REGULAR MEETING
OF THE BEXAR COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS

Tuesday, October 25, 2011
6:00 p.m.
Board Room, University Center for Community Health
701 S. Zarzamora
San Antonio, Texas

MINUTES

BOARD MEMBERS PRESENT:

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

ABSENT:

Linda Rivas, Board Member

OTHERS PRESENT:

George B. Hernández, Jr. President/Chief Executive Officer, University Health System
Tricia Aleman, Director, Corporate Communications and Marketing, University Health System
Bryan Alsip, M.D., Executive Vice President/Chief Medical Officer, University Health System
Tim Brierty, Chief Executive Officer, University Hospital
Francine Crockett, Vice President, Supply Chain Management, University Health System
Peggy Deming, Executive Vice President/Chief Financial Officer, University Health System
Theresa De La Haya, Senior Vice President, Community Health and Clinical Preventive Programs, University Health System
Sergio Farrell, Vice President, Ambulatory Services, University Health System
Roe Garrett, Vice President/Controller, University Health System
Andrew Garza, Administrative Fellow, University Health System
Greg Gieseman, President/Chief Executive Officer, Community First Health Plans, Inc., and Vice President Managed Care, University Health System
Francisco Gonzalez-Scorrano, Dean, School of Medicine, UTHSCSA
William Henrich, M.D., President, The University of Texas Health Science Center at San Antonio
Michael Hernandez, Vice President, Legal Services and Risk Management, University Health System
Sherry Johnson, Vice President/Integrity and Regulatory Services, University Health System
Leni Kirkman, Vice President, Strategic Communications and Patient Relations, University Health System
MEMBERS OF THE BOARD:
Gary McWilliams, M.D., Executive Vice President/Chief Ambulatory Services Officer, University Health System
Priti Mody-Bailey, M.D., President/Chief Executive Officer, Community Medicine Associates
Mary Ann Mote, Senior Vice President of Operations/Chief Revenue Officer
Bill Phillips, Vice President/Chief Information Officer, Information Services, University Health System
A.J. Sandoval, Chief of Police, University Health System
Theresa Scepanski, Senior Vice President, Organizational and Strategic Development, University Health System
Allan Strickland, Hospital Administration/Fiscal Management, University Hospital
Christann Vasquez, Executive Vice President/Chief Operating Officer, University Health System
Roberto Villarreal, M.D., Vice President, Community Initiatives, University Health System
Robert Moroz, Project Director, Broaddus Associates
Dave Mulvaney, Senior Program Manager, Jacobs Engineering Group
And other attendees.

MEMBERS OF THE PRESS:
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 6:05 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Ms. De La Torre introduced Col. Kerry Haynes for the invocation and Dr. Jimenez led the pledge of allegiance.

NOMINATION OF OFFICERS – ROBERTO L. JIMENEZ, M.D.:  

Dr. Jimenez announced to the Board that he had tasked Mr. Robert Engberg and Mr. Alex Briseno to serve as members of this year’s Nominating Committee to solicit input from the Board members for recommendations regarding officer positions for the 2011-2012 term. He yielded the floor to Mr. Engberg for a brief oral report on how the Committee will proceed with this important task. They will report the Board’s recommendations at the November meeting.

EMPLOYEE RECOGNITION:

The Board of Managers presented a Resolution Honoring Yolanda Laurel Swope in appreciation of four decades of dedicated service to the people of Bexar County as a Pharmacist at University Hospital. The Board also sent greetings to the entire Laurel family for its continued support of higher education and the pharmacy profession for having graduated its tenth family member to the pharmacy profession from the UT College of Pharmacy this year.

The following employees also received recognition by the Board of Managers:

Professional: Paul Alfieri
(Nursing) Nurse Case Manager, CareLink Medical Management
All of this year’s quarterly recipients will be special honored guests at the Annual Recognition Awards Ceremony on February 23, 2012 at the Omni Hotel. 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.

