MINUTES

BOARD MEMBERS PRESENT:

James R. Adams, Chair
Linda Rivas, Vice Chair
Rebecca Q. Cedillo, Secretary
Roberto L. Jimenez, M.D., Immediate Past Chair
Robert Engberg
Alex Briseño
Ira Smith

OTHERS PRESENT:

George B. Hernández, Jr. President/Chief Executive Officer, University Health System
Bryan Alsip, M.D., Executive Vice President/Chief Medical Officer, University Health System
Ted Day, Vice President, Strategic Planning & Business Development, University Health System
Peggy Deming, Executive Vice President/Chief Financial Officer, University Health System
Roe Garrett, Vice President/Controller, University Health System
Michael Hernandez, Vice President/Chief Legal Officer, University Health System
Leni Kirkman, Vice President, Strategic Communications and Patient Relations, University Health System
Sherry Johnson, Vice President/Integrity and Regulatory Services, University Health System
Kourtney Mosby, Administrative Director, Procurement Services, University Health System,
Mary Ann Mote, Senior Vice President/Chief Revenue Officer, University Health System
Bill Phillips, Vice President/Chief Information Officer, Information Services, University Health System
Christann Vasquez, Executive Vice President/Chief Operating Officer, University Health System
Mark Webb, Senior Vice President, Facilities Development and Project Management, University Health System
And other attendees.
CALL TO ORDER AND RECORD OF ATTENDANCE: JIM ADAMS, CHAIR, BOARD OF MANAGERS

Mr. Adams called the meeting to order at 4:00 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Ms. Peggy Deming introduced Fr. Eric Ritter for the invocation and Mr. Adams led the pledge of allegiance. Fr. Eric said a special prayer for the victims and family members of the Sandy Hook Elementary School massacre in Newtown, Connecticut on December 14, 2012.

APPROVAL OF MINUTES OF PREVIOUS MEETINGS:

October 30, 2012 (Regular Meeting)

SUMMARY: The minutes of the regular Board meeting of October 30, 2012 were submitted for approval.
RECOMMENDATION: Mr. Adams recommended approval of the minutes as submitted.
ACTION: A MOTION to approve staff’s recommendation was made by Ms. Cedillo, SECONDED by Mr. Smith, and PASSED UNANIMOUSLY.
EVALUATION: None.
FOLLOW-UP: None.

November 13, 2012 (Special Meeting)

SUMMARY: The minutes of the special Board meeting of November 13, 2012 were submitted for approval.
RECOMMENDATION: Mr. Adams recommended approval of the minutes as submitted.
ACTION: A MOTION to approve staff’s recommendation was made by Mr. Smith, SECONDED by Ms. Rivas, and PASSED UNANIMOUSLY.
EVALUATION: None.
FOLLOW-UP: None.

CONSENT AGENDA –JIM ADAMS, CHAIR

Consideration and Appropriate Action Regarding Medical-Dental Staff Recommendations for Staff Membership – Nicolas Walsh, M.D., President, Medical/Dental Staff

Consideration and Appropriate Action Regarding the Election of New Officers of the Medical-Dental Staff—Nicolas Walsh, M.D., President, Medical/Dental Staff

Consideration and Appropriate Action Regarding the Reappointment of David Ballard to the University Health System Pension Plan Board of Trustees-Rebecca Cedillo, Chair, Nominating Committee

Consideration and Appropriate Action Regarding Required Health and Human Services Certification for University Health System under the 1115 Waiver—Ted Day

Consideration and Appropriate Action Regarding an Affiliation Agreement with Southwest General Hospital for “DSRIP” Funding under the 1115 Waiver—Ted Day
Consideration and Appropriate Action Regarding Purchasing Activities (See Attachment A) – Kourtney Mosby/Francine Crockett

**SUMMARY:** The item listed on the consent agenda were presented for approval.

**RECOMMENDATION:** Staff recommended approval of the item listed on the consent agenda.

**ACTION:** A MOTION to approve staff’s recommendation was made by Ms. Cedillo, SECONDED by Ms. Rivas, and PASSED UNANIMOUSLY.

