MINUTES

BOARD MEMBERS PRESENT:

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

OTHERS PRESENT:
Andrew B. Hernández, Jr., President/Chief Executive Officer, University Health System
Bryan Alsp, M.D., Executive Vice President/Chief Medical Officer, University Health System
Tricia Aleman, Director, Marketing, University Health System
Tim Brierty, Chief Executive Officer, University Hospital
Priscilla Chavez, R.N., Staff Nurse II, Neonatal Intensive Care Unit; and Nurse Advisory Co-Chair;
University Hospital
Francine Crockett, Vice President, Materials Management, 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
Theresa De La Haya, Vice President, Health Promotion/Clinical Prevention Services, University Health System
Don Finley, Senior Writer, Corporate Communications, University Health System
Ariel Friedman, Project Manager, Information Services, University Health System
Roe Garrett, Vice President/Controller, University Health System
Greg Gieseman, President/Chief Executive Officer, Community First Health Plans, Inc., and Vice President Managed Care, University Health System
Barbara Holmes, Vice President/Chief Financial Officer, Community First Health Plans, Inc.
Michael Hernandez, Vice President/Chief Legal Officer, University Health System
Lt. Sherry King, Protective Services, University Health System
Leni Kirkman, Vice President, Strategic Communications and Patient Relations, University Health System
Sergio Farrell, Vice President, Ambulatory Services, University Health System
Sherry Johnson, Vice President/Integrity and Regulatory Services, University Health System
Tom Mayes, M.D., Chairman, Department of Pediatrics, UTHSCSA
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:

Ms. De La Torre introduced Mr. Tim Brierty for the invocation and Mr. Adams led the pledge of allegiance.

CITIZEN PARTICIPATION: None.

APPROVAL OF MINUTES OF PREVIOUS MEETING(S):

OCTOBER 23, 2012 (REGULAR BI-MONTHLY MEETING)

SUMMARY: The minutes of the regular bi-monthly meeting of October 23, 2012 were presented for the Board’s approval.

RECOMMENDATION: Mr. Adams recommended approval of the minutes as submitted.

ACTION: There being no objection to the minutes as submitted, they were APPROVED and PASSED UNANIMOUSLY

EVALUATION: None.

FOLLOW-UP: None.

REPORT FROM THE HEALTH SCIENCE CENTER – DR. GONZALEZ-SCARANO FOR KENNETH KALKWARF, PRESIDENT AD INTERIM:

SUMMARY: Dr. Gonzalez acknowledged the physician leaders present. He reported that UTHSCSA had settled on a five acre parcel of land for the children’s hospital, a joint venture with a number of entities. The hospital will be located on land donated by the San Antonio Medical Foundation at the
intersection of Floyd Curl and Wurzbach, next to the Medical Arts & Research Center (MARC). It is a 13-acre site, with eight acres being used for the oral health building. In addition, he reported that the UTHSCSA will ultimately be responsible for making the South Texas School of Medicine a reality. Right now, there are a number of students who are there on a voluntary basis. Beginning next year in October, the School of Medicine will recruit for the incoming class of July 2014. The School will actually select a number of students who will be in the South Texas track. Right now, the track is voluntarily chosen by the student at the end of the second year for a third year rotation in the valley. From now on, in preparation for a free standing medical school in the valley, the students will declare their track at the time of admission. This also means that the School of Medicine will be expanding the class by about 15 students, initially. Staff is also working very hard to expand on house staff recruitment because to build a medical school, there must be a house staff program for each of the core specialties. There is a huge emphasis on the house staff recruitment because there are no such programs in the McAllen and Harlingen area. Whether this will affect the ability to recruit medical students in South Texas remains to be seen. At the present time, the School of Medicine has anywhere from 18 to 20+ students who voluntarily choose to spend time in South Texas for an entire year. The only difference now is that the decision by the medical student will have to be made one year sooner. The research facility in Edinburg is actually a part of the same medical school. It is a difficult situation in that the facilities are 40 miles apart. This was a political solution that at some point the School of Medicine might have to reconsider, however, there are several options available.

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

NEW BUSINESS

CONSENT AGENDA – JAMES R. ADAMS

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 Commissioning of a Peace Officer for Bexar County Hospital District—Mark Webb

Consideration and Appropriate Action Regarding Appointments to the University Health System Foundation Board of Directors—Rebecca Cedillo, Chair, Nominating Committee

Consideration and Appropriate Action Regarding Purchasing Activities (See Attachment A) – Kourtney Mosby/Francine Crockett

SUMMARY: The items listed on the consent agenda were presented for approval.
RECOMMENDATION: Staff recommended approval items on the consent agenda.
ACTION: A MOTION to approve staff’s recommendation was made by Mr. Engberg, SECONDED by Ms. Rivas, and PASSED UNANIMOUSLY.

EVALUATION: None.

FOLLOW-UP: None.