**CITIZEN PARTICIPATION:** None.

**APPROVAL OF MINUTES OF PREVIOUS MEETINGS OF THE BOARD OF MANAGERS:**

**SEPTEMBER 20, 2011 – SPECIAL BOARD MEETING:**

**SUMMARY:** The minutes of the special Board meeting of September 20, 2011, were submitted for approval by the Board of Managers.

**RECOMMENDATION:** Dr. Jimenez recommended approval of the minutes as submitted.

**ACTION:** A MOTION for approval of the recommendation was made by Mr. Briseno, SECONDED by Ms. Cedillo, and PASSED UNANIMOUSLY.

**EVALUATION:** None.

**FOLLOW-UP:** None.
SEPTEMBER 26, 2011 – REGULAR BOARD MEETING:

SUMMARY: The minutes of the regular Board meeting of September 26, 2011, were submitted for approval by the Board of Managers.

RECOMMENDATION: Dr. Jimenez recommended approval of the minutes as submitted.

ACTION: A MOTION for approval of the recommendation was made by Ms. Cedillo, SECONDED by Mr. Smith, and PASSED UNANIMOUSLY.

EVALUATION: The minutes were incorrectly dated September 27. They will be corrected to reflect that actual meeting date, September 26.

FOLLOW-UP: None

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

SUMMARY: Dr. Gonzalez-Scorrano was called away on Medical School business and unable to attend this evening’s meeting. Dr. Henrich introduced the physician leaders present. Specifically, he noted that Dr. Robin Brey, chair of the neurology department, had been at the meeting earlier to support Dr. Lee Birnbaum, chief of the University Hospital stroke service. Dr. Henrich took this opportunity to elaborate on the stroke program as follows: When he first arrived in San Antonio to serve as Dean of the Medical School about five years ago, treatment of acute stroke was a very scattered service around the city; large health systems did not have the capability to provide the infusion of drugs like TPA, which is used to treat revolving strokes and has led to reversal of damage and limitation of damage in many cases. The infusion of TPA requires very careful examination of the patient, and also requires very close attention to the infusion which is associated with regular morbidity. It is also very important to treat the patient in real time. Dr. Henrich appointed Dr. Brey to serve as chair of the neurology department about three years ago and Dr. Birnbaum was one of her first recruits. Dr. Birnbaum is on call 24 hours per day, three weeks out of every month. He has made great efforts to recruit vascular neurologists but they are in very short supply. He was able to recruit a fellow and has established an accredited fellowship for just this purpose. The goal is to build a cadre of capable and well-trained individuals that will stay with the program. Dr. Henrich credited Drs. Brey and Birnbaum for establishing this unique stroke program, a major need in San Antonio and both physicians are an example of the dedication to the partnership. The Board members joined Dr. Henrich in commending both physicians.

Next, Dr. Henrich reported on the recent ruling by the Liaison Committee on Medical Education (LCME) during which it assigned the status of “accreditation with probation” to the undergraduate medical education program of the School of Medicine. The LCME visited the school in January and identified changes to be made in a few areas. One change pertained to basic science educators who did not report to the dean of the School of Medicine, yet taught medical students. Direct reporting to the dean was deemed desirable for curriculum revision regularly undertaken by the School of Medicine. The administration
reacted by reorganizing the reporting structure effective Sept. 1. The previous structure had been in existence for 40 years. The LCME also called for the establishment of more-centralized mechanisms to record student evaluations and curriculum objectives, and this issue is currently being addressed. Given previous glowing reviews, the ruling came as a complete surprise to Dr. Henrich and staff. The students continue to meet and exceed national standards. Board members expressed full support for the School of Medicine and Dr. Gonzalez will answer any additional questions at next month’s Board meeting.

Dr. Henrich thanked the Ms. Cedillo, Ms. Vasquez, and Mr. Hernandez for attending the dedication ceremony of the South Texas Research Facility on Thursday, October 13 where breakthroughs in discovery, scientific collaboration, and translational medicine will take place to make lives better. The facility will help in recruiting the best and brightest of researchers.