**EVALUATION:** None.

**FOLLOW-UP:** None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE A CONTRACT FOR PROFESSIONAL SERVICES WITH THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT SAN ANTONIO (“SPONSORED CARE”)—THERESA SCEPANSKI

**SUMMARY:** This agreement, which has been in effect since, 2001, will facilitate payment to UTHSCSA for services provided to sponsored patients for January 1, 2013 to December 31, 2013. Payments are negotiated at 60% of the Medicare standard rate. Sponsored Care is intended to cover urgent and emergent medical conditions in the emergency center with services limited to the treatment of the urgent/emergent condition and follow up to assure the condition has responded appropriately to treatment.

Generally, to qualify for sponsored care services, a person must meet the income and resources requirements established by the Health System and must reside in Bexar County. Currently, persons at or below 75% of the federal poverty level qualify as indigent. This definition includes inmates or detainees at facilities operated by Bexar County and homeless patients, provided they meet the eligibility requirements.

This agreement requires the deduction of charges for services rendered pursuant to the Bexar County Clinical Services (BCCS), the CareLink Provider Agreement, or any other third party payer including payments made by the patient.

The value of this contract is estimated at $2,274,800 compared to $2,847,726 (20% decrease) in 2012. The recognized savings of $572,926 is based on estimated utilization and activity in 2012. This is a planned expense and funding has been included in the 2013 Operating Budget.

**RECOMMENDATION:** Staff recommends Board of Managers approval of the Sponsored Care Provider Agreement with UTHSCSA for a one-year period in an estimated amount of $2,274,800.

**ACTION:** A MOTION to approve staff’s recommendation was made by Ms. Rivas, SECONDED by Mr. Briseno, and PASSED UNANIMOUSLY.
EVALUATION: Ms. Rivas requested an off line discussion with Ms. Scepanski to better understand the patient populations that are served under this contract. Mr. Hernandez noted that the number of homeless and detained patients has not necessarily decreased, but rather the services provided to these populations is now better coordinated. For example, through separate agreements with the Health System, CentroMed provides services at Haven for Hope for the homeless, and services have been expanded at the detention facilities for inmates. These efforts have resulted in decreased activity for the emergency center. Mr. Briseno asked for a summary regarding the total amounts paid to UTHSCSA. Ms. Deming reported that in 2012, the Health System budgeted $100.1 million, with approximately $80 million of that paid by other hospitals according to the Bexar County Clinical Services contract (UPL Contract).

FOLLOW-UP: Staff will provide a breakdown as requested by Mr. Briseno.

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS RELATED TO THE CAPITAL IMPROVEMENT PROJECT:

UNIVERSITY HOSPITAL:

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE THE GUARANTEED MAXIMUM PRICE FOR PHASE 1 RENOVATIONS (GMP#15H) —MARK WEBB

SUMMARY: The Master Facilities plan identified the need for renovations of existing hospital spaces which need to be completed concurrent with the opening of the new hospital tower. Renovation projects are being developed to support reorganization of departments and projected increased demand. Phase 1 renovations will occur on Levels B and 1 of the existing tower.

On Level B, Phase 1 renovations include a new mechanical room and air handling unit, inclusion of automated guided vehicle travel paths to the new Tower and a new plan room.

The renovation scope on Level 1 includes modifications to the main lobby which will tie into the new tower. This involves construction of a new information desk, renewal lounge, public toilets, and elevator lobby finish upgrades as well as modifications to the Corporate Communications suite, patient relations suite, and discharge lounge.

Specifically, this GMP allows for materials and construction services for the following areas:

- Main Lobby
- Renewal Lounge
- Public Toilets
- Corporate Communications
- Patient Relations
- Discharge Lounge
- Level B buildout for Automated Guided Vehicles
- New Mechanical Room and Air Handling Unit
- Plan Room
The Project Manager has reviewed the design drawings prepared by the AE Team, and has provided GMP #15h for the work associated with this package. The proposed GMP #15h in the amount of $11,064,382 will be paid from project funds. This does not include the dollars associated with the Construction Manager’s Fee or other project administrative costs including this GMP and insurance, bonds, permit fees, etc.). GMP dollars awarded to date is $492,772,140. GMP dollars remaining to procure is $63,663,107.

The participation goal for SMWVBE is 40% and the local participation goal is 80%. To date, SMWVBE participation of awarded construction projects is 39% and local participation is 77%. The SMWVBE numbers have been achieved for all construction GMPs to date.

**RECOMMENDATION:** Staff recommends the Board of Managers approval of an amendment to the Zachry Vaughn Layton Construction Management Agreement for GMP #15h in the amount of $11,064,382.