ACTION ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING A LEASE OF OFFICE SPACE FOR ADMINISTRATIVE PURPOSES AT CORPORATE SQUARE TOWER—RICHARD RODRIGUEZ

SUMMARY: In July 2009, the Health System entered into a lease agreement for administrative office space at Corporate Square Tower, located at 4801 NW Loop 410. This lease is set to expire on July 30, 2015. In June 2012, the Board approved relocation of the Human Resource Department to Corporate Square Tower under a separate lease, which is coterminous with the original July 2009 lease.

To maximize operating efficiencies and to fully support the Health Systems strategic initiatives, it is important that the Grants Research Division work closely with Finance, Accounting, Legal Services, Human Resources and Corporate Communications. An opportunity has become available at the Corporate Square building that will: 1) allow the department of Grants Research to relocate from its current downtown location and 2) allow for consolidation of administrative functions at this site. Relocating to the Corporate Square building will also allow the RBG administration to leverage existing office space as decisions are made regarding the short term futures of buildings B and C. Currently; there is 5,724 square feet available on the second floor of the Corporate Square building, next to the Human Resource department.

MASEHO, Inc. the property owner of Corporate Square Tower, has offered the Health System a gross lease rate of $18.50 a square foot for the first year, $19.00 as square foot for year two and $19.50 a square foot for the third year, same as the lease rate offered for the Human Resources space on the second floor. Similar Class A office space in the Medical Center area averages between $20.50 to $24.55 a square foot. Corporate Square Tower, per office real estate listings, advertises at $20.50 a square foot.

The infrastructure cost to relocate into this space is approximately $179,617 for information technology, communications, security, moving expenses and building finish-out costs. The owner is offering a tenant finish out cost allowance of $10 a square foot. The monthly lease expense will be included as part of the 2013 operating budget. The total
cost (lease and infrastructure) to occupy the space over the three year term is $476,927.

RECOMMENDATION: Staff recommends Board of Managers’ approval for a lease agreement with MASEHO, Inc. for the office space located at Corporate Square Tower, and the expense of additional operational funds in the amount of $179,617 to bring the leased space into operation.

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 THE FOLLOWING CONTRACTS FOR MEDICAL AND DENTAL SERVICES IN THE ADULT AND JUVENILE (TO INCLUDE THE CINDY TAYLOR KRIER CENTER) DETENTION HEALTH CARE SETTINGS WITH DANIEL GARCIA, DDS; JOE EDWARDS, DDS; ROBERT RANEY, DDS; CESAR GARCIA, DDS; AND THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER, SAN ANTONIO, DEPARTMENT OF FAMILY AND COMMUNITY MEDICINE - THERESA SCEPANSKI

SUMMARY: Daniel Garcia, D.D.S. - This is a professional services contract for dental services to be provided at the Adult and Juvenile Detention facilities, forty (40) hours per week with consultation services by telephone after hours, on weekends and holidays. The current contract with Dr. Daniel Garcia allows for up to two successive one year renewals; this contract exercises the second year renewal option. The annual contract amount requested is $110,000. There is no change in the requested amount compared to the current contract amount for Dr. Daniel Garcia. This is a planned expense and has been included in the 2013 Annual Operating Budget. The contract is for a one year term beginning January 1, 2013 and ending December 31, 2013, unless terminated pursuant to University Health System Standard Purchase Terms and Conditions. Dr. Daniel Garcia is a sole proprietor.

Joe Edwards, D.D.S. - This is a professional services contract for dental services to be provided at the Adult Detention facilities, forty (40) hours per week with consultation services by telephone after hours, on weekends and holidays. The current contract with Dr. Joe Edwards allows for up to two successive one year renewals; this contract exercises the second year renewal option. The annual contract amount requested is $91,000. There is no change in the requested amount compared to the current contract amount for Dr. Joe Edwards. This is a planned expense and has been included in the 2013 Annual Operating Budget. The contract is for a one year term beginning January 1, 2013 and ending December 31, 2013, unless terminated pursuant to University Health System Standard Purchase Terms and Conditions. Dr. Joe Edwards is a sole proprietor.

Robert E. Raney, D.D.S. - This is a professional services contract for dental services to be provided at the Adult Detention facilities on a part-
time basis per week with consultation services by telephone after hours, on
weekends and holidays when activity demands increase. Hours will remain
flexible to ensure adequate coverage for high volume periods. The contract
amount requested is $84,000. The current contract with Dr. Robert E.
Raney allows for up to two successive one year renewals; this contract
exercises the first year renewal option. This is a planned expense and has
been included in the 2013 Annual Operating Budget. The contract is for
a one year term beginning January 1, 2013 and ending December 31,
2013, unless terminated pursuant to University Health System Standard
Purchase Terms and Conditions. Dr. Robert E. Raney is a sole
proprietor.