New results from a study conducted by Dr. Ian Thompson found that taking vitamin E supplements increases the risk of prostate cancer among healthy men by 17 percent. This means that there is potential for substantial reduction in the number of men diagnosed with prostate cancer – simply by a change in supplements. The results were published in the *Journal of the American Medical Association*.

Scientists have sequenced the complete genome of the naked mole rat, a pivotal step to understanding the animal’s extraordinarily long life and good health. This is a basic, fundamental observation that will likely provide insight into what goes wrong that causes the development of diseases that shorten human lives. A colony of more than 2,000 naked mole rats at the UTHSCSA Barshop Institute contributed to the findings, published in the October 12 issue of the journal *Nature*.

Finally, earlier today Dr. Henrich attended the grand opening ceremony of the VA Hospital’s Polytrauma Rehabilitation Center. It is a unique facility that will expand care for veterans with either traumatic brain injury or stroke. The new unit will enhance programs in a complimentary way in the new trauma center at University Hospital and in rehabilitation medicine. There are only five of these centers in the country. The one in San Antonio is a $66 million, 12 bed facility that will cover the care of injured veterans.

**RECOMMENDATION:** This report was provided for information purposes only.

**ACTION:** None.

**EVALUATION:** None.

**FOLLOW-UP:** Mr. Adams requested a future presentation by Dr. Henrich on how the University’s focus on research relates to the medical school’s educational mission.
NEW BUSINESS

CONSENT AGENDA – ROBERTO JIMENEZ, M.D.: 

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 Peace Officers for the University Health System – Richard Rodriguez

Consideration and Appropriate Action Regarding 3rd Quarter 2011 Investment Report - Peggy Deming

Consideration and Appropriate Action Regarding University Health System Policy No. 9.19, Interpreter Services - Leni Kirkman

Consideration and Appropriate Action Regarding University Health System’s Continued Taxation of Goods-in-Transit - Michael Hernandez

Consideration and Appropriate Action Regarding Purchasing Activities (See Attachment A) - Francine Crockett

RECOMMENDATION: Staff recommends approval of the remaining items on the consent agenda.

ACTION: A MOTION to approve staff’s recommendation for the items listed on the consent agenda was made by Mr. Adams, SECONDED by Mr. Engberg, and PASSED UNANIMOUSLY.

EVALUATION: Ms. Kirkman was asked to elaborate on the proposed policy on Interpreter Services. It is a JCAHO-required policy that will assure communication between patients, families, and providers occur. The policy holds staff accountable for bringing in a competent and qualified interpreter when necessary so that the staff can attest to the fact that the patient understands important information, such as discharge instructions or what risks are associated with certain procedures. While this policy does not prevent patients from having a family member or a friend translate, it serves to assure that communication takes place notwithstanding any language barriers.

Ms. Deming noted the significant savings associated with 12 of the purchasing items presented today as a result of management initiatives. Increases were noted on some items because of increased activity, but the Health System is starting to realize positive results of actions that staff has taken to help reduce costs. Those savings are identified by dollar amounts and percentages on the respective worksheets.

Mr. Briseño commended Mr. Garrett and Ms. Deming for taking on the consequential responsibility of managing the investments portfolio of $1.1 billion and in representing the interests of the Health System.
FOLLOW-UP: Ms. Deming will provide the total amount saved this month in purchasing procurements, as requested by Mr. Briseño.

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 and developments on both campuses since last month. Work in the basement in the central utility plant at University Hospital continues as issues concerning soil contamination have been mitigated. Final test reports on the soil are still pending; however initial reports indicate the soils may be re-used on site and contamination levels do not warrant alarm. Mr. Webb also reviewed CIP controls, work force issues, program enabling projects, traffic changes, parking issues, and approved Guaranteed Maximum Price (GMP) details to date. The nurse call system and distributed antenna system will be submitted this month for approval. Total MedAssets savings and anticipated sharebacks to date were also discussed. The next CIP community outreach effort is a blood drive that will occur on November 29. As follow up, Mr. Webb reported that additional project partnering signs are being installed at both campuses in very prominent locations. The signs will identify all subcontractors that are currently involved in the CIP program.

