMA is doing to recruit and retain physicians. However, Mr. Hernandez noted that UMA could have been better prepared to address upcoming vacancies. Mr. Hasslocher noted that the City of San Antonio's Economic Development Foundation is reporting at least 30,000 young people in San Antonio are unemployed. Payor mix for March was 75.1 percent funded and 74.5 year to date; it was budgeted at 74.3 percent, and less than 25 percent of the Health System's payor mix is unfunded. Epic expenses are not being incurred as fast as was thought. In January, 2020, right after implementation, operational expenses will hit. Implementation is on task and on schedule. The Health System's financial performance for the first three months of the year has been good. State and federal changes to revenue streams will take effect in August or September at the end or beginning of their fiscal year. Purchased services will begin to hit as the year progresses. CFHP was budgeted to lose money in March, it lost \$543,000. The interim CFO at CFHP is very strong. He attended his first Board meeting and he's looking at the finances from a different perspective. He had only been there for 3 weeks at the time of the Board meeting, but has really good insight, answered questions, and everyone felt comfortable with him. He's made a projection for the rest of the year based on what he knows and CFHP ought to start seeing positive results soon. Mr. Engberg thanked Mr. Hurley for the report, it is a good indication that things are going financially well. He complimented use of the crosswalk report which gives the Board a transparent general view.

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

REPORT ON THE 86TH LEGISLATIVE SESSION — ANDREW SMITH
ANNUAL LEARNING AND DEVELOPMENT REPORT — THERESA SCEPANSKI

SUMMARY:	Mr. Smith directed his colleagues' attention to the four (4) informational reports above and asked them to provide feedback, comments, or questions directly to the staff.
RECOMMENDATION:	These reports were provided for informational purposes only.
ACTION:	No action by the Board of Managers was required.
EVALUATION:	None.
FOLLOW-UP:	None.

ADJOURNMENT:

There being no further business, Mr. Smith adjourned the Board meeting at 6:51 p.m.

Ira Smith, Jr.
Vice Chair, Board of Managers

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

Sandra D. Garcia, Recording Secretary