Cesar Garcia, M.D. - This is a professional services contract for
psychiatric services at the Adult Detention Center, twenty (20) hours per
week with consultation services by telephone after hours, on weekends
and holidays. These services include psychiatric evaluation and
treatment planning for inmates and consultation to other medical
providers within the Detention facilities. In addition, Dr. Garcia
participates in interdisciplinary treatment team meetings to discuss and
advise the mental health staff regarding referrals to jail diversion/re-entry
programs and community mental health/substance abuse agencies, and
evaluation for guardianship and civil commitment as appropriate. The
current contract with Dr. Cesar Garcia allows for up to two successive
one year renewals; this contract exercises the second year renewal
option. The contract amount requested is $84,000. There is no change in
the requested amount compared to the current contract for Dr. Cesar
Garcia. This is a planned expense and has been included in the 2013
Annual Operating Budget. The contract is for a one year term beginning
January 1, 2013 and ending December 31, 2013, unless terminated
pursuant to the University Health System Standard Purchase Terms and
Conditions. Dr. Cesar Garcia is a sole proprietor.

University Physicians Group through the Department of Family &
Community Medicine - This is a professional services contract for
medical care services to be provided by physicians from the UTHSCSA,
Department of Family & Community Medicine that include, but are not
limited to, physical exams, health classes, STD/HIV screening and
counseling, prenatal care, suicide observations, and referrals to outside
agencies. This contract provides family practice physician services to
the Mission Road Juvenile Detention Center, sixteen (16) hours per week
and at Southton four (4) hours per week, with consultation services by
phone after hours, on weekends and holidays. The contract amount
requested is $121,737. The current contract with UTHSCSA Department
of Family & Community Medicine for Juvenile Medical Services allows
for up to two successive one year renewals; this contract exercises the
first year renewal option. This is a planned expense and has been
included in the 2013 Annual Operating Budget. The contract is for a one
year term beginning January 1, 2013 and ending December 31, 2013,
unless terminated pursuant to University Health System Standard
Purchase Terms and Conditions. Workforce composition data was
reviewed with the Board.
RECOMMENDATION: Staff recommends approval of the professional services contracts above, for the terms and in the amounts indicated, respectively.

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

EVALUATION: Discussion ensued regarding the differences in compensation to the physicians for the various services provided. Dr. Daniel Garcia has over 20 years experience in this environment; staff acknowledged that compensation is based on experience level, as well as the difference in duties.

FOLLOW-UP: Dr. Jimenez requested that Dr. Daniel Garcia be invited to make a presentation to the Board of Managers regarding the dental programs at the adult and juvenile detention facilities. Psychiatric services are provided to 3,200 inmates by one part time psychiatrist, and one full time psychiatrist, both engaged by the Health System.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH CARVAJAL INCORPORATED D/B/A CARVAJAL PHARMACY TO PROVIDE PHARMACY SERVICES IN THE DETENTION HEALTHCARE SETTING—THERESA SCEPANSKI

SUMMARY: This is a staffing and pharmacy services contract with Carvajal Pharmacy, a reliable contractor since 1988, who has consistently provided exceptional service. The contract requires Pharmacy Service operations to be provided for a total of fifty-five (55) hours per week. A pharmacist is required to be on call seven (7) days a week, twenty-four (24) hours each day to assist with any pharmacological emergencies at the Bexar County Adult and Juvenile Detention Healthcare settings. The contract requires 1.5 full time Registered Pharmacists, 5.5 Pharmacy Technicians, and one part-time (0.5 FTE) Driver. In addition to pharmaceutical and delivery services provided, the scope of work also includes maintenance of controlled substance stock levels in the dispensing areas for the annex and the main jail and maintenance of perpetual inventory in pharmacy for all controlled substances. MedAssets is currently working with University Health System on various Group Purchasing Organization (GPO) spend items and a consulting engagement through our Aspen Consulting service. MedAssets facilitated the contract discussions with Carvajal Pharmacy. This item was facilitated through MedAssets and is therefore considered to have been competitively bid. MedAssets confirmed the cost being paid to Carvajal Inc., is reasonable. Carvajal Pharmacy was the vendor selected to provide the above mentioned services to University Health System. The new contract with Carvajal Pharmacy allows for an initial three year period with an additional two year renewal option. Carvajal Pharmacy is classified as a small minority owned local business. The previous contract amount was $243,000 annually for a four year period ($972,000 in total). As compared to the previous contract amount, the new contract includes a 1.5% ($3,648) increase in the annual contract with an additional 1.5% increase for each year thereafter; $250,344 and $254,100 respectively. The total estimated expense for pharmacy services for the new contract is $751,092 for a three year period. This is a planned expense and funding is included in the
2013 Annual Operating Budget. The contract shall be for a three year term beginning March 1, 2013 and ending February 28, 2016, unless earlier terminated pursuant to the University Health System Standard Purchase Terms and Conditions. Carvajal Pharmacy has a total of 103 employees. The workforce composition data was reviewed with the Board.

RECOMMENDATION: Staff recommends the Board of Managers approve the contract with Carvajal Pharmacy for services at the Detention Healthcare Settings in the amount of $751,092 for a three year period.

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

EVALUATION: Dr. Jimenez thanked Mr. Carvajal for working with the Health System in providing these highly specialized, and much needed services at the detention facilities.

FOLLOW-UP: None.

