MINUTES

BOARD MEMBERS PRESENT:

Robert L. Jimenez, M.D., Chair
Robert Engberg
Linda Rivas
Rebecca Q. Cedillo

BOARD MEMBERS ABSENT:

Jim Adams, Vice Chair
Ira Smith, Secretary
Alex Briseño

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
Francine Crockett, Vice President, Materials Management, University Health System
Peggy Deming, Executive Vice President/Chief Financial Officer, University Health System
Sergio Farrell, Vice President/Ambulatory Services, University Health System
Michael Hernandez, Vice President, Legal Services and Risk Management, University Health System
Leni Kirkman, Vice President, Strategic Communications & Patient Relations, University Health System
Gary McWilliams, M.D, Executive Vice President/Chief Ambulatory Services Officer, University Health System
Bill Phillips, Vice President/Chief Information Officer, University Health System
Christann Vasquez, Executive Vice President/Chief Operating Officer, University Health System
Mark Webb, Vice President, Facilities and Project Development, University Health System
Mark Spencer, Student Observer
And other attendees.

MEDIA:

Richard Marini, San Antonio Express News
CALL TO ORDER AND RECORD OF ATTENDANCE: ROBERTO L. JIMENEZ, M.D., CHAIR, BOARD OF MANAGERS

Dr. Jimenez called the meeting to order at 1:40 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Volunteer Chaplain Loretta Welsh said the invocation and Dr. Jimenez led the pledge of allegiance.

CITIZENS’ PARTICIPATION: None.

NEW BUSINESS:

ITEMS RELATED TO PLANNING & OPERATIONS – LINDA RIVAS, CHAIR, PLANNING & OPERATIONS COMMITTEE

UPDATE ON CAPITAL IMPROVEMENT PROGRAM ACTIVITIES – MARK WEBB

SUMMARY: Mr. Webb provided a detailed written report regarding CIP activities on both campuses. He reviewed safety information, workforce statistics, building/site modifications and changes, traffic changes and parking. Last week approximately 360 more parking spaces were opened up in the west parking garage at University Hospital. The final forensic report regarding the partial collapse will be available in mid-to late August with a public presentation to the Board in September. The report will outline any financial liabilities as a result of the collapse; however, so far, it has fallen back on ZVL. The contractor has started paying certain bills that resulted from incident.

Mr. Webb provided a breakdown of GMPs approved to date by the Board of Managers and included cost for control estimates, GMP amounts, savings from GMPs under contract, and overall savings. The next CIP sponsored blood drive is scheduled for August 3, 2011. He reviewed a summary of SMWBE participation levels and noted that utilization of African American and Small Business enterprises for construction services at the downtown facility had increased since last month for Barlette Cocke.

On Wednesday, July 20, 2011 the Hispanic Contractors Association de San Antonio, which promotes and supports the educational advancement and growth of small, minority, and women owned contractors will honor ZVL and Barlett Cocke as nominees in the general contractor category and UHS in the owner category.

RECOMMENDATION: None.

ACTION: None.

EVALUATION: Dr. Jimenez suggested that Mr. Hernandez provide an update to the Bexar County Commissioners Court regarding SMWBVE participation levels and also that staff track the economic impact to the community of the CIP as it moves towards completion.
FOLLOW-UP: Mr. Hernandez will arrange a presentation to Commissioners Court and will notify the Board members of date and time.

ITEMS RELATED TO BUDGET & FINANCE – ROBERT ENGBERG, CHAIR, BUDGET & FINANCE COMMITTEE

ITEMS RELATED TO THE CAPITAL IMPROVEMENT PROJECT:

UNIVERSITY HOSPITAL:

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH GORDON HUETHER REGARDING DESIGN ENHANCEMENT SERVICES FOR WAY FINDING IN THE WEST AND NORTH PARKING GARAGES—MARK WEBB

SUMMARY: This agreement provides services to design and fabricate a unique circulation and way finding system in the West and North Parking Garages. This system will help to ensure that patients, visitors, and staff have an efficient and effective means of circulation from the parking garages to the front door of the new tower. The scope of work includes the fabrication and installation of fused glass tiles, over 300 photographic metal panels and insulated glass units with photographic transfers as well as a sub-contracted photographer. The amount of this contract is $450,000, and the term is a twenty week period. Funding is available through Bond Proceeds. The total fee for all services and materials is $570,000. In an effort to keep the project on schedule with completion of the West Parking Garage in early 2012, a $120,000 payment has already been executed and authorized. The remainder of the services are requested in this agreement. Gordon Huether + Partners, Inc., is classified as a Small Business Enterprise (SBE). Gordon Huether + Partners has a total of 11 employees. The workforce composition data was reviewed with the Board.

