BOARD MEMBERS PRESENT:

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

BOARD MEMBERS ABSENT:

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 Alsip, M.D., Executive Vice President/Chief Medical Officer, University Health System
Awoala Banigo, Senior Vice President, Operations/Chief Revenue Officer, University Health System
Edward Banos, Executive Vice President/Chief Operating Officer, University Health System
Ted Day, Executive Vice President, Strategic Planning and Business Development, University Health System
Sergio Farrell, Senior Vice President, Ambulatory Services, Robert B. Green, University Health System
Don Finley, Director, External Communications/Corporate Communications, University Health System
Greg Gieseman, President/Chief Executive Officer, Community First Health Plans, Inc.
Roe Garrett, Vice President/Controller, University Health System
William Henrich, M.D., President, UTHSCSA
Barbara Holmes, Vice President/Chief Financial Officer, Community First Health Plans, Inc.
Reed Hurley, Executive Vice President/Chief Financial Officer, University Health System
Michelle Ingram, Vice President/Chief Quality Officer, University Health System
Daniel Johnson, M.D., Herbert F. Mueller Chair in Ophthalmology, UTHSCSA
Monika Kapur, M.D., President/Chief Executive Officer, University Medicine Associates
Leni Kirkman, Senior Vice President, Strategic Communications and Patient Relations, University Health System
Karen McMurry, Interim Chief Legal Officer, University Health System
Priti Mody-Bailey, M.D., Medical Director, Community First Health Plans, Inc.
Bill Mundt, Deputy Chief Information Officer/Information Services, University Health System
CALL TO ORDER AND RECORD OF ATTENDANCE: JAMES R. ADAMS, CHAIR, BOARD OF MANAGERS

Mr. Adams called the meeting to order at 6:07 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE

Mr. Adams introduced Lucila Guyer, R.Ph., Clinical Pharmacist at the Texas Diabetes Institute, for the invocation, and he led the pledge of allegiance.

SPECIAL RECOGNITION: QUARTERLY EMPLOYEE RECOGNITION AWARDS (GEORGE B. HERNANDEZ, JR./BOARD MEMBERS) - The Board of Managers recognized the following employees:

Professional: Kathy Cook
(Nursing) Nurse Clinic Staff III, Hematology/Oncology

Professional: Susan Gardner
(Non-Nursing) Master Social Worker, Social Work Department

Management: Jackie Barrios
Patient Care Coordinator, Trauma Acute

Technical: Lottie Darden
Surgical Technician Team Leader, Operating Room

Clerical: Ariana Cruz
Registration Access Specialist, Radiology Support

Service: Roy Lopez
Maintenance Specialist – Maintenance & Minor Construction
Volunteer:  Huey Boulet  
Volunteer, Volunteer Services

Physician:  Illeana Silva, MD  
CMA Northwest Pediatric Pavilion

Team:  Child Life Team:  
Stephanie Gonzalez, Monica Gibson, Jessica Luna, Ashley Baker,  
Brittany Barnhill

All of this year’s quarterly recipients will be special honored guests at the Annual Recognition Awards Ceremony at the Omni Hotel on Thursday, February 23, 2017. 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. Mr. Engberg addressed the staff on behalf of the Board of Managers. He expressed gratitude for the skills and talents of the individuals honored today, and noted a common theme in the narratives shared – love. The staff loves the work they do, and they love the patients they serve. The Board is proud to see a roomful of people supporting these great employees.

CITIZENS’ PARTICIPATION:  None.

APPROVAL OF MINUTES OF PREVIOUS MEETING(S):

DECEMBER 13, 2016 (SPECIAL MEETING)

SUMMARY:  The minutes of the special meeting of Tuesday, December 13, 2016 were submitted for approval.

RECOMMENDATION:  Staff recommends approval of the minutes as submitted.

ACTION:  A MOTION to approve the minutes was made by Mr. Hasslocher, SECONDED by Mr. Engberg, and PASSED UNANIMOUSLY.

EVALUATION:  None.

FOLLOW-UP:  None.

REPORT FROM THE HEALTH SCIENCE CENTER – WILLIAM HENRICH, M.D., PRESIDENT

SUMMARY:  Dr. Henrich introduced the physician leaders present. His team has established the formation of an Alzheimer’s Center, a comprehensive place where individuals suffering from this disorder, and other neurodegenerative disorders, can come and be accurately diagnosed, treated, and connected to the best medical care available, and tap into many community resources that are somewhat fragmented at the present time. The center will feature specialists, access to clinical trials for new therapies, as well as support programs for caregivers. The opening of the center is slated to take place in the spring or summer of 2017, and there is no other place like it in San Antonio, or the country. The center will be named for a San Antonio banker, Glen Dix, and will be located on the 7th floor of the Medical Arts and Research Center (MARC), with plans to construct a separate building for the program in 3 to 4 years. Almost $45 million has been raised to date.
There are two Medical Director searches underway at the present time – one for the Alzheimer’s Center and one for the Cancer Therapy & Research Center.