**ACTION:** A MOTION to approve staff’s recommendation was made by Mr. Briseno, SECONDED by Ms. Cedillo, and PASSED UNANIMOUSLY.

**EVALUATION:** None.

**FOLLOW-UP:** None.

**CONSIDERATION AND APPROPRIATE ACTION TO AMEND THE PROFESSIONAL SERVICES CONTRACT WITH RTKL FOR SIMULATION MODELING SERVICES FOR THE HEART & VASCULAR INSTITUTE—MARK WEBB**

**SUMMARY:** During the finalization of planning for the use of the new building at University Hospital, the Board of Managers approved that a portion of the first floor of the new tower would be reserved for the future Heart & Vascular Institute. Simulation modeling services are necessary at this point because we are bringing together three different service lines. Based on the positive outcomes from the simulation services provided by RTKL at the Robert B. Green campus, RTKL was asked to submit a proposal for simulation modeling of the Heart and Vascular Institute to ensure the most efficient design to achieve overall efficiency and patient satisfaction. The results of the simulation modeling will ultimately feed into the design of the institute. Staff reviewed the proposal, and upon careful consideration, recommends moving forward with the modeling of the Heart and Vascular Institute. To date, $5.7M has been allocated for this project. The fee for the proposed contract amendment, which has been reviewed by the CIP team and staff, is $250,000. The revised contract amount is $615,525. Fees for this contract amendment will be paid from project funds. As negotiated in RTKL’s original contract, 25.74% SMWVBE and 52% local participation goals are expected.

**RECOMMENDATION:** Staff recommends Board of Managers’ approval of a contract amendment with RTKL in the amount of $250,000 for simulation modeling services related to the Heart & Vascular Institute.
ACTION: A MOTION to approve staff’s recommendation was made by Ms. Rivas, SECONDED by Dr. Jimenez, and PASSED UNANIMOUSLY.

EVALUATION: Mr. Smith expressed concern about the lack of African American business recruitment by Broadus+Munoz, the project managers at University Hospital, who will provide one individual to oversee work on the Heart & Vascular Institute. Professional services issued to African American-owned businesses by Broadus+Munoz are currently at zero percent. Mr. Adams requested an opportunity for the Board to be part of the decision process regarding the prioritization of enhancements on the list previously agreed upon and approved by them. Mr. Briseno suggested a working list, such as the list provided with the GMPs, that shows the entire picture, to include sequencing of enhancements.

FOLLOW-UP: Staff will develop an enhancements list as requested by Board members for their review and approval, to be presented along with the contingency fund balances report that is planned for January.

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE A PROFESSIONAL SERVICES CONTRACT WITH HKS/MARMON MOK FOR DESIGN SERVICES FOR THE HEART & VASCULAR INSTITUTE—MARK WEBB

SUMMARY: This item relates to architectural, engineering, and other consultative services related to the Heart and Vascular Institute, which will consist of approximately 44,500 departmental gross square feet in the first floor shell space of the new tower providing nine (9) hybrid operating rooms capable of supporting cardiac and vascular surgery, cardiac catheterization, interventional radiology, angiography, and related single and/or bi-plane imaging procedures. Depending on the space available and the outcome of simulation studies, the following functions may become components of the Heart and Vascular Institute: Nuclear Medicine/Stress Testing and Chest Pain Observation.

To seek qualified professional services firms to provide the needed services for the Heart and Vascular Institute, a Request for Qualifications (RFQ – 212-09-047-SVC) was issued on September 25, 2012.

The selection committee received six (6) Statements of Qualifications on October 22, 2012. The lead firms for each of these were: BSA/O’Connell Robertson, FKP/Chesney Morales Associates, Stantec/Alamo Architects, HKS/Marmon Mok, HDR/WestEast, and PhiloWilke/Madeline Anz Slay. The committee evaluated and shortlisted the most highly qualified respondents, and conducted interviews with the four (4) shortlisted firms on November 5, 2012.

Based on qualifications and information obtained at the interviews, the selection committee recommends the HKS/Marmon Mok team for a professional services contract for design services for the Heart & Vascular Institute at the new tower at University Hospital.