RECOMMENDATION: Staff recommends Board of Managers approval of an Agreement with Gordon Huether Studio in the amount of $450,000.00 for design enhancement services associated with way finding in the West and North Parking Garages and authorize the President/CEO to execute the Agreement in the amount of $450,000.00.

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

EVALUATION: The goal of this project is to aid visitors, patients, and staff in remembering their parking location using iconic local images. Each floor will be named and will identify with each of the following: Tower of the Americas, Fort Sam Houston, Bexar County Courthouse, Market Square, Missions, Main Plaza, Riverwalk, La Villita, King William Historical District, and Sunken Tea Garden. Board members encouraged staff to embody all of the cultural ethnicities of San Antonio. Additional tile will be available on site for maintenance of the artwork that might become necessary. Graffiti is easy to remove and the tile is easy to remove as well. Dr. Jimenez asked staff to consider appropriate signage
informing the public that the facilities are under video surveillance to deter graffiti, property damage, and/or physical attacks.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING CLOSE-OUT OF VARIOUS GUARANTEED MAXIMUM PRICES (GMPS) RELATED TO ENABLING PROJECTS: UTHSC-SA SCHOOL OF NURSING MOCKUPS (GMP#6), INTERIM MAIN ENTRY (GMP#10), AND PHYSICIAN’S PARKING GARAGE HELIPORT/DIESEL AND JET FUEL STORAGE (GMPS #5, #5R, #5B AND #14) -MARK WEBB

SUMMARY: The following Enabling Projects have been completed and are ready to be closed out:

<table>
<thead>
<tr>
<th>Description</th>
<th>ZVL GMP Amount</th>
<th>ZVL Final Cost</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>GMP#6 UTHSC-SA School of Nursing Mockups</td>
<td>$618,021</td>
<td>$301,652</td>
<td>($316,369)</td>
</tr>
<tr>
<td>GMP #10 Interim Main Entry</td>
<td>$1,373,332</td>
<td>$1,120,591</td>
<td>($252,741)</td>
</tr>
<tr>
<td>GMP #5a SPG Heliport Adjustment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GMP#5R SPG Heliport Jet Fuel System Structure for Fuel Storage &amp; Temp Jet Fuel Storage</td>
<td>$4,550,793</td>
<td>$4,797,282</td>
<td>$246,489</td>
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<tr>
<td>Total</td>
<td>$6,542,146</td>
<td>$6,219,525</td>
<td>($322,621)</td>
</tr>
</tbody>
</table>

RECOMMENDATION: Staff recommends the Board of Managers approve close out of GMP’s #6, 10, 5a, 5R, 5b, and 14 in the amount of $6,219,525 and authorize the President/CEO to adjust the amendments to the Zachry Vaughn Layton Construction Management Agreement in the total amount of $(322,621).

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

EVALUATION: The participation goal for SMWVBE is 40% and the local participation goal is 80%. To date, SMWVBE participation of awarded construction projects is 38.54% and local participation is 86.10%. 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 following SMWVBE numbers have been achieved for all construction GMPs to date:
GMP Dollars Awarded to date | Current Contracted | SMWVBE Contracted | Current Local Contracted | Amount Remaining | % SMWVBE (of Contracted)
--- | --- | --- | --- | --- | ---
$227,725,898 | $187,197,409 | $72,149,681 | $161,168,981 | $40,528,489 | 6.01% SBE
.34% African American
9.87% Hispanic
3.74% Asian
.41% Other Minority
16.91% WBE
1.27% Veteran
38.54% Total

FOLLOW-UP: None.