The Medical Dean Search Committee is comprised of 29 members and met earlier today for the first time. The committee is chaired by Dr. Francisco Cigarroa with three former deans from Emory, Stanford and Penn serving as consultants. George Hernandez represents the Health System on this Committee.

Dr. Henrich introduced Dr. Ron Rodriguez who is serving as interim Dean of the School of Medicine. Dr. Rodriguez is a native of San Antonio, a graduate of Thomas Jefferson High School. He earned an undergraduate degree from the Massachusetts Institute of Technology, an M.D. and a Ph.D. from Baylor College of Medicine. He completed a residency as well as a fellowship at Johns Hopkins University School of Medicine. In 2013, he was recruited by Dr. Francisco Gonzalez from John Hopkins where he served as program director for urology training, to chair the UT Department of Urology. As chair of Urology, he knows many of the issues that the Health System and UTHSCSA face firsthand. He thanked Dr. Rodriguez for taking on this important role, for his enthusiasm, energy and vigor.

Dr. Rodriguez expressed gratitude, he sees many wonderful opportunities while he serves in this role. He attributed the Health System’s success and status as a testament to George Hernandez’s hard work and leadership. He offered his views on system dynamics and the natural conclusion that if a is defined properly it can create an institution of unbelievable power, an opportunity for UTHSCSA and the Health System. He described his vision – that both institutions unify in a way that financials, decision-making, and governance are in complete alignment and he asked for the Board’s support in these efforts. Mr. Adams thanked him for his remarks and for expressing the Board’s exact sentiments.

Dr. Plastino reported she has been working with a hospital-based physician advisory council, spear-headed by Mr. Roussos to review opportunities for improvements. She expressed excitement that the optimization of the electronic medical record is at the forefront for Health System leadership. She is working with Dr. Alsip and Mr. Phillips, who are in turn, working with Allscripts, to look at how we can make it faster and more efficient for the physicians because it has been a frustration. She and Dr. Dan Johnson are also reviewing the quality risk management process, working with Q/RM staff twice a month to revamp the process and make that system less punitive, and more of a quality process improvement to move forward and improve. She reported that provider score cards have been distributed to all UHS providers, which is exciting to the physicians because it allows them to know where they stand with, and how their patients think about them. Administration is working with professional staff services to see how the score cards, that will eventually go public, can be improved. Dr. Plastino also reported that at yesterday’s
MSRDP meeting of UT Medicine providers, the focus was improving communication with the Board of Managers and Health System leadership. She reiterated Dr. Rodriguez’s sentiments about working together as one system, the topic is being stressed by UT leadership.

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

CONSENT AGENDA – JIM ADAMS, CHAIR

CONSIDERATION AND APPROPRIATE ACTION REGARDING MEDICAL–DENTAL STAFF RECOMMENDATIONS FOR STAFF MEMBERSHIP – KRISTEN A. PLASTINO, M.D., PRESIDENT, MEDICAL/DENTAL STAFF

CONSIDERATION AND APPROPRIATE ACTION TO APPOINT STEPHEN R. KRAUS, M.D., F.A.C.S., INTERIM CLINICAL DEPARTMENT CHAIR, UROLOGY—KRISTEN A. PLASTINO, M.D., PRESIDENT, MEDICAL/DENTAL STAFF

CONSIDERATION AND APPROPRIATE ACTION REGARDING 4TH QUARTER INVESTMENT REPORT— ROE GARRETT/REED HURLEY

CONSIDERATION AND APPROPRIATE ACTION REGARDING COMMISSIONING OF A PEACE OFFICER FOR THE BEXAR COUNTY HOSPITAL DISTRICT— A.J. SANDOVAL, CHIEF OF POLICE/ED BANOS

CONSIDERATION AND APPROPRIATE ACTION REGARDING PURCHASING ACTIVITIES (SEE ATTACHMENT A) – FELIX ALVAREZ/FRANCINE WILSON

SUMMARY: The items listed above were presented for the Board’s consideration as consent items.

RECOMMENDATION: Staff recommended approval of the items on the consent agenda.
ACTION: A MOTION to approve the items listed on the consent agenda was made by Mr. Engberg, SECONDED by Ms. Barrera, and PASSED UNANIMOUSLY.
EVALUATION: At Mr. Engberg’s request, Chief Sandoval introduced peace officer candidate, Roger Sanchez, II, to the Board of Managers.
FOLLOW-UP: None.