HKS has completed a number of cardiology/cardiovascular units, as well as entire heart hospitals. Facilities include cardiovascular surgery,
outpatient cardiovascular diagnostics, cardiovascular ICU, cardiac catheterization procedure rooms, electrophysiological procedure rooms, and patient education centers. Recent HKS projects in various phases of design and completion are Parkview Heart Institute, Fort Wayne, Indiana; Moore Regional Hospital’s Reid Heart Center, Pinehurst, North Carolina; Baptist Cardiac & Vascular Institute Surgery Expansion, Miami, Florida; Mount Carmel St. Ann’s Hospital Heart Center, Columbus, Ohio; King Fahad Medical City Cardiology Center, Riyadh, Saudi Arabia; Virgin Islands Cardiac Center at the Governor Juan F. Luis Hospital, St. Croix, US Virgin Islands; and Texas Health Harris Methodist Hospital’s Fort Worth Heart Center, Fort Worth, Texas.

They have also completed numerous business operations analyses for clinics and hospitals in university environments. Recent examples include the Loyola University Health System in Chicago and Beth Israel Deaconess (Harvard) in Boston. The proposed contract, which has been reviewed and negotiated by the project manager, is recommended for approval. Fees will be paid from project funds. HKS/Marmon Mok LLP has proposed 10% SMWVBE and 42.5% local participation on this agreement, through the use of various qualified subcontractors outlined in the proposal. Staff will be working with the firm to significantly increase the level of SMWVBE participation throughout the life of the contract. Total cost for establishing the Heart & Vascular Institute is $41 million and includes design, construction and equipment.

RECOMMENDATION: Staff recommends the Board of Managers approve a professional services agreement with HKS/Marmon Mok not to exceed $2,461,700 for design services of the Heart & Vascular Institute.

ACTION: A MOTION to approve staff’s recommendation was made by Mr. Briseno, SECONDED by Ms. Cedillo, and PASSED UNANIMOUSLY.

EVALUATION: Ms. Rivas questioned the sequence of simulation modeling and the bid for design services, and whether staff should wait until the modeling information is available so that the RFP for design services will include those specifications. Mr. Webb explained that the planning associated with the design efforts will take about one year, whereas the modeling simulation will take a only a few months. Ms. Vasquez reiterated that simulation modeling will let staff know what is needed based upon volume and activity, and will therefore allow staff to establish a best practice model. Since three specialty services (interventional radiology, neurosurgery and cardiology) will share equipment and space, modeling it is critical to prove how much space the current volume will support. The design of the area will work so that there is an ability to grow the program into the 44,000 square feet of space that has been allocated for nine or ten suites. This does not mean that all nine or ten suites will be opened immediately, but rather, this effort will assist with long range planning for this particular area. Mr. Adams clarified that the Board does not want staff to proceed with any one item until it is sequentially certain that there will not be any double backing into another. He reminded staff that there has been at least one instance during which has occurred. The Board’s request at this time is for staff to pay specific
attention to these details so that changes will not be necessary in the future. Mr. Briseno noted that the cost for simulation modeling is tied to the cost of design, construction, and equipment, with modeling fees ranging anywhere from 6 to 10 percent of the total cost. The total cost for the Heart Vascular Institute is $41 million. In addition, because architectural services are professional in nature, the procurement method used for the specific design/build services was a Request for Qualifications, rather than a Request for Proposals. Mr. Briseno expressed his preference to receive more comprehensive reports regarding the various projects as they are presented to the Board.

FOLLOW-UP: Mr. Hernandez acknowledged the Board’s need to receive comprehensive reports regarding the various projects.

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE A CONTRACT WITH BAXTER HEALTHCARE CORPORATION FOR THE PURCHASE OF INTRAVENOUS INFUSION PUMPS—MARK WEBB

SUMMARY: This item was pulled by staff.
RECOMMENDATION: None.
ACTION: None.
EVALUATION: None.
FOLLOW-UP: None.

ROBERT B. GREEN CAMPUS:

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE THE GUARANTEED MAXIMUM PRICE FOR DIGITAL SIGNAGE, RADIO-FREQUENCY IDENTIFICATION (RFID) EQUIPMENT AND ADDITIONAL INFORMATION TECHNOLOGY (IT) SCOPE OF WORK (RBG-GMP #6P)—MARK WEBB

SUMMARY: To date, sixteen (16) guaranteed maximum prices (GMPs) have been developed for new construction at the Robert B Green Clinical Pavilion. Mr. Webb detailed these amendments in his written report. Mr. Webb noted that GMP 60 should not have been included in today’s report.

1. Added digital signage to the Clinical Pavilion - University Health System is currently implementing a system wide digital signage program. Working closely with the Health System’s digital signage designer, Corporate Communications, and CIP staff has identified locations, types and sizes of digital signage complementary to the Clinical Pavilion design.