ROBERT B. GREEN CAMPUS

CONSIDERATION AND APPROPRIATE ACTION TO AMEND PROFESSIONAL SERVICE CONTRACT WITH ENGINEERING ECONOMICS INCORPORATED (EEI) FOR COMMISSIONING SERVICES ASSOCIATED WITH ROBERT B. GREEN AMBULATORY SURGERY CENTER—MARK WEBB

SUMMARY: Modification #2 amends the Professional Service Contract for Commissioning Services associated with the Robert B. Green Ambulatory Surgery Center (ASC). The addition of the ASC affects commissioning by adding one operating room (OR) and associated surgery support services to the building. Commissioning the OR requires verification of several aspects of the building (i.e. space pressurization, monitors and alarms, confirmation of the air valve/building automation system interface, OR humidity, OR unoccupied sequence, and surgery smoke control sequence). Commissioning activities associated with support services for the surgery program include verification of electric steam boilers that supply steam for sterilization and focused-scope commissioning of the nurse call system. Funding of this amendment is through the Contingency Pool. The original contract in the amount of $498,300 was approved by the BCHD Board of Managers in May 2010. Modification #1 was for $21,500 and Modification #2 is for $52,400. The total value of this contract value including Modification #2 is $572,200. Engineering Economics, Inc., is classified as a Veteran Business Enterprise (VBE).

RECOMMENDATION: Staff recommends the Board of Managers approve RBG EEI Amendment #02 in the amount of $52,400 for enhanced commissioning services due to the ASC and authorizes the President/CEO to execute the amendment to the EEI Professional Services Contract in the amount of $52,400. (This includes an additional $5,000 for commissioning services that will be incurred if funding is provided for a second operating room in the ASC, which was previously discussed with the Board in May 2011). Commissioning services for the ASC would start in the 2012-2013 timeframe.

ACTION: A MOTION to approve staff’s recommendation not to exceed $52,400, with the PROVISO that if the second OR is not funded, the $5,000 needed
for commissioning services at the ASC will not be spent, was made by Mr. Engberg, SECONDED by Ms. Rivas, and PASSED UNANIMOUSLY.

EVALUATION: None.
FOLLOW-UP: Mr. Webb was unable to recall if EEI, Inc., is a local company. He will return with the information for Ms. Rivas.

SELECTED PURCHASING ITEMS

CONSIDERATION AND APPROPRIATE ACTION REGARDING ENTERING INTO LEASE AGREEMENTS WITH BARRIO COMPREHENSIVE FAMILY HEALTH CENTER, INC., D/B/A COMMUNICARE HEALTH CENTERS—CHRISTANN VASQUEZ

SUMMARY: Federally Qualified Health Centers (FQHCs) are quickly rising as players in the healthcare marketplace they serve. Opportunities exist for hospitals and health systems to explore alignment and collaboration with FQHCs, where appropriate, on programs, services, staffing, systems, residency programs and other areas.

In Bexar County there are two major FQHCs; Barrio Comprehensive Family Health Care Center, Inc. doing business as CommuniCare Health Centers and El Centro del Barrio doing business as El CentroMed.

Medical Services delivered within an FQHC are reimbursed differently than in the Health System’s community clinics. An FQHC receives a pre-determined amount for each patient covered by Medicare or Medicaid, regardless of the level of services delivered. Thus an FQHC receives the same amount whether the patient is a very brief follow-up visit or a very complex initial visit.

Additionally, FQHCs receive grant funding to help off-set the cost of care for uninsured individuals who present for care. For all other payors, an FQHC is reimbursed just like any other of the Health System’s community clinics.

Staff is researching, reviewing and exploring all alignment opportunities and options available in the community. Ms. Vasquez reported that in June of 2009, the Health System had executed a Letter of Support with CommuniCare supporting a new FQHC site. This arrangement assists CommuniCare with Capital funds ($1,800,000 over 2 years) to allow the FQHC access to federal dollars ($3,500,000). The capital dollars of $1,800,000 is in our routine capital budget for 2011(year 1) and 2012 (year 2). The funds will be used to build a new health center located on Callaghan, .25 miles east of Interstate 10. In exchange for the funds the Health System will enter into a 20 year long term lease for approximately 5,200 square feet of clinical space (equivalent to $17.30/sq. ft.); will work with CommuniCare to provide laboratory and radiology services for FQHCs patients at a negotiated rate; and will locate OB clinical services in the new leased space. Obstetrics services located in this area of San Antonio will help achieve the Health System’s goal of increasing deliveries in the community and will serve a demographic area with an
unmet need closer to University Hospital. Additionally, the Affiliation Agreement will call for CommuniCare to bill and collect for all services rendered by its providers for the new location. FQHCs reimbursement could enhance the Health System’s clinic revenue for Medicare/Medicaid patient visits between 40-50%. In addition, the Health System will enter into a term sheet that will establish an Operations Committee to jointly address the following:

- Strategic Planning
- Dispute Resolution
- Coordination of Responsibilities
- Policy and Procedures
- Governance

RECOMMENDATION: Staff recommends Board approval of this business arrangement to support CommuniCare’s efforts to access federal funds to build a new FQHC site by approving the first half of the $1,800,000 or $900k and to enter into a long term lease. Also, staff seeks approval to sign a term sheet to continue to negotiate a detailed alignment strategy with CommuniCare. Both CommuniCare and University Health System’s Medical Home Model have synergistic missions in that they provide preventive and chronic care management to vulnerable populations.

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

EVALUATION: Ms. Rivas was particularly keen on the site for this new FQHC because it will make the Health System visible on opposite sides of town after an existing arrangement with CentroMed for dialysis services on the south side. She asked staff to ensure that appropriate Health System signage is displayed at the CommuniCare location to make the community aware of the partnership. She also encouraged staff to continue discussions with CentroMed for a similar partnership. If the Board approves this proposed arrangement today, staff will enter into a period of negotiations to finalize the term sheet. The letter of support executed in June 2009, was in support of CommuniCare’s application for grant funding to expand community health centers and services in San Antonio and also expressed the Health System’s commitment to lease space. It did not include any details regarding activity projections or the financial model to be used. The term sheet will allow staff to outline these specifics.

FOLLOW-UP: Ms. Vasquez will return with a financial model/business plan as negotiations with CommuniCare are finalized.
DISCUSSION AND APPROPRIATE ACTION REGARDING FUNDING PRIORITIZATION OF UNIVERSITY HEALTH SYSTEM STRATEGIC CAPITAL NEEDS INCLUDING PROPOSED FUNDING OF ENHANCEMENTS TO THE TARGET 2012 CAPITAL IMPROVEMENT PROJECT - PEGGY DEMING

SUMMARY:

Earlier this year, staff briefed the Board of Managers that additional funds not originally anticipated in the budgeting process were available to fund reserves and capital items. Based on the availability of additional funds for capital, staff reviewed the current and future capital needs of the System and developed the 2011 Strategic Capital Items list. This list does not include routine capital items that are being prioritized and included in the five-year capital plan that will be presented to the Board at a later date.

The 2011 Strategic Capital Items includes the enhancement lists from the University Hospital (UH) and Robert B. Green (RBG) projects. These enhancements create the opportunity for strategic growth of ambulatory services and maximize the potential for hospital productivity. While each of the items on the enhancement lists have merit and add value, they were not originally contemplated when the budgets for each project were established. In addition to the UH and RBG enhancements, there are other strategic capital items that have been identified that protect patient and other system critical records, improve risk assessment processes, ensure financial stewardship, increase staff efficiency, and provide for the future of children’s services in our community.

The items identified on the Capital Ranked Priorities List were prioritized by staff in order of importance based on their stakeholder impact, alignment with Board strategic issues, operational productivity/efficiency, and financial impact. Funding is available through reserves that are in addition to this year's annual capital budget. Staff will continue working diligently to identify Capital Improvement Program (CIP) savings to assist in funding other items listed on the UH and RBG enhancement lists, as well as utilize routine annual capital as available.

The audited financial statements for 2010 show $44.2 million of cash flow as of December 31, 2010. At the May 31, 2011 Board meeting, staff presented a report to the Board on the allocation of reserves pursuant to Board policies 7.0502 and 7.0504. Applying the policies, $31.7M of potential reserves is available for contribution to the Capital Needs Fund in 2011, bringing the total in the Capital Needs Fund to $198.4M. Funds currently committed from the Capital Needs Fund total $182.1M, leaving a balance for Future Capital Needs of $16.3M.

Based on the recommendation of the Board of Managers to replenish the Capital Reserve Funds that are being used for the CIP project and other capital needs, staff has developed a plan to retain 10% of the available reserves for 2009 and 2010, $4.5M and $1.6M respectively, resulting in
$10.2M that is currently available to be allocated to current capital needs subject to Board consideration (and not restricted to the CIP). Staff presented the recommended future capital needs priorities for 2011 as follows:

1. Deloitte Financial Advisory Services CIP Audit - The request from Future Capital Needs to fund this project is $255K.

2. Comprehensive Children’s Services Network Development Fund - The request from Future Capital Needs to fund this project is $500K.