ACTION ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING RENEWAL OF THE LOCAL MATCH AGREEMENT WITH THE CENTER FOR HEALTH CARE SERVICES FOR STATE FY 2017— TED DAY/SALLY TAYLOR, M.D.

SUMMARY: The purpose of this Memorandum of Understanding (MOU) with The Center for Health Care Services (Center) is to renew the agreement that
facilitates payment of a direct monetary contribution as part of the local match requested by the Texas Department of State Health Services (DSHS), in furtherance of the Health System’s sponsorship commitment. This local match is calculated as 9 percent of the total general revenue received by the Center from the Texas Department of State Health Services. The Center’s contract with DSHS includes metrics that the Health System can utilize to monitor the ongoing quality of services provided. In addition, this MOU will include metrics for outpatient linkage to Center services for patients being discharged from University Hospital or referred from the Health System’s outpatient behavioral health providers, including University Hospital’s Emergency Department. A Center employee currently serves as an in-hospital liaison at 0.75 FTE (incorporated in the FY2016 MOU). This role will be increased to 1.5 FTE in this year’s MOU. The liaison provides intake for Center services for patients being discharged, face-to-face assessments required to transfer patients to inpatient state funded beds, and care transition case management and navigation for patients between discharge and initial outpatient behavioral health follow-up. Staff has determined its level of support for CHCS’s state fiscal year 2017 to be the sum of $2,465,925.00, payable in four (4) equal installments of $616,481.25 each quarter beginning on September 1, 2016 and these payments shall continue until August 31, 2017. The cost of this agreement has been incorporated into the Health System’s 2017 budget.

RECOMMENDATION: Staff recommends Board of Managers’ approval to execute an Agreement with The Center for Health Care Services in the amount of $2,465,925.00, payable in four (4) equal quarterly installments of $616,481.25 for the period beginning September 1, 2016 through August 31, 2017.

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.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONSTRUCTION MANAGEMENT SERVICES CONTRACT WITH JOERIS GENERAL CONTRACTORS, LTD. FOR THE NEW NORTHWEST CLINIC & DIALYSIS CENTER—MARK WEBB

SUMMARY: On August 26, 2016, the Health System solicited a Request for Proposals (RFP) for Construction Manager at Risk Services for the new Clinic and Dialysis Center in the South Texas Medical Center. The overall projected budget is approximately $21.1M with an estimated construction cost of $15M. Responses were received on September 27, 2016, from 12 firms. A selection committee comprised of staff from Facilities Development, Ambulatory, Dialysis, and Information Technology evaluated the firms that responded to the request for proposals. Upon committee review, 6 of the 12 firms proposing were identified as having relevant experience and qualifications for this project:

Bartlett Cocke, Byrne | Preston Banks, Joeris General Contractors, Ltd., SpawGlass, Turner | Straightline Joint Venture, and Vaughn Construction

These six firms were invited to present additional information about their proposed team, experience, and overall qualifications at interviews held on various dates in November and December, 2016. Each firm’s proposal was
evaluated on its completeness, logic, use of industry best practices, and overall quality in regards to the following selection criteria: Firm history and capabilities, references, relevant projects, team/principals/personnel, capabilities, experience chart, and primary contact, project pre-construction phase services plan, project construction phase services plan, project team collaboration/teaming, fee proposal, community outreach plan, and financial/legal/contractual. The selection committee ranked the respondents as follows:

<table>
<thead>
<tr>
<th>Firm Name</th>
<th>Committee Scoring</th>
<th>Grand Total Fees, GC Const &amp; Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bartlett Cocke</td>
<td>69.33</td>
<td>$2,050,582</td>
</tr>
<tr>
<td>Byrne &amp; Preston Banks</td>
<td>78.83</td>
<td>$1,042,215</td>
</tr>
<tr>
<td>Joeris</td>
<td>85.33</td>
<td>$1,203,145</td>
</tr>
<tr>
<td>SpawGlass</td>
<td>75.33</td>
<td>$1,698,344</td>
</tr>
<tr>
<td>Turner &amp; Straightline</td>
<td>84.50</td>
<td>$1,317,500</td>
</tr>
<tr>
<td>Vaughn</td>
<td>69.50</td>
<td>$1,540,868</td>
</tr>
</tbody>
</table>

Staff has reviewed and negotiated the fees for these services for the design and construction phases for the Northwest Clinic and Dialysis Center in the amount of $1,203,145, to be paid from project funds. The overall project budget is $21,100,000. The initial funding of the Construction Manager Services fees will allow architect/engineers and construction manager to prepare preliminary designs and establish accurate estimates and cost efficient approaches for all the work involved. Based upon selection committee interviews and the written information provided by these candidate firms, the committee recommends contract award to Joeris General Contractors, Ltd., as the best value selection to provide Construction Management services on this project. Joeris General Contractors is a local company with a total of 400 employees; vendor has established a target of 35 percent for SMWVBE participation. The workforce composition data was provided for the Board’s review.