2. Hospital Grade keyboards and mice - University Health System has recently requested an upgrade to hospital grade keyboards and mice at 298 stations. The cost is the difference between standard keyboards and mice and medical grade upgrade.
3. **Tap & Go capabilities at the clinical computers** - Tap & Go will increase staff efficiencies by eliminating the need for manual log-in and log out of each computer a provider uses. The Tap & Go allows “on the run” log in using badges. Tap & Go will be added to 298 computers.

4. **Call Center staff 2nd monitor** - Recently University Health System has implemented a standard for Call Center staff to use a second monitor to increase efficiencies.

5. **Ambulatory Surgical Center (ASC) Workstation on Wheels** – Additional computers and laptops based on the operational requirements of the ASC.

6. **Radio Frequency ID equipment** – Equipment installed at various points in the facility that will monitor the locations of critical, high-end clinical medical equipment.

Bartlett Cocke, the RBG Construction Manager (CM), has reviewed the design and has provided a Guaranteed Maximum Price (GMP #6p) for the work associated with this GMP package. The proposed GMP #6p in the amount of $383,386 will be paid from project funds. The control estimate for this contract is $71,640,213, and the total contract amount after GMP 6p is $74,394,223. The participation goal for SMWVBE is 56% and the local participation goal is 95%. To date, SMWVBE participation of awarded construction projects is 64.14% and local participation is 98.35%. This does not include the dollars associated with the Construction Manager’s Fee or other project administrative costs (i.e., insurance, bonds, permit fees, etc.). The SMWVBE numbers achieved for all construction amendments to date were reviewed with the Board.

**RECOMMENDATION:** Staff recommends Board of Managers’ approval of an amendment to the existing Bartlett-Cocke Construction Management Agreement in the amount of $383,386 for GMP #6p.

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

**EVALUATION:** None.

**FOLLOW-UP:** None

**SUMMARY:** In December 2011, the Board of Managers approved $2.8M for key relocations of administrative and operational functions and demolition of Building C. This work allows University Health System to prepare the RBG campus for greater flexibility and a more strategic and robust growth path in the future.

To date, (6) guaranteed maximum prices (GMPs) have been developed for the Backfill Project (work related to Building A, Building B demolition, Building C demolition, Imaging building re-use and parking)
at RBG campus. Mr. Webb detailed these amendments in his written report. Specifically, this GMP includes the costs for:

Demolition of Building C: Previous GMP’s included the relocations of departments from Building C to other locations on campus. This GMP includes the actual demolition of Building C while leaving as many existing trees as possible. In its place, the lot will be seeded to allow for the most cost effective landscape for any future strategic growth plans on the site. The duration of the work to demolish Building C and finish landscaping will be four (4) months and will affect the final completion of the project. The new project Substantial Completion date will be June 14, 2014 with a final project completion date of August 14, 2014. This will not affect the current scheduled Substantial Completion date for the first four floors of the Clinical Pavilion in December 2012. Bartlett Cocke, the RBG Construction Manager (CM), has reviewed the design and has provided a Guaranteed Maximum Price (GMP #7f) for the work associated with this GMP package in the amount of $533,157, which will be paid from project funds. Mr. Webb reviewed all of the GMPs, amounts, and costs estimates related with this contract in detail. He reported that the inclusion of GMP #6p and GMP #7f increases the CM’s Construction Cost Limit (CCL) to a total of $96,813,150. This is the fourth amendment to the Bartlett Cocke CCL. The participation goal for SMWVBE is 56% and the local participation goal is 95%. GMP dollars awarded to date is $84,303,319. GMP dollars remaining to procure is $10,472,067. To date, SMWVBE participation of awarded construction projects is 64.14% and local participation is 98.35%. This does not include the dollars associated with the Construction Manager’s Fee or other project administrative costs (i.e., insurance, bonds, permit fees, etc.

RECOMMENDATION: Staff recommends Board of Managers’ approval to execute an amendment to the existing Bartlett-Cocke Construction Management Agreement in an amount of $533,157 for GMP #7f, with an increase to the Construction Cost Limit to $96,813,150.

ACTION: A MOTION to approve staff’s recommendation was made by Mr. Smith, SECONDED by Ms. Cedillo, and PASSED UNANIMOUSLY.