RECOMMENDATION: This report was provided for informational purposes only.

ACTION: None.

EVALUATION: Mr. Smith suggested that the signage include a phrase which describes Health System facilities as Bexar County facilities so that the public knows their tax dollars are at work. Dr. Jimenez suggested that the efforts to acknowledge local contractors be brought to the attention of Bexar County Commissioners because it was their idea that the bulk of money for the CIP projects stay in San Antonio. They would also be proud to know that out of $248 million awarded thus far, 72 percent is going to local firms.

Mr. Engberg commended staff for their work in accommodating patients and visitors during the massive construction. He shared a message from a colleague, an architect, regarding a recent experience at University Hospital with his granddaughter, a multiple transplant patient. She was rushed in after receiving the call and efficiently transported from the visitors’ parking lot via the shuttle service and then guided by very attentive staff to the appropriate area. The family was grateful for the care and attention during this stressful time.

FOLLOW-UP: None.
ITEMS BEING RECOMMENDED BY THE BUDGET AND FINANCE COMMITTEE –
ROBERT ENGBERG, CHAIR, BUDGET & FINANCE COMMITTEE

APPROVAL OF THE MINUTES OF THE BUDGET & FINANCE COMMITTEE
MEETING ON MAY 24, 2011—ROBERT ENGBERG

SUMMARY: The minutes of the regular Budget & Finance Committee on May 24, 2011, were submitted for approval by the Budget & Finance Committee.
RECOMMENDATION: Mr. Engberg recommended approval of the minutes as submitted.
ACTION: A MOTION for approval of the recommendation was made by Mr. Adams, SECONDED by Mr. Engberg, and PASSED UNANIMOUSLY.
EVALUATION: None.
FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING SECURITIES LENDING AS AN INVESTMENT VEHICLE - PEGGY DEMING

SUMMARY: Securities lending is a vehicle used by entities with significant portfolios of securities that can be utilized to incrementally increase investment income. The process essentially loans the securities held by the lender to a borrower who pledges collateral on the securities held by the lender to a borrower who pledges collateral on the securities borrowed and pays a fee for those securities borrowed. Securities lending is an approved investment vehicle under the Texas Public Funds Investment Act. Many Public and Private entities’ including the City of San Antonio, the City of Amarillo and CPS Energy have implemented securities lending programs.

Frost Bank developed their securities lending program to address concerns of governmental entities. Frost has a business unit dedicated to securities lending, a select list of entities to which they lend and indemnify for Operational and Borrower/Broker Risks. The incremental income from their program is the result of a fee charged on the value of the securities loaned rather than reinvestment of collateral.

Staff worked with Frost Bank and First Southwest Asset Management, the Health System’s Investment Advisor to analyze the appropriateness of implementing a Securities Lending program as a means to incrementally improve the investment earnings on the Health Systems investment portfolio.

Implementation of a securities lending program includes three parties: the lender, a securities lending agent and a borrower. The Health System as the lender would engage Frost Bank to act as the lending agent. A master securities lending agreement would be executed to describe Frost Bank and Health System obligations. Frost Bank maintains a list of selected entities
who are approved borrowers. The Health System in consultation with its Investment Advisor can approve the select list and/or delete any entities.

There are three types of investment risk. As the lending agent, Frost Bank indemnifies the Health System against two of the three risks, Operational Risk and Borrower/Broker Risk. The third risk, Investment risk will be mitigated by collateralization at 102% of market value daily as well as by the engagement of a third party to monitor collateral values on a weekly basis. The Health System will retain First Southwest Asset Management to initially serve as its collateral compliance entity.

Implementation of Securities Lending would incrementally enhance investment income by collecting a fee for loaning Health System investment assets which consist of U.S. Treasury and Agency securities to a select list of borrowers. The process is a low risk program that could increase investment income by an estimated $1 million if 100% of the Health System portfolio were loaned.

**RECOMMENDATION:** Staff recommends the inclusion of Securities Lending as an approved investment vehicle in Section IV. J. of Policy No. 7.05, Investments.