**RECOMMENDATION:** Staff recommends Board of Managers’ approval to execute a Construction Manager at Risk Services contract with Joeris General Contractors in the amount of $1,203,145 for the Northwest Clinic and Dialysis Center.

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

**EVALUATION:** None.

**FOLLOW-UP:** None.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING THE REDUCTION OF GUARANTEED MAXIMUM PRICE (GMP) WITH ZACHRY VAUGHN LAYTON FOR ADMINISTRATIVE ALLOWANCES AND SKY TOWER PROJECT AT UNIVERSITY HOSPITAL (GMPS 4 & 13)—MARK WEBB**

**SUMMARY:** In September 2010, the Board approved GMP 4 for administrative allowances to cover the Construction Manager’s reimbursable expenses incurred in connection with: the performance of the work and services for the entire term of the Project; utilization of a Contractor Controlled Insurance Program (CCIP), and the provision of Builder’s Risk Coverage. Subsequent GMPs were developed to provide for miscellaneous and lease expenses associated with the Project Office at Highpoint Tower and associated utility costs. In October 2010, the Board approved GMP 13 for curtain wall design assist pre-construction
services and construction services packages to allow the use of design assist sub-contractors/consultants for the design team and the construction manager in determining the best programmatic, economical, and constructible design solutions for the Sky Tower. Subsequent GMPs were incrementally developed to facilitate the construction of the Sky Tower. A combined credit for GMP 4e ($246,355) and GMP 13ff ($78,780) in the amount of ($325,135) will be returned to the Health System and allow funding of other needed projects in order to maintain the goals of Triple Aim Plus to improve patient care experience, quality and outcomes, efficiency, and access by continuing the implementation of the long range Master Facility Plan.

RECOMMENDATION: Staff recommends Board of Managers’ approval to execute an amendment to the existing ZVL Construction Management Agreement for deductions for GMPs #4e and #13ff in the total credit amount of ($325,135).

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 A CONTRACT WITH TEJAS PREMIER BUILDING CONTRACTOR, INC. FOR THE MASONRY REPAIR OF THE EXTERIOR EAST WALL OF THE RIO TOWER—MARK WEBB

SUMMARY: The existing exterior brick on the East Wall of the Rio Tower has cracked and become loose over time. To ensure safety of staff and visitors, a netting system was put in place until repairs could be completed. Jaster-Quintina Structural Engineers were hired to develop project drawings for the masonry repair and replacement. Based on those drawings, Tejas Premier was engaged through a competitive bid process to repair approximately 650 square feet of existing exterior walls. Work began in 2016 for a total contracted amount of $371,243. Staff issued bid number RFCSP #216-09-043-CNST for an expanded scope of Masonry Repair of the exterior East Wall of the Rio Tower which includes the following: removal of the brick from the east face of the building to allow proper support of the veneer to be established, replace the existing angles with hot dip galvanized shelf angles and provide shim plates as required, provide properly designed horizontal expansion joints, anchor and reinforce the existing CMU backup wall to the concrete building frame, and apply new waterproofing membrane. Three (3) proposals were received as outlined below:

- Tejas Premier Building Contractor, Inc. - $1,312,888
- Stoddard Construction - $1,125,000
- HJD Capital Electric, Inc. - $1,850,993

All proposals were evaluated by a selection committee consisting of four Facilities Development project managers, and it recommends the Tejas Premier proposal was rated as the best value due to the experience of the personnel proposed for the project, excellent safety record, extensive experience doing similar work and company stability. This request is for approval of a contract to address the masonry issues and safety concerns
at the exterior East Wall of the Rio Tower in the amount of $1,312,888, which would bring the total project cost to $1,684,131. In the 2017 operating budget, additional project costs were funded at $500,000. Staff recommends approval of funding for the remainder amount of $812,888 from 2017 operating monies. Tejas Premier has a total of 51 employees, the workforce composition data was provided for the Board’s review.

RECOMMENDATION: Staff recommends Board of Managers’ approval of funding in the amount of $1,312,888.00 for a contract with Tejas Premier Building Contractor, Inc., for the needed Masonry Repair of the exterior East Wall of the Rio Tower.