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

UNIVERSITY HOSPITAL:

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE A CONTRACT WITH SAVANT AUTOMATION FOR THE PURCHASE OF AN AUTOMATED GUIDED VEHICLE SYSTEM—MARK WEBB/FRANCINE CROCKETT

SUMMARY: On May 30, 2012, University Health System issued an RFP for selection of an Automated Guided Vehicle (AGV) vendor for University Hospital to design, procure, install, maintain and guarantee performance of an AGV system for University Hospital. Efficient and timely movement of supplies, pharmaceuticals, food, trash, linen and equipment is essential to operation of the new patient tower and the existing hospital buildings. The proposed AGV system will connect the existing facility with the new facility, deliver materials to and from the upper floors of the new facility and be designed to accommodate future growth envisioned by the facility master plan.

The selected vendor will be required to provide the following services during the design phase: space design, AGV system program development, equipment planning, cost reduction assistance, life cycle cost analysis, planning for maintenance and staffing and system construction means and methods to assist the project architects and the Construction Manager in developing/producing specifications and required building modification drawings. In addition, the vendor will perform the actual installation of the system, provide staff training, and will aid the Health System in maintaining the equipment.

Responses, which included a preliminary design developed by each vendor, were received from two firms: Savant Automation and Swisslog/JBT. An evaluation committee, which included staff members from Supply Chain Management, Materials Management, Food Service,
Pharmacy, Information Technology, BioMed, Environmental Services, and CIP members reviewed the proposals and interviewed the two firms on July 31, 2012.

Both vendors were asked to participate in a design refinement exercise that would allow each vendor to interact with Health System departments to further the development of their proposed design. Each vendor agreed to participate and both vendors presented their design refinements to the Evaluation Committee on October 11, 2012. The Evaluation Committee scored both design refinement work products and determined that Savant Automation had the best design and most appropriate AGV solution for the Health System.

While the recommended firm has a limited track record in providing AGV Systems to hospitals, it is the successor firm to the originator of AGV systems and has a 60 year track record of providing AGV systems to other industries that have complex and critical materials management systems. Although the competing system was provided by a firm with a longer track record in providing AGV’s to hospitals, the Savant Automation design more closely complied with all hospital requirements and best practices, had less impact on planned hospital operations, and was in compliance with all aspects of the requirements established by the various authorities having jurisdiction including the City of San Antonio, Texas State Department of Health Services, and The Joint Commission.

Staff provided a technical comparison of basic functions, proposed by both firms. The Savant Automation System was the lowest cost system. The cost of the Savant System including the Pharmacy option and anticipated changes to design is $2,885,391. The competing Swisslog price including anticipated changes is $825,196 higher than the Savant System. The cost for the Savant Automation System includes a comprehensive three year maintenance warranty (parts and labor), as well as a three year comprehensive software management arrangement. After the three year period, cost for maintenance is $500,000 for five years.

Of the requested $2,885,391 for the Savant System, $1,450,000 will be funded from budgeted project funds and the remaining balance, $1,435,391, is recommended to be funded from project contingency funds. This allocation will decrease the project contingency funds from $16,122,124 to $14,686,733 (or approximately 10 percent).

Implementation of an AGV System will have impacts that require changes to the buildings. These required building changes will be minimal and will include such aspects as added automatic doors and interfaces with the elevators. The cost of these minor changes will be funded by existing CIP anticipated savings and should be less than $300,000.

If the AGV System is not implemented, then 35 FTEs will need to be added to accomplish the required material handling functions associated
with the new tower. As such, based on the cost avoidance of adding additional FTE’s, the payback for the system is calculated to be 3.12 years. In order to successfully implement and operate the new system going forward, a position will be included in the 2013 budget that will be responsible for the management and oversight of the AGV System, for a total of three full time individuals dedicated to the work with the units. The plan is to purchase 22 units, with zero FTE positions affected.

The workforce composition data for Savant Automation was reviewed with the Board.

RECOMMENDATION: Staff recommends Board of Managers approval of a contract with Savant Automation for the purchase of an Automated Guided Vehicle System in an amount not to exceed $2,885,391.

ACTION: There being no objections to staff’s recommendation, the proposal for an Automated Guided Vehicle System was APPROVED and PASSED UNANIMOUSLY.

EVALUATION: Dr. Jimenez encouraged staff to use this technology advancement as part of the Health System’s public relations story. It demonstrates the Health System’s commitment to utilizing new technology to be more efficient. Mr. Adams agreed with Mr. Smith’s observation that it is of the utmost importance to have user acceptance of this concept. If the nursing staff is not happy, it will not work. Ms. Crocket informed the Board that representatives throughout the Health System, to include nursing staff, participated in the evaluation process. Ms. Ray reported that since switching to the PAR Excellence Materials Management System, a paradigm shift has occurred among the nurses, where there is now an expectation that the supplies they need to provide quality care will be delivered to the floors. It has made a huge difference in the nurses’ perception in terms of the support they receive from administration.

FOLLOW-UP: Mr. Briseno requested a presentation or report that projects future use of contingency funds.