**ACTION:** None.

**EVALUATION:** Mr. Adams suggested taking the issue under advisement after consulting with investment advisors and money managers. Further, he advised staff to consult with Mr. Briseno, in light of his financial knowledge, about the issues he is interested in reviewing in greater detail, such as the financial implications and projected impact. Mr. Briseno would also like for the staff to provide assumptions, recommendation options, and if appropriate, consider tying the Health System’s depository contract to securities lending transactions at Frost Bank.

**FOLLOW-UP:** Board members asked for the opportunity to study this subject in more detail, due to its complex nature. All of the Board members will be invited to participate in a special session, and they will provide direction at that time. Prior to the special session, staff will provide the Board with budget and implementation details, assumptions and recommendation options.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING UHS POLICY NO. 7.05, INVESTMENTS- PEGGY DEMING**

**SUMMARY:** The policy as presented calls for inclusion of securities lending as an investment vehicle at Section IV. Review of the policy was postponed by the Board to allow for further review of the subject matter.

**RECOMMENDATION:** None.

**ACTION:** None.

**EVALUATION:** None.

**FOLLOW-UP:** Staff will return with the proposed policy revisions in one month, or in conjunction with the securities lending proposal. For future reference, Mr. Adams requested that revised policies be presented in a red-lined format.
CONSIDERATION AND APPROPRIATE ACTION REGARDING UHS POLICY NO. 7.0504, RESERVE POLICY- PEGGY DEMING

SUMMARY: The Reserve Policy was created to establish guidelines for the administration of Board Designated reserve accounts held by the University Health System. This policy was last modified June 28, 2005. The Reserve Policy is important to assure adequate levels of reserves in the form of cash and/or liquid investments are available to provide for unforeseen or adverse circumstances, potential liabilities and funding for new technologies and strategic capital requirements.

Staff reviewed the current policy and identified changes in processes and accounting terminology necessary to ensure the policy addresses the objective for which it was created. The policy statement was changed to include the ability to transfer cash and liquid investments from operating accounts to the reserve accounts to provide more flexibility. In addition, the Health System revised the number and names of accounts on its general ledger to simplify management of the reserve accounts. The policy was revised to reflect these changes. The Health System also changed the terminology by which reserve accounts are identified in the interim and audited financial statements. The accounts are now reflected as Assets Whose Use is Limited and as Board Designated Funds. These accounts will be changed and identified only as Board Designated Accounts. The policy was also revised to reflect this change in terminology. The changes to this policy were reviewed with Mr. Engberg in advance of today’s meeting.

RECOMMENDATION: Staff recommends approval of the proposed changes to Policy No. 7.0504, Reserve Policy

ACTION: A MOTION to approve this recommendation was made by Mr. Adams, SECONDED by Mr. Smith, and PASSED UNANIMOUSLY.

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING UHS POLICY NO. 7.0502, FUNDING OF FINANCIAL RESERVE FOR CAPITAL EXPENDITURES

SUMMARY: The Funding of Financial Reserve for Capital Expenditures Policy was created in 1998 and last updated on June 28, 2005 to establish guidelines for the annual transfer of available cash or liquid investments to Board Designated Accounts for self insurance, emergency operating and strategic capital needs. The policy is necessary to assure the Health System meets the primary objective of maintaining adequate working capital for daily operations and setting aside appropriate reserves for self insurance, emergency operating and future capital needs.

Staff reviewed the current policy comparing the stated purpose to the current environment and reserve accounts designated by the Board of Managers. The policy as originally developed did not describe the
process to analyze and fund the self insurance account and the emergency operating account. The issuance of bonded debt including Build America Bonds are new accounts for revenue and expense that also need to be addressed in the policy.

Ms. Deming reviewed the proposed changes in detail with the Board. The changes were also reviewed with Mr. Engberg in advance of today’s meeting.

RECOMMENDATION: Staff recommends approval of the proposed changes to Policy No. 7.0502, Funding of Financial Reserve for Capital Expenditures

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

EVALUATION: None.

FOLLOW-UP: None.