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

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH SPAWGLASS BUILDING SERVICES TO RENOVATE A SECTION OF THE 2ND FLOOR HORIZON TOWER TO ACCOMMODATE A NEW RECOVERY SUITE FOR ADVANCED ENDOSCOPY, HORIZON—MARK WEBB

SUMMARY: Staff has developed plans for the establishment of an Advanced Endoscopy Recovery Suite in space at the south end of the Horizon Tower 2nd Floor. This space was vacated when the Sky Tower opened. The project will involve establishing a five bed recovery room with related nursing and restroom areas, and will also include a waiting area for those who have accompanied the patient to the hospital. The beds will be provided with code required medical gasses, as well as electrical and data connectivity. The design has been developed such that the space can be used in the future for imaging exam rooms with very minor modifications. The scope of work also includes the replacement of finishes and mechanical, electrical and plumbing systems in the 5 bed recovery suite. Cabinets and fixtures will be provided to create the new nurses station and a new air conditioning system will be installed to meet code requirements for fresh air. The scope of work was competitively bid to Construction Managers currently working at University Hospital and qualified GPO Contractors. Pricing received was as follows:

- SpawGlass Building Services - $486,223
- Joeris General Contractors - $541,556
- Byrne|Preston Banks Joint Venture - $969,832

All proposals were evaluated by staff and the SpawGlass proposal was selected as the best value proposal due to their competitive pricing and previous successful projects. This request is for approval of a contract to renovate space on 2nd Floor Horizon Tower for a new five bed Advanced Endoscopy Recovery at a cost of $516,223, which includes an owners allowance for unknowns of $30,000. This purchase is being funded with available contingency from 2017 capital funds and has no impact on the Health System’s operating budget. SpawGlass Building Services has a total of 192 employees, the workforce composition data was provided for the Board’s review.
RECOMMENDATION: Staff recommends Board of Managers’ approval of funding in the amount of $516,223 for a contract with SpawGlass Building Services for the renovation of space on the 2nd Floor Horizon Tower for a new five bed Advanced Endoscopy Recovery area, and an Owner’s Allowance of $30,000 for unforeseen issues.

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

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE A REDUCTION TO THE PRESIDIO CONTRACT FOR THE DATA COMMUNICATION INSTALLATION FOR THE PEDIATRIC PROGRAM AND AN INCREASE IN THE CONTRACT WITH BYRNE | PRESTON BANKS JOINT VENTURE GUARANTEED MAXIMUM PRICE PROPOSAL (GMP# 03A) FOR CONSTRUCTION OF THE 9TH FLOOR PCCU AND 12TH FLOOR MSU AT UNIVERSITY HOSPITAL—MARK WEBB

SUMMARY: As part of the originally conceived renovation of the Horizon Tower to centralize the Pediatric Services, the Board approved the awarding of a contract to Presidio for Data Communications Systems Improvements for the Horizon Tower in the amount of $6,182,183. Due to the reduction in scope of the Pediatric Program, this contract was previously approved to be reduced by the Board of Managers by $2,112,825 which leaves a remaining contract amount of $4,069,358. Due to various project changes and pricing advantages, a portion of the remaining funds in the Presidio contract can be reallocated to complete both data communications and other work for the completion of both the 9 Floor PCCU and the 12th Floor MSU both being performed by the Byrne|Preston Banks Joint Venture. There is no change to the overall project budgets associated with this item. Staff proposes a reduction in the Presidio contract in the amount of $330,000 and reallocation of those funds to the Byrne|Preston Banks contract in the same amount which will be put in place as GMP# 03a, with the items below under consideration to be included:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soiled Utility Room monolithic ceilings and floors</td>
<td>$15,000</td>
</tr>
<tr>
<td>Patient Room(s) VCT replace</td>
<td>$14,000</td>
</tr>
<tr>
<td>Replacement light fixtures (where lens’ covers cannot be found for units no longer manufactured)</td>
<td>$11,000</td>
</tr>
<tr>
<td>Grout repair in patient restrooms</td>
<td>$8,000</td>
</tr>
<tr>
<td>Skim Coat and Ceiling Tiles as needed for ICU side of 12th Floor Horizon</td>
<td>$45,000</td>
</tr>
<tr>
<td>Bring Four Isolation Rooms to updated standards</td>
<td>$40,000</td>
</tr>
<tr>
<td>Misc. Punchlist items yet to be defined</td>
<td>$15,000</td>
</tr>
</tbody>
</table>
The participation goal for SMWVBE is 35 percent and the local participation goal is 80 percent. Byrne|Preston Banks is a joint venture company made up of two SMWBE certified companies. Byrne Construction Services is certified by the South Central Texas Regional Certification Agency (SCTRCA) as a Minority Business Enterprise (MBE) and a Veteran Business Enterprise (VBE). Preston Banks Construction Company, LLC is certified by the South Central Texas Regional Certification Agency (SCTRCA) as an African American Business Enterprise (AABE), Emerging Small Business Enterprise (ESBE), Minority Business Enterprise (MBE), and a Small Business Enterprise (SBE). Byrne has a total of 103 employees. The workforce composition data was provided for the Board’s review.