3. Create the opportunity for strategic growth of Ambulatory Services: Ambulatory Surgery Center (ASC) and finish out of both operating room suites at the RBG - The request from Future Capital Needs to fund this project is $3.1M.

4. Provide laboratory services at the Diagnostic Pavilion to increase staff efficiency and provide more timely patient care - The request from Future Capital Needs to fund this project is $560K.

5. Maximize potential for hospital productivity and efficiency - integrated operating rooms (OR), new Trauma Clinic, inter-operative imaging equipment, and automated guided vehicles at UH. The total cost for this project is approximately $10M. This request provides approximately one-fifth of the funding with the remainder to be provided in subsequent years and through fundraising efforts:
   a. Provide inter-operative imaging solution to enhance Neurosurgery clinical outcomes - The request from Future Capital Needs to fund this project is $2.0M (partial funding requested).
   b. Provide increased number of integrated operating rooms to maximize procedural efficiency - The request from Future Capital Needs to fund this project is $400K (full funding requested).
   c. Build out Trauma Follow-up Clinic to increase staff efficiency and patient convenience - The request from Future Capital Needs to fund this project is $1.0M (partial funding requested).
   d. Purchase automated guided vehicles (AGVs) to increase staff efficiency related to materials handling - The request from Future Capital Needs to fund this project is $1.3M (full funding requested).

6. Data Center IT infrastructure & replication of core applications. Reallocate $8.2M of the $120M committed to the CIP towards HIT Infrastructure. The $120M of UHS reserves committed to the CIP project is not expected to be completely used until 2014 or 2015. Staff proposes to use those funds to pay for the $8.2M IT infrastructure purchase in 2011 and 2012 replacing those funds with
the Health Information Technology (HIT) incentive payments for meeting “meaningful use” mandated requirements. The HIT incentives are expected to be received by 2014 including the first payment of $3.6M received on July 8, 2011.

7. Improve risk assessment process - RL Solutions Software for risk management occurrence reporting. The request from Future Capital Needs to fund this project is $150K.

RECOMMENDATION: Staff recommends Board of Managers’ approval of the Capital Ranked Priorities List to be funded from Future Capital Needs.

ACTION: A MOTION to approve 1) the Capital Ranked Priorities List to be funded from Future Capital Needs in the amount of $9.2M, and 2) the re-allocation of $8.2M from CIP reserves to fund IT infrastructure and replication of core applications, was made by Mr. Engberg, SECONDED by Ms. Cedillo, and PASSED UNANIMOUSLY

EVALUATION: Mr. Engberg was supportive of staff’s approach to re-allocate CIP funds for item no. 6, Data Center IT infrastructure and replication of core applications. Staff assured the Board that the Medicare and Medicaid Health Information Technology payments are incentives for meeting meaningful use mandated requirements and cannot be taken back by Congress. Staff intends to repay this loan over a period of four years. Incentive payments are projected to exceed $10.6 over the next four years. Funds received in excess of $8.2M will be used to acquire additional infrastructure hardware as needed to replicate remaining systems.

FOLLOW-UP: Notify the Board as HIT incentive payments are received.

ANNOUNCEMENT:

Mr. Hernandez yielded the floor to Ms. Kirkman for the following announcement: The U.S. News & World Report annual rankings released today rank the University Health System as #1 in the San Antonio region and as a National TOP 50 hospital in two medical specialties (diabetes and kidney disorders). We are the only hospital in San Antonio to be nationally recognized. Ms. Kirkman will prepare a press release which will provide further detail and U.S. News’ methodology. Dr. Jimenez asked Mr. Hernandez to inform the Bexar County Commissioners Court of this recognition.

ADJOURNMENT:

There being no further business, Dr. Jimenez adjourned the public meeting at 3:40 p.m.

___________________________________ ______________________________
Robert L. Jimenez, M.D., Chair    Ira Smith, Secretary
Bexar County Hospital District    Bexar County Hospital District
Board of Managers    Board of Managers

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Sandra D. Garcia, Recording Secretary