CONSIDERATION AND APPROPRIATE ACTION TO TRANSFER TESTING, BALANCING, AND MAINTENANCE SCOPE FROM THE CENTRAL UTILITY PLANT (CUP) PROJECT (GMP#16E) TO THE NEW TOWER PROJECT (GMP#13Q) — MARK WEBB

SUMMARY: To date, five (5) guaranteed maximum prices (GMPs) have been developed for the Central Utility Plant (CUP) and seventeen (17) guaranteed maximum prices (GMPs) have been developed for the new Hospital Tower project, which were detailed in the written Board report.

Specifically GMP #13q includes: The transfer of the testing, balancing and maintenance scope and funding from the CUP project to the tower project - The substantial completion dates for the CUP is first quarter 2013 and the tower first quarter 2014; a year apart. However, proper testing, balancing and maintenance of plant equipment cannot be accomplished until the full electrical and mechanical loads associated with the tower are operational. Originally, cost for this scope was carried
in the CUP project as a place holder in preparation for the confirmed substantial completion of the new tower. Transfer of this scope will allow the CUP project to be closed out the first quarter 2013, while the equipment is fully tested and balanced at the completion of the tower the first quarter 2014. The Construction Manager has reviewed the cost for this scope and has provided Guaranteed Maximum Prices (GMP #16e and #13q).

The proposed GMP #16e in the credit amount of ($935,987) is for the deletion of Testing, Balancing & Maintenance. This cost will be transferred to GMP#13. This action is budget neutral. The proposed cost of GMP #13q in the amount of $935,987 will be funded from a credit to GMP #16e.

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.

The participation goal for SMWVBE is 40% and the local participation goal is 80%. To date, SMWVBE participation of awarded construction projects is 40% and local participation is 77%.

GMP dollars awarded to date is $482,865,566. GMP dollars remaining to procure is $50,232,925

RECOMMENDATION: Staff recommends Board of Managers’ approval of GMP #16e for a credit in the amount of ($935,987); and approval to execute an amendment to the Zachry Vaughn Layton Construction Management Agreement in the amount of $935,987 for GMP #13q.

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

EVALUATION: None.
FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE THE GUARANTEED MAXIMUM PRICE FOR INFORMATION TECHNOLOGY NETWORKING AND VOICE OVER INTERNET PROTOCOL (VOIP) IMPLEMENTATION AT THE NEW HOSPITAL TOWER (GMP #13R)—MARK WEBB/BILL PHILLIPS

SUMMARY: To date, eighteen (18) guaranteed maximum prices (GMPs) have been developed for the new Hospital Tower project. These were detailed for the Board in the written report. Specifically GMP #13r includes the cost for:

1. Information system switches for three networks (Production, Building Facilities and Biomedical),
2. Information systems hardware upgrades, licenses, wireless controller infrastructure, core upgrade of the Cisco switches in the existing tower

3. Purchase of active IT equipment and hardware which include: Cisco phones with VOIP capabilities, wireless security system, and additional wireless access points

The University Hospital Project Construction Manager has reviewed the design drawings and scope prepared by Walker Engineering, Inc, the Information Technology Design Assist Subcontractor and University Health System staff (respectively) and has provided GMP #13r for the work associated with this GMP package. The proposed GMP #13R in the amount of $11,972,495 exceeds the control estimate by $2,272,495 due to hardware upgrades, associated licenses and additional access points to support the existing tower. It is recommended that the remaining balance of $2,272,495 be funded from project contingency. This would decrease the project contingency funds from $14,686,733 to $12,414,238. 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 $482,865,566. GMP dollars remaining to procure is $50,232,925

The participation goal for SMWVBE is 40% and the local participation goal is 80%. To date, SMWVBE participation of awarded construction projects is 40% and local participation is 77%.

RECOMMENDATION: Staff recommends Board of Managers’ approval of and amendment to the Zachry Vaughn Layton Construction Management Agreement in the amount of $11,972,495 for GMP #13r.

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

EVALUATION: Mr. Adams reiterated the importance of user acceptance.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE THE FOLLOWING CONTRACTS: PHILIPS HEALTHCARE FOR THE PURCHASE OF ANGIOGRAPHY EQUIPMENT; GE HEALTHCARE FOR THE PURCHASE OF C-ARM MOBILE X-RAY EQUIPMENT; CARESTREAM FOR THE PURCHASE OF MOBILE X-RAY AND DIGITAL RADIOGRAPHIC EQUIPMENT; PHILIPS HEALTHCARE FOR THE PURCHASE OF CT SCANNERS; AND TOSHIBA FOR PURCHASE OF MRI DIGITAL IMAGING EQUIPMENT - MARK WEBB

SUMMARY: As part of the design efforts at University Hospital, various medical equipment items have been identified by the project team for procurement. These efforts are being conducted with guidance of ShenMilsonWilke (SMW), the medical equipment planner for the CIP. Included with medical equipment purchase are (2) Angiography X-Ray units, (4) C-Arm Mobile X-Ray units, (6) Mobile X-Ray units, (3) General Radiography X-Ray units, (3) CT Scanners, and (1) MRI Digital Imaging Equipment.
Imaging Equipment. These purchases have been coordinated with the medical equipment purchases at the RBG Campus to ensure standardization of equipment and best pricing discounts for the health system.