RECOMMENDATION: Staff recommends Board of Managers’ approval to execute a contract amendment with Presidio Network Solutions Group LLC to reduce its contract for the pediatric program in the amount of $330,000; and approval to execute a contract amendment with Byrne|Preston Banks Joint Venture to increase its contract for the Pediatric Program in the amount of $330,000 to be executed as GMP #03a.

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 THE CONTRACT WITH BYRNE | PRESTON BANKS JOINT VENTURE ACTING AS CONSTRUCTION MANAGER AT RISK TO INCLUDE GUARANTEED MAXIMUM PRICE (GMP #04) FOR THE NEONATAL INTENSIVE CARE UNIT (NICU) AT UNIVERSITY HOSPITAL AND THE APPROPRIATION OF FUNDS FOR MOVEABLE FURNISHINGS AND EQUIPMENT FOR THE NEONATAL INTENSIVE CARE UNIT—MARK WEBB

SUMMARY: This is a request for appropriation and funding for the total project costs associated with the build out of the 10th Floor Horizon to provide for the decompression and expansion of the existing NICU. The 19,850 square foot NICU will include the following functional areas: 23 single patient rooms, waiting room, parental changing area, nurses stations, staff workroom, offices, staff support space, blood gas lab, clean and soiled utility spaces, an infant formula storage area, offices, equipment storage, and parent room. As previously reported to the Board of Managers, Byrne|Preston Banks (B|PB) was selected as the Construction Manager at Risk for the current renovation projects in the Horizon Tower. To date, four (4) guaranteed maximum prices (GMPs) have been submitted. Mr. Webb reviewed all of the GMPs and their respective amounts with the Board. GMP 04 is for the preparation of the 10th Floor Horizon Tower to accommodate the neonatal intensive care unit (NICU; decompression of existing services provided on the fifth floor) in the amount of $503,000.
for a total commitment inclusive of this proposal at $7,546,661. As of July 19, 2016, the control estimate for GMP 04 was $4,350,000. Final completion of the NICU involves outfitting the space with moveable items to include active IT, medical equipment, and furniture, fixtures, and equipment (FF&E). The total estimated project cost of these items is as follow:

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction –GMP #04 with B</td>
<td>PB</td>
</tr>
<tr>
<td>Medical Equipment</td>
<td>$990,000</td>
</tr>
<tr>
<td>Furniture, Fixtures, and Equipment</td>
<td>$132,000</td>
</tr>
<tr>
<td>Active IT</td>
<td>$200,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,825,000</strong></td>
</tr>
</tbody>
</table>

The items above will be funded with available contingency from 2017 capital funds and have no impact on the Health System’s operating budget. Items falling within required approval thresholds will be brought to the Board for consideration in the next few months as bids/pricing is received. The overall commitment to B|PB remains well within the original Project Construction Cost Limitation (CCL) as staff minimizes expenditures in preparation for the new women, infant, and children’s tower. The participation goal for SMWVBE is 35 percent and the local participation goal is 80 percent. Byrne Preston Banks is a joint venture company made up of two SMWBE certified companies. Byrne Construction Services is certified by the South Central Texas Regional Certification Agency (SCTRCA) as a Minority Business Enterprise (MBE) and a Veteran Business Enterprise (VBE). Preston Banks Construction Company, LLC is certified by the South Central Texas Regional Certification Agency (SCTRCA) as an African American Business Enterprise (AABE), Emerging Small Business Enterprise (ESBE), Minority Business Enterprise (MBE), and a Small Business Enterprise (SBE). Byrne has a total of 103 employees and Preston Banks has a total of 6 employees. The workforce composition data for both vendors was provided for the Board’s review.

**RECOMMENDATION:** Staff recommends Board of Managers’ approval of both the purchase orders for all Medical Equipment, FF&E, and Active IT for the NICU in the amount of $1,825,000; and approval to execute a contract amendment with Byrne Preston Banks Joint Venture for GMP# 04 in the amount of $503,000.

**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 THE CONTRACT WITH BYRNE | PRESTON BANKS JOINT VENTURE ACTING AS CONSTRUCTION MANAGER AT RISK TO INCLUDE GUARANTEED MAXIMUM PRICE PROPOSAL (GMP #05) FOR A PEDIATRIC CARDIAC CATHETERIZATION LAB ON 11TH FLOOR HORIZON TOWER AND THE APPROPRIATION OF FUNDS FOR MOVEABLE FURNISHINGS AND EQUIPMENT FOR THE PEDIATRIC CARDIAC CATHETERIZATION LAB—MARK WEBB