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

ROBERT B. GREEN CAMPUS AND UNIVERSITY HOSPITAL:

CONSIDERATION AND APPROPRIATE ACTION REGARDING AN ELEVATOR MAINTENANCE CONTRACT WITH SCHINDLER FOR ALL UNIVERSITY HEALTH SYSTEM FACILITIES—MARK WEBB

SUMMARY: This contract provides a comprehensive service maintenance agreement for the elevators, dumbwaiters, and automatic cart lifts located at University Hospital (new Tower included), Robert B. Green Campus, UFHC-SE, UFHC-SW, UCCH, and the Pavilion. This is a planned expense and operating funds have been included in the 2010 Operating Budget. This contract includes an annual increase not to exceed 7%; which will be based on the following parameters: 75% of the rate adjustment shall reflect the increase of decrease in field labor based on the straight-time rate of elevator mechanics in the area wherein the equipment covered by this contract is located; and 25% of the rate adjustment shall reflect the increase or decrease in material cost based on the Producer Price Index for Metals or Metal Products as published by the U.S. Department of Commerce, Bureau of Labor Statistics. As compared to the previous contract, there is a net dollar decrease of service cost per elevator per month from $576 to $558. The correct total award of this 10-year contract is $6,701,028 not $8,265,228 as indicated in the purchasing worksheet. Schindler Elevator Corporation has an Affirmative Action Plan or Policy in effect, with a total of 30 employees. The workforce composition data was reviewed with the Board.

RECOMMENDATION: Staff recommends the Board of Managers authorize execution of a maintenance contract for System-wide vertical transportation and with Schindler Elevator Corporation to be funded from hospital operations.

ACTION: None.
Mr. Adams proposed that the contract provision which states that “an annual increase will not exceed 7 percent” be re-negotiated with the vendor and removed. It is not normally what the Health System puts in vendor contracts. His preference would be to evaluate increases on an annual basis. Board members understood the challenge in maintaining old elevators in the 1968 and 1981 buildings, while adding new elevators to the contract that will not be on-line until 2014. Mr. Engberg asked for additional information on the vendor’s background, how long the company has been in business and its history in general. The Schindler Corporation has provided elevator maintenance for the Health System for the past five years. The company is highly thought of in this industry and has done a very good job for the Health System.

FOLLOW UP:
Staff will return with re-negotiated terms as requested by the Board.

UNIVERSITY HOSPITAL:

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE GUARANTEED MAXIMUM PRICE FOR THE TOWER INTERIOR FINISHES; MECHANICAL, ELECTRICAL, PLUMBING AND FIRE PROTECTION SYSTEMS; EMERGENCY CENTER PARKING DECK; TRAUMA BRIDGE; AND ALTERNATES (GMP#13K)—MARK WEBB

SUMMARY:
Guaranteed Maximum Price Proposal (GMP#13k) is the eleventh GMP for the Hospital Tower project and includes materials and construction services to establish the following: interior construction and finishes; miscellaneous steel for superstructure and exterior walls; Mechanical, Electrical, Plumbing, and Fire Protection Systems; telephone/data and nurse call; security infrastructure; special construction including radiation shielding; Emergency Center parking deck; Trauma Bridge from West Parking Garage to Hospital Tower; entry canopies and roof gardens; design enhancements; and miscellaneous items. Additionally, this GMP recommends approval of several alternates: Build out, but do not equip 9 additional operating rooms, pre-op area, and PACU rooms; build out, but do not equip 30 beds on level 10; and provide 12 additional integrated operating rooms with provisions to add 11 more rooms, for a total cost (alternates only) of $10,249,966. Funding is available through the Bond Proceeds. The participation goals for local firms and SMWVBEs is 80% and 40%, respectively. To date, SMWVBE participation of awarded construction projects is 43.04% and local participation is 81.79%. 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 original contract in the amount of $44,451,753 was approved by the BCHD Board of Managers in September 2009. Modifications #1 through #42 total $270,986,021 and were for GMPs #1, 2, 2-R, 3a, 3b, 3c, 4, 5a, 5b, 5-R, 6, 7, 8, 8-R, 9a, 9b, 10, 11, 12, 13a, 13b, 13c, 13d, 13e, 13f, 13g, 13h, 13i, 13j, 14, 15a, 15b, 15c, 15d, and 16b. The total value of this contract including Modification #41 is $543,178,671. As compared to the Control Estimate, GMP #13k Base Scope in the amount of $217,490,931 is under budget by $3,004,945. The total amount of GMP #13k (Base plus
RECOMMENDATION: Staff recommends Board of Managers approval of GMP#13k in the amount of $227,740,897 including all alternates via an amendment to the Zachry Vaughn Layton Construction Management Agreement, with the established substantial completion date of the new tower as January 16, 2014. It is also recommended that the overage be funded from Construction Contingency funds, all prior accrued project savings, including from not equipping 36 beds on the 10th floor and GMP #13k bidding.