EVALUATION: Mr. Adams asked staff to consider that some members of the community might be interested in obtaining the demolished building materials as historical memorabilia for personal reasons.

FOLLOW-UP: None

CONSIDERATION AND APPROPRIATE ACTION TO AMEND FURNITURE, FIXTURE, AND EQUIPMENT (FF&E) CONTRACTS WITH BROUSSARD AND OFFICE SOURCE FOR DEPARTMENTAL RELOCATIONS AT THE ROBERT B. GREEN CAMPUS - MARK WEBB

SUMMARY: On April 24, 2012, the Board of Managers approved Broussard, Office Source, Spencer, Wittigs and Workplace Resources as the furniture vendors for the Health System. Specifically, this GMP includes the costs to provide furniture for departmental moves in association with the removal of Building C. The departments involved that are relocating to Building A include Medical Records, CareLink, and the Skin Clinic.
The following costs have been provided by the approved vendors and are listed below:

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Scope Descriptions</th>
<th>Contract Amount</th>
<th>Proposed Change</th>
<th>New Contract Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>BROUSSARD</td>
<td>Task Lighting &amp; Chairs</td>
<td>$347,988</td>
<td>$49,500</td>
<td>$397,488</td>
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<tr>
<td>OFFICE SOURCE</td>
<td>Staff office furniture</td>
<td>$1,246,511</td>
<td>$346,500</td>
<td>$1,602,164</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$396,000</strong></td>
<td></td>
<td><strong>$1,999,652</strong></td>
</tr>
</tbody>
</table>

These costs will be funded from project funds.

Due to the nature of the furniture, fixture and medical equipment industries, there is limited opportunity for SMWVBE and local participation in this procurement. Although staff will make every effort to encourage participation, it is anticipated that the majority of the contracted dollars will be awarded to large, national vendors. The current level of SMWVBE and local participation on all CIP furniture, fixture, and equipment procurement was reviewed with the Board.

**RECOMMENDATION:** Staff recommends Board of Managers approval for the purchase of furniture from the recommended vendors in the amount of $396,000 for the Robert B. Green Campus.

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

**EVALUATION:** None.

**FOLLOW-UP:** None

**CONSIDERATION AND APPROPRIATE ACTION REGARDING REPORT FOR NOVEMBER 2012 FINANCIAL STATEMENTS—ROE GARRETT/PEGGY DEMING**

**SUMMARY:** For the month activity was down 2.5% for the Clinical Services (as measured based on discharges adjusted for outpatient activity). Community First Health Plan fully-insured membership was down 4.4%. From operations, the Health System experienced a gain of $12.9 million which was $12.6 million higher than the budgeted gain of $227,000 due primarily to higher operating revenue. Meaningful use incentive of $407,000 was recorded and was $80,000 over budget due to the CMA portion which was not budgeted. Investment income was under budget by $64,000 due to slightly lower interest rates than budgeted. An unrealized market loss of $50,000 was recorded in the month. The bottom line gain excluding debt service was $13.5 million which was $12.6 million higher than the budgeted gain of $874,000. Community First reflected bottom line loss of $210,000 which was $40,000 off from a budgeted loss of $170,000. Debt Service Revenue was $3.5 million which is equal to the budgeted portion of the Debt Service payment of $3.5 million. Mr. Garrett reviewed notable increases and/or decreases from the Consolidated Balance Sheet, and Mr. Hernandez outlined
various challenges with expenses and cash flow payments for 2012 that will not occur until July 2013.

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

ACTION: A MOTION to approve staff recommendation subject to audit was made by Mr. Briseno, SECONDED by Ms. Cedillo, and PASSED UNANIMOUSLY.

EVALUATION: None.

FOLLOW-UP: None

REPORTS AND EDUCATION:

REPORT ON RECENT RECOGNITIONS AND UPCOMING EVENTS—LENI KIRKMAN

SUMMARY: Ms. Kirkman provided a detailed, written report for the Board’s review. Mr. Hernandez noted an event to be hosted by LULAC National Education Services Center on December 21, honoring Mr. Jim Adams for his work in education. The Health System is sponsor of a table for high school students interested in health care careers.

RECOMMENDATION: None.

ACTION: None.

EVALUATION: None.

FOLLOW-UP: None.