A Request for Proposal (RFP # 212-02-018-CAP) for the procurement of a variety of imaging equipment required for the Robert B. Green was issued on February 22, 2012, with responses received on March 15, 2012. Responses were received from the following eight (8) vendors: Philips Healthcare, GE Healthcare, Siemens Medical, Toshiba, Carestream, Hologic, Medical Digital Imaging and Hitachi Medical.

As part of the RFP, the imaging equipment requirements for University Hospital were identified to the prospective vendors indicating the additional quantities needed to ensure the best pricing for both projects. The evaluation process included a thorough review of the documents received, shortlisted by modality, staff input, site visits, pricing and quality evaluations. Additionally, staff worked closely with MedAssets (GPO) to ensure the best pricing discounts available. Utilizing the RFP process and the MedAssets purchasing agreement, the Radiology Department and Strategic Sourcing evaluated supplier proposals and available technology. Pricing documentation was thoroughly reviewed and it was determined that GE Healthcare, Carestream, Phillips Healthcare, and Toshiba are the best qualified vendors to provide the imaging equipment for University Hospital.

**Angiography Equipment – Cost:** $2,880,741 (Budget is $2,624,520) - Philips technology, mobility and value are the supplier of choice. Using the terms and conditions of the current MedAssets/Philips pricing agreement the Health System was able to secure terms and conditions from the GPO and greater discounts from Philips based on the purchase volume.

**C-Arm Mobile E-Ray Equipment – Cost:** $706,044 (Budget is $578,171) - GE Healthcare technology and value is the supplier of choice, as well as best value. Using the terms and conditions of the current Amerinet/GE Healthcare pricing agreement the health system was able to secure terms and conditions from the GPO and greater discounts from GE Healthcare based on the purchase volume.

**Mobile X-Ray and Digital Radiographic Equipment** - **Cost:** $1,720,910 (Budget is $2,171,250) - Carestream technology and value are the supplier of choice, as well as best value for the Mobile X-Ray and Digital Radiographic Equipment. Using the terms and conditions of the current MedAssets/Carestream pricing agreement the health system was able to secure terms and conditions from the GPO and greater discounts from Carestream based on the purchase volume.

**CT Scanners – Cost:** $1,758,994 (Budget is $5,326,718) - After thorough analysis, the Radiology Clinical experts and staff determined
the Philips Healthcare proposal provided the greatest value in technology and was the most cost effective.

MRI Digital Imaging Equipment – Cost: $1,758,994 (Budget is $1,275,000) - In the acute care setting, industry standards for MRI Digital Imaging Equipment are the 3 Tesla magnets. As such, the Radiology Department and Strategic Sourcing team focused on the 3 Tesla technology for the New Tower purchase. Utilizing the RFP process and the MedAssets (GPO) purchasing agreement, supplier proposals and available technology were evaluated and Toshiba was chosen as the recommended MRI supplier with best overall value.

The workforce composition for GE Healthcare, Philips Healthcare, and Toshiba was reviewed with the Board. Carestream Health, Inc., did not submit workforce composition data as requested, however, a letter from the U.S. Department of Labor Employment Standards Administration Office of Federal Contract Compliance Programs was submitted verifying compliance with established federal equal opportunity policies and practices.

RECOMMENDATION: Staff recommends the Board of Managers approve a contract with Philips for the Purchase of Angiography Equipment; GE Healthcare for the Purchase of C-Arm Mobile X-Ray Equipment; Carestream for the Purchase of Mobile X-Ray Equipment and Digital Radiographic Equipment; Philips Healthcare for the Purchase of CT Scanners; and Toshiba for Purchase of MRI Digital Imaging Equipment at University Hospital in the total amount of $10,961,903 out of project funds.

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

EVALUATION: The Health System will receive the exact same pricing on future purchases of like equipment, whether they are related to the CIP project or are Board approved capital equipment items. Mr. Briseno noted the difference is a cash payment for Board approved capital equipment items versus a 30-year bond financed payment as part of the CIP project. Mr. Adams asked staff to consider shorter term debt for such future purchases.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE A PROFESSIONAL SERVICES CONTRACT WITH WILLIAM BERNSTEIN AND ASSOCIATES FOR PHARMACY CONSULTING SERVICES—MARK WEBB

SUMMARY: In preparation for developing detailed renovation documents for the replacement pharmacy, it was determined that there would be significant benefit to the health system to enlist the use of a Pharmacy Consultant to provide process definition; functional and space programming; equipment selection; workstation design; conceptual planning; and plan
reviews in conjunction with the renovation design team. The work provided by the Pharmacy Consultant will serve as a basis for guiding the design by the design team currently being engaged for renovation projects.