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

EVALUATION: Board members commended staff for anticipating future needs for sufficient operating room space. Mr. Adams asked staff to ensure they are looking far enough ahead since operating rooms have always been an issue at University Hospital. Additionally, it will never cost less than it does now to build space out. Today there are 17 operating rooms available and staff is providing the ability to double that number by incorporating universal spaces that can easily be modified into specialty surgery suites. A discussion ensued regarding current utilization of operating rooms. Mr. Adams encouraged staff to address objectives and include matrices as they relate to operating room utilization during the next cycle of contract negotiations with the UTHSCSA. Mr. Adams believes this is one way to make an impact, by order of magnitude, on operating room utilization. Mr. Hernandez thanked Mr. Webb for including bid alternates in anticipation of available savings that will allow for complete construction of the 9 additional operating rooms and the 30 additional beds on level 10 of the new tower. Board members expressed their interest in reviewing the identified enhancements and also in their sequencing. Mr. Briseno was pleased to learn that the enhancements reviewed today all fall within control estimates for the project.

FOLLOW-UP: Dr. Jimenez asked Mr. Hernandez to provide an operational plan with projections for the GMP 13K alternates.

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE GUARANTEED MAXIMUM PRICE FOR ADDITIONAL EQUIPMENT AND MISCELLANEOUS MODIFICATIONS FOR THE MAIN KITCHEN RENOVATIONS (GMP#15D)—MARK WEBB

SUMMARY: Guaranteed Maximum Price Proposal (GMP#15d) is the fourth GMP developed for Phase I Renovations of the new Hospital Tower project. Based upon recommendation by Sodexo (the Health Systems' Food Service Consultant) this GMP is for modifications to the main kitchen to include: adding equipment in the main kitchen and removal of the room service kitchen as well as all finishing kitchens planned for the new Tower. These changes will increase operational efficiency and the quality of service associated with food service operations. Funding is available through the Bond Proceeds. The above noted changes results in
a net saving of $1,949,824 and reduces the staffing requirements by seven (7) FTEs. The participation goals for local firms and SMWVBEs is 80% and 40%, respectively. To date, SMWVBE participation of awarded construction projects is 43.04% and local participation is 81.79%. 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 original contract in the amount of $44,451,753 was approved by the BCHD Board of Managers in September 2009. Modifications #1 through #40 total $270,786,021 and were for GMPs #1, 2 ,2-R, 3a, 3b, 3c, 4, 5a, 5b, 5-R, 6, 7, 8, 8-R, 9a, 9b, 10, 11, 12, 13a, 13b, 13c, 13d, 13e, 13f, 13g, 13h, 13i, 13j, 14, 15a,15b,15c and 16b. The total value of this contract including Modification #43 is $315,437,774.

RECOMMENDATION:
Staff recommends Board of Managers approval of GMP #15d and the amendment to the Zachry Vaughn Layton Construction Management Agreement in an amount of $200,000.