SUMMARY: This request is for the installation of a Pediatric Cardiac Cath Lab on the 11th Floor of the Horizon Tower, key imaging equipment (which can be moved at a future date), and minimal renovations to accommodate the equipment and a control room. Completion of the Pediatric Cardiology Catheterization Lab involves designing and constructing the space and outfitting it with moveable items including medical equipment, furniture, fixtures & equipment, and information technology. As previously reported to the Board of Managers, Byrne|Preston Banks was selected as the Construction Manager at Risk for the renovation projects within the Horizon Tower. The estimated cost of these items is approximately $3,600,000. Funding for this project is available through existing capital funds in the Heart and Vascular Institute project that was previously approved by the Board of Managers and is in line with overall cardiothoracic and cardiovascular strategic plan of the Health System. Mr. Webb reviewed all of the GMPs approved to date, respective control estimates and amounts. Total commitment inclusive of the proposed GMP #05 is $8,428,661. The participation goal for SMWVBE is 35 percent and the local participation goal is 80 percent. Byrne|Preston Banks is a joint venture company made up of two SMWBE certified companies. Byrne Construction Services is certified by the South Central Texas Regional Certification Agency (SCTRCA) as a Minority Business Enterprise (MBE) and a Veteran Business Enterprise (VBE). Preston Banks Construction Company, LLC is certified by the South Central Texas Regional Certification Agency (SCTRCA) as an African American Business Enterprise (AABE), Emerging Small Business Enterprise (ESBE), Minority Business Enterprise (MBE), and a Small Business Enterprise (SBE). Byrne has a total of 103 employees and Preston Banks has a total of 6 employees. The workforce composition data for both vendors was provided for the Board’s review.

RECOMMENDATION: Staff recommends Board of Managers’ approval of the purchase orders for all medical equipment, FF&E, and Active IT for the Pediatric Catheterization Lab in the amount of $3,600,000; and approval to execute a contract amendment with Byrne|Preston Banks Joint Venture in the amount of $985,000 for GMP #05.

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

EVALUATION: None.

FOLLOW-UP: None.
CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH TEJAS ANESTHESIA P.A. FOR PEDIATRIC ANESTHESIA SERVICES—ALLEN STRICKLAND

SUMMARY: Due to the expansion of pediatric services within the Health System, there is an increased need for pediatric anesthesia support which University Health Science Center at San Antonio (UTHSCSA) is unable to provide. Additionally, contracting with Tejas for these professional services provides operational and financial efficiencies to the Health System, which is due to Tejas being able to more easily flex their staffing to the daily activity in the RBG operating suites. In 2014, the Board of Managers approved a three year contract with Tejas Anesthesia which expires February 28, 2017. Due to additional pediatric surgical and radiological volume, this contract was amended in 2016 for additional funding. The total amount of this contract, as amended, is $7,960,000. The average monthly expense for the most recent 12e months is $270,000 per month. The amount requested for the subsequent contract covering another three year period beginning March 1, 2017 is $9,750,000. Although this is an increase of 22 percent over the previous contract, it is based on the current monthly expense which is expected to remain relatively stable. There is no change in the pricing of anesthesia services provided by Tejas. This is a planned expense and is included in the 2017 Annual Operating Budget. Tejas Anesthesia, P.A. has a total of 142 employees, the workforce composition data was provided for the Board’s review.

RECOMMENDATION: Staff recommends Board of Managers’ approval of a contract with Tejas Anesthesia for specialized pediatric and other supplemental anesthesia services in the amount of $9,750,000 for a three year period beginning March 1, 2017.

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

EVALUATION: None.
FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING AMENDMENT OF A CONTRACT WITH PEDIATRIX MEDICAL SERVICES, INC. FOR PEDIATRIC, NICU AND ECMO SURGICAL SERVICES—ALLEN STRICKLAND

SUMMARY: This item was not presented, Mr. Hernandez pulled it from today’s Board agenda.

RECOMMENDATION: None.
ACTION: None.
EVALUATION: None.
FOLLOW-UP: None.
CONSIDERATION AND APPROPRIATE ACTION TO AMEND A CONTRACT WITH PRICERWATERHOUSE COOPERS (“PWC”) FOR REVENUE CONSULTING SERVICES—