A request for proposal for Pharmacy Consulting Services was issued in September 2012 with one response received in October 2012. A committee comprised of Health System and CIP staff evaluated the RFP submitted, and based on the qualifications, elected to interview the firm William Bernstein & Associates. Based on qualifications and information obtained at the interview, the selection committee recommends William Bernstein & Associates for Pharmacy Consulting Services. The cost associated with this scope is $144,500, and will be paid from budgeted CIP funds. Control estimate is at $144,500. William Bernstein and Associates is 0% local and 0% SMWVBE.

RECOMMENDATION: Staff recommends Board of Managers’ approval of a Pharmacy Consulting Services contract with William Bernstein & Associates in the amount of $144,500.

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

EVALUATION: In the future, staff will inform the Board of Managers at the time architectural services are secured whether or not design services are also anticipated, in addition to the architectural services.

FOLLOW-UP: None.

ROBERT B. GREEN CAMPUS:

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE THE GUARANTEED MAXIMUM PRICE FOR THE WIRELESS SECURITY SYSTEM IMPLEMENTATION (RBG-GMP #6M) - MARK WEBB/BILL PHILLIPS

SUMMARY: In July 2012 the Board of Managers approved funds to install building infrastructure and wireless access data points in anticipation for the future implementation of a wireless defense system. However, the final cost of the hardware system and associated installation was not fully known at that time, but was anticipated to be paid from contingency funds. To date, 13 guaranteed maximum prices (GMPs) have been developed for new construction at the Robert B Green Clinical Pavilion. These amendments were reviewed in detail with the Board. Specifically, GMP 6M includes the costs for installation throughout the clinical services building of a wireless security system by Systems Applications Engineering, Inc. This platform is consistent with the wireless security system that is being proposed for University Hospital. This GMP includes platform sensors, licenses, monitoring service, commissioning, data connectivity and installation of the system. Bartlett Cocke, the RBG Construction Manager, has reviewed the system and has provided a Guaranteed Maximum Price for the work associated with this GMP
package. The proposed GMP#6m in the amount of $98,294 exceeds the control estimate by $98,294 and will be funded from project contingency, which will decrease the project contingency funds from $686,068 to $587,774. The participation goal for SMWVBE is 56% and the local participation goal is 95%. To date, SMWVBE participation of awarded construction projects is 64.67% and local participation is 98.33%. 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 achieved SMWVBE numbers for all construction amendments to date were reviewed with the Board. GMP dollars awarded to date is $84,205,025. GMP dollars remaining to procure is $11,364,888.

RECOMMENDATION: Staff recommends the Board of Managers approval of an amendment to the existing Bartlett-Cocke Construction Management Agreement in an amount of $98,294 for GMP #6m to be paid from project contingency funds.

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

EVALUATION: None.

FOLLOW-UP: Mr. Adams reminded staff that the Board is very interested in reviewing a running contingency list that includes expectations and potential uses of the funds. Staff will provide this report in January.

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

SUMMARY: For the month activity was down 0.6% for the Clinical Services (as measured based on discharges adjusted for outpatient activity). Community First Health Plan (CFHP) fully-insured membership was down 5.7%. From operations, the Health System experienced a gain of $1.2 million which was $1.4 million higher than the budgeted loss of $214,000 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 $47,000 due to slightly lower interest rates than budgeted. An unrealized market loss of $212,000 was recorded in the month. The bottom line gain excluding debt service was $1.7 million which was $1.2 million higher than the budgeted gain of $433,000. CFHP reflected bottom line loss of $906,000 which was $728,000 off from a budgeted loss of $178,000. 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 in detail.

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

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

EVALUATION: None.
FOllow-up: Dr. Jimenez requested a copy of a report recently published by the Kaiser Foundation, an objective study regarding the Affordable Health Care Act in terms of what it will cost the states and the savings associated with the Act. Ms. Deming will forward a copy of the article to Dr. Jimenez.

Consideration and appropriate action regarding Bexar County Hospital District D/B/A University Health System’s operating, debt service and capital budgets for FY 2013—Peggy Deming

Summary: Ms. Deming provided a final version of the 2013 Budget. The Consolidated Budget reflects a gain from operations of $11.1 million, non-operating income of $4.8 million and a bottom line gain of $15.9 million. Non-operating income includes $1.9 million in meaningful use funds and interest income of $2.9 million. The Budget includes debt service and property taxes in support of $42.2 million due on the outstanding bonds in 2013. The recommended Capital Budget is $31.6 million funded from projected cash flow from operations in 2013. Also included are Capital Improvement Project expenditures of $272.6 million funded from bond proceeds.

The Clinical Services reflects a gain from operations of $8.8 million, non-operating income of $4.5 million and a bottom line gain of $13.3 million. Non-operating income includes $1.9 million in information technology meaningful use incentives and interest income of $2.6 million. A request for capital in the amount of $31.3 million is provided and will be funded from cash flow from operations.

The Health System’s managed care organization, Community First Health Plans, Inc (CFHP) reflects a gain from operations of $2.3 million, non-operating investment income of $275,000 and a bottom line gain of $2.5 million. A request for capital in the amount of $331,000 is provided and will be funded from cash flow from operations.