INFORMATION ONLY ITEMS

UPDATE ON CAPITAL IMPROVEMENT PROGRAM ACTIVITIES—MARK WEBB

SUMMARY: Mr. Hernandez asked Mr. Webb to bring to the Board’s attention a budget neutral scope change for GMP 6L which was detailed in his monthly CIP update: Mr. Webb reported that during the October 30, 2012 Board meeting, GMP 6L was presented and approved with the plan to provide appropriate egress connecting the north and south building stairwells with emergency exit corridors and the public spaces such as restrooms, concierge desk, additional elevator, elevator lobby, and waiting room area to be finished out on the 6th floor shelled space of the new Clinical Pavilion at the Robert B. Green Campus.

However, in preparation of adding clinical components that match the modular flex clinic template, it was determined that the installation of the sanitary sewer pipe/fittings/carrier systems should be included at this point since that work impacts the ceilings of the 5th Floor Level. As such, the construction manager will lay out and core drill floor penetrations, as well as purchase and install sanitary sewer pipe/fittings/carrier systems in the ceilings of 5th Floor Level, for the entire 44,000 square feet of shell space in lieu of a portion of the original scope of GMP 6L.

This installation will prevent destructive work in the level 5 ceiling (removal and reinstall of ductwork, conduits, ceilings, gas lines, lights, etc.) once level 6 shell space is designed and built-out. Delaying this
work until after the Clinical Pavilion is opened would shut-down level 5 clinic/Ambulatory Surgery Center services temporarily and result in exponential cost increases due to construction acceleration cost, premium time, schedule sequencing, environmental protection, and staff safety along with other unanticipated consequences. This work should have been contemplated included in the original 6th floor Make Ready GMP 6L.

The revised scope of work for GMP 6L will be paid from a reallocation of funds already approved within the GMP. The work to be deferred until the floor is finished out includes architectural finishes, ductwork, and walls. The work that will still be completed at this time includes mechanical equipment, electrical and IT rooms and the 7th elevator.

Although the duration of this work will affect the final completion and close-out of the Clinical Pavilion changing the substantial completion date from March 20, 2013 to July 20, 2013, it will not affect the current scheduled substantial completion date for the first four floors in December 2012.

RECOMMENDATION: None.
ACTION: None.
EVALUATION: After Ms. Rivas clarified the assumption that the 6th floor will be used as clinical space, she cautioned staff that the Board of Managers has not approved the creation of a 6th floor at this time. In light of recent discussions tied to pediatric services, she urged staff to proceed carefully without assuming that the space will be approved for use by pediatric services. Mr. Hernandez acknowledged use of this space as being a Board decision.

Discussion ensued among the Board members regarding the CIP SMWVBE statistics for November. Mr. Briseno described the CIP’s impact to the community as significant (we can do better but can be proud) and commended staff for the great job. He noted that 74% of the CIP budget has been spent locally, and ought to be relayed to the general public via an economic impact study, as previously requested by Dr. Jimenez. Mr. Adams urged staff to continue to work with the various firms to increase the SWMBE rates and endorsed the SMWVBE participation requirements on behalf of the Board. Ms. Kirkman informed the Board that the Health System has engaged The University of Texas to conduct an impact study. The estimated completion timeline is soon after the holidays.

FOLLOW-UP: None.

UPDATE ON THE CLINICAL SERVICES BUILDING TRANSITIONAL ACTIVITIES—SERGIO FARRELL/GARY MCWILLIAMS, M.D.

SUMMARY: Mr. Farrell and Dr. McWilliams provided a detailed, written report on the transitional activities.

RECOMMENDATION: None.
ACTION: None.
EVALUATION:
FOLLOW-UP:  None

ANNOUNCEMENTS:

Mr. Adams reported that he, Ms. Cedillo, and Mr. Hernandez continue to meet on a regular basis with Health Science Center leadership on the children’s ambulatory network. He is extremely pleased with the objective manner in which both the staff and physician leaders are working together. His goal is to have a more definitive arrangement lined up by January, and has asked staff to make that information available to the Board as soon as possible. He re-assured the Board that neither he nor the staff have lost sight of the Health System’s role, which is to provide the best health care in an ambulatory setting. In addition, the Health Science Center is exceptionally aware that any action in regard to those health services must be approved by the Board.

ADJOURNMENT:

There being no further business, Mr. Adams adjourned the meeting at 5:15 pm.

__________________________________ ______________________________
Jim Adams     Rebecca Q. Cedillo
Chair, Board of Managers   Secretary, Board of Managers

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Sandra D. Garcia, Recording Secretary