REED HURLEY

SUMMARY: The Health System currently has an agreement with PricewaterhouseCoopers Advisory Services, LLC (PwC) to review the annual Medicare Cost Reports from 2007 through 2015 for potential opportunities for reimbursement. PwC was selected as the Medicare cost report consultant after RFP (213-08-039-SVC) was completed in 2014. The purpose of this agreement is to further engage PwC to review and implement the designation of University Health System (UHS) as a Rural Referral Center (RRC). PwC has identified a Medicare reimbursement opportunity due to recent changes in CMS rules and regulations that allow hospitals to qualify for higher reimbursement through reclassification as a RRC. This is a strategy that will take several years to fully implement. The strategy will first lower Medicare reimbursement for 21 months when the Health System will be designated as Rural and fall in the rural service delivery area (SDA), then will increase payments by filing with the Medicare Geographic Classification Review Board for reclassification to Austin. After five years the net Medicare reimbursement increase is estimated to be $19 million. There will be an impact to Medicaid reimbursement as well, that which could triple the revenue improvement. However, the Health System has engaged Gjerset & Lorenz to confirm these amounts and potential interactions with other Medicaid programs such as Uncompensated Care and Disproportionate Share. Staff conservatively estimates that Medicaid payments will be improved by $10 million over the next five years. The current contract with PwC focuses on cost report reviews where PwC receives 15 percent of any incremental cost report settlements based on their work. For example, their review of the 2011 Medicare Cost Report produced approximately $1 million in additional reimbursement for the Health System. Staff negotiated a 10 percent contingency fee with a cap of $2,725,000 for this scope of work. The contingent fee will be paid based on additional reimbursement received for a three year period beginning January 1, 2018 and ending on December 31, 2020.

RECOMMENDATION: Staff recommends Board of Managers’ approval to execute a contract amendment with PricewaterhouseCoopers Advisory Services, LLC at a cost not to exceed $2,725,000.

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 THE FINANCIAL, OPERATIONS AND QUALITY REPORT FOR DECEMBER 2016—REED HURLEY/EDWARD BANOS/BRYAN ALSIP, M.D.

SUMMARY: In December clinical activity (as measured by inpatient discharges) was up 5.0 percent for the month compared to budget. Community First
Health Plan (CFHP) fully-insured membership was down 3.0 percent due to lower membership in STAR Medicaid. Gain from operations was $14.9 million, $4.7 million better than budget. The bottom line gain (before financing activity) was $8.8 million, $5.7 million better than budget and was due primarily to higher patient revenue and premium revenue at CFHP. Debt Service Revenue was $4.7 million which is higher than the budgeted Debt Service payment of $4.5 million. Mr. Hurley reviewed notable increases and/or decreases from the Consolidated Balance Sheet in detail with the Board. Mr. Banos continued last month’s update regarding 2017 organizational goals and the goal management reporting tool. He provided four sample goals by the Department of Pathology, targets, baselines, current statuses, accomplishments, challenges, and next steps for each of the goals, which are all tied to operating expenses. Dr. Alsip provided an overview of the various Hospital Rating Agencies, an extensive list of organizations that monitor healthcare and publish data that publicly compare individual hospitals. This list of organizations is growing in volume and visibility. He reviewed the various reasons rating agencies are important and the reasons they pose challenges, and the informed the Board that the staff has identified the following as priority rating agencies for the Health System:

- **U.S. News & World Report**
  - University Health System #1 in SA & #6 in Texas
  - Academic Medical Centers tend to rank higher

- **The Leapfrog Group**
  - Letter Grade on Hospital Safety
  - Significant improvement 2013-2016

- **CMS Star Rating for Hospitals**
  - New rating – Dec 2016
  - University Health System received poor grade (1 of 5 stars)
  - Safety net hospitals tend to rank lower

Dr. Alsip shared several goals related to these hospital rating agencies using the goal management tool and he presented an action plan, as well as a plan for communicating with the Board of Managers.

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

**ACTION:** A **MOTION** to approve staff’s recommendation was made by Mr. Engberg. There being **NO OBJECTION**, the **MOTION CARRIED**.

**EVALUATION:** None.

**FOLLOW-UP:** None.

**INFORMATION ONLY ITEMS:**

**UPDATE ON FACILITIES DEVELOPMENT ACTIVITIES — MARK WEBB**

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

**REPORT ON NURSE STAFFING EFFECTIVENESS — MICHELLE GONZALES/NANCY RAY**

**REPORT ON THE 85TH LEGISLATIVE SESSION — ANDREW SMITH**
SUMMARY: Mr. Adams directed the Board members’ attention to the four (4) written reports above. He urged his colleagues to contact staff with specific comments, questions, or suggestions.

RECOMMENDATION: These reports were provided for informational purposes only.

ACTION: No action by the Board of Managers was required.

EVALUATION: None.

FOLLOW-UP: None.

CLOSED MEETING:

The Chairman, Mr. Adams, announced this meeting closed to the public at 7:54 p.m., pursuant to TEX. GOV’T CODE, Section 551.074 to evaluate the performance and duties of the President/CEO. The following Board members were present: James Adams, Ira Smith, Janie Barrera, Robert Engberg, and James Hasslocher. After discussion, no action was taken in closed session. Mr. Adams announced the closed meeting ended at 8:37 p.m., and he reconvened the public meeting.

ADJOURNMENT:

There being no further business, Mr. Adams adjourned the Board meeting at 8:37 p.m.

James R. Adams
Chair, Board of Managers

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

Sandra D. Garcia, Recording Secretary