The Board reviewed drafts of the 2013 budget at Board meetings held on November 13, 2012 and November 20, 2012. At these meetings staff presented information on activity, revenue, expenses and capital as well as plans in place to support positive financial results. Focus was placed on 2013 as a transition year and one that reflects implementation of the 1115 waiver and the opening of the new RBG Clinical Services Building.

Recommendation: Staff recommends Board approval of the Proposed Operating, Debt Service and Capital Budget for FY 2013, and approval to proceed to Commissioners Court for their final approval on December 4, 2012.

Action: A motion to approve staff’s recommendation was made by Mr. Briseno, seconded by Mr. Smith, and passed unanimously.

Evaluation: Ms. Deming responded to questions raised by Board members during their last budget review on November 20:
- Ambulatory Activity – some of these numbers were overstated because some services related to the 1115 Waiver were double-
counted. These numbers have been appropriately adjusted to 684,796.

- Total parking revenue for visitors and staff is estimated at $740,000 net (after fees paid to garage management company)
- Cafeteria business plan perspective – operating margin of $283,000, includes collections from cafeteria sales and vending, return rate is about 7% of operating margin
- Merit increases were granted to approximately 96% of the work force in 2012
- Contract services with FQHCs – total commitment to the community is $3.9 million for all outsourced services including CHCS, ACOG and UTHSCSA, about $500,000 are for services related to the 1115 Waiver
- Capital funding – 15% is for ambulatory services

Board members submitted the following observations for the presentation to Commissioners Court on December 4: Dynamic year at UHS with normal operations, in addition to CIP projects at both sites; highlight size of the budget at $1.3 billion in expenditures; homestead assurance that trauma center is available in Bexar County at a cost of $1.10/year, it is a very good deal; put a value on in-kind services; highlight partnerships, and highlight economic impact to Bexar county.

Other comments by Board members: Great job by staff. This was the most important item on today’s agenda and should not have been the last item discussed. Board members reiterated the need for more time to review and deliberate regarding the issues. Mr. Adams asked Mr. Hernandez to develop an approach by the end of the second quarter of 2013 that will allow more time for the Board to deal with budget issues, as well as the opportunity to connect certain issues to the budget. In this regard, Mr. Briseno recommended a special work session to review employee compensation issues.

FOLLOW-UP: Dr. Jimenez requested that staff to solicit a new economic impact study to demonstrate the positive impact the Health System has on the community.

REPORTS AND EDUCATION:

REPORT ON RECENT RECOGNITIONS AND UPCOMING EVENTS—LENI KIRKMAN

SUMMARY: Ms. Kirkman provided a detailed, written report regarding recent recognitions and upcoming events.

RECOMMENDATION: None.

ACTION: No action was required by the Board members.

EVALUATION: None.

FOLLOW-UP: None.
REPORT REGARDING YEAR 2012 MEDICAL-DENTAL STAFF COMMITTEES AND DEPARTMENTS — NICOLAS WALSH, M.D., PRESIDENT, MEDICAL/DENTAL STAFF

UPDATE ON CAPITAL IMPROVEMENT PROGRAM ACTIVITIES — MARK WEBB

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

REPORT ON NURSE STAFFING EFFECTIVENESS FOR SAFE OUTCOMES — NANCY RA/PRISCILLA CHAVEZ

SUMMARY: Staff provided four detailed, written reports for informational purposes. Mr. Adams encouraged Board members to review and ask questions, and/or provide feedback to staff.

RECOMMENDATION: None.

ACTION: No action was required by the Board members.

EVALUATION: Ms. Ray introduced Priscilla Chavez, co-chair of the Nurse Advisory Committee. She is a staff nurse on the NICU, extremely active on her unit, and has earned a great deal of respect from her peers. She has been employed at the Health System for five years. Dr. Jimenez asked about the number of bilingual, bicultural nurses on the staff since it is imperative that staff members approach patients in a culturally relevant language and manner. The numbers provided to Mr. Hernandez about 8 months ago indicate that the Health System is doing fairly well in this area. However, because management feels that these numbers can be better, our Center for Learning Excellence offers in-house courses on medical Spanish for non-Spanish speaking staff, equivalent to those offered by San Antonio College and the Universidad Nacional Autónoma de México (UNAM). In response to a similar inquiry from Mr. Smith, Dr. Gonzalez reported that cultural competency for medical students is mandated by Accreditation Council for Graduate Medical Education. The School of Medicine not only needs to have a goal in place, it must describe what is being done to accomplish that goal. It is also a GME mandate for house staff residents. At this time, the School of Medicine has a full time faculty psychiatrist that devotes 25 percent of his time to the GME office expanding on these types of issues.

FOLLOW-UP: None.

ADJOURNMENT:

There being no further business, Mr. Adams adjourned the public meeting at 8:55 p.m.

James R. Adams             Rebecca Q. Cedillo
Chair, Board of Managers   Secretary, Board of Managers

Sandra D. Garcia, Recording Secretary