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

EVALUATION: None.
FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE GUARANTEED MAXIMUM PRICE FOR THE WEST PARKING GARAGE FUEL TANK, ELEVATOR ENCLOSURE, STORM DRAINAGE REVISIONS, AND SIGNAGE (GMP#3D)—MARK WEBB

SUMMARY:
Guaranteed Maximum Price Proposal (GMP#3d) is the fourth GMP for the West Parking Garage Project and includes design and installation of fuel tank with associated MEP/Fuel piping, temporary signage and exterior elements. Additionally, it includes other scope items that were not previously contemplated (i.e. revisions to metal panel & glass enclosures at elevators #6 & 7; storm drainage revisions; structural revisions to the vehicle bridge, signage changes, speed humps, revisions to chlorine room and additional water loop). Funding is available through the Bond Proceeds. The participation goals for local firms and SMWVBEs is 80% and 40%, respectively. To date, SMWVBE participation of awarded construction projects is 43.06% and local participation is 81.79%. 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 original contract in the amount of $44,451,753 was approved by the BCHD Board of Managers in September 2009. Modifications #1 through #43 total $498,726,918 and were for GMPs #1, 2 ,2-R, 3a, 3b, 3c, 4, 5a, 5b, 5-R, 6, 7, 8, 8-R, 9a, 9b, 10, 11, 12, 13a, 13b, 13c, 13d, 13e, 13f, 13g, 13h, 13i, 13j, 13k,14, 15a,15b,15c,15d, and 16b. The total value of this contract including Modification #44 is $547,159,534. As compared to the Control Estimate, GMP #3d Base Scope in the amount of $2,922,604 is under budget by $77,396. The total amount of GMP#3d (Base +Additional Scope) is $3,980,863 or $980,863 over the Control Estimate. It is recommended to fund the overage with Construction Contingency funds and Control Estimate Savings.
RECOMMENDATION: Staff recommends Board of Managers approval of GMP #3d and authorization for the President/CEO to execute an amendment to the Zachry Vaughn Layton Construction Management Agreement in the amount of $3,980,863. Funding will be provided from bond proceeds the additional scope items of $1,058,259 will provided from control estimate savings of $77,396 and construction contingency of $980,863.

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

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH BLUE COTTAGE CONSULTING, INC. FOR FACILITY AND STRATEGIC PLANNING SERVICES FOR THE COMPREHENSIVE NETWORK OF CHILDREN'S SERVICES—GEORGE B. HERNÁNDEZ, JR.

SUMMARY: This contract provides consultative services to assist in an objective analysis of the current strengths, weaknesses, potential opportunities and threats relative to the development and implementation of a comprehensive network of children's services including a freestanding academic children's hospital to serve the San Antonio community and region. The scope of work includes data collection of future demand for children's services; physician workforce analysis; conceptual facility planning and financial modeling. Capital funds are available for this acquisition which has been included as a 2011 Strategic Capital Item. The cost of this consultation is $757,008 and will be shared equally by University Health System and CHRISTUS Santa Rosa. The Health System's obligation in this contract will be $378,504 of which $120,000 has been previously approved. Blue Cottage Consulting, Inc., is classified as a Small, Minority, and Women-Owned Business Enterprise (SMWBE). Blue Cottage Consulting, Incorporated does not have an Affirmative Action Plan or Policy in effect. However, a copy of their Equal Employment Opportunity and Affirmative Action Commitment statement has been received. Blue Cottage Consulting, Inc., has a total of 11 employees; the workforce composition data was reviewed with the Board.

RECOMMENDATION: Staff recommends Board of Managers approval for additional funding in the amount of $261,544 for the Health System’s share of due diligence consulting services provided by Blue Cottage Consulting for facility and strategic planning services for the Comprehensive Network of Children’s Services.

ACTION: A MOTION to approve staff’s recommendation was made by Mr. Briseno, SECONDED by Ms. Cedillo and PASSED UNANIMOUSLY.
EVALUATION: Mr. Hernandez reiterated his commitment to keep the Board informed as necessary regarding critical decisions that need to be made in this matter. A final report is expected from Blue Cottage Consulting firm in mid to late December.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE FOLLOWING CONTRACTS FOR REFERENCE LABORATORY TESTING SERVICES — ALLEN STRICKLAND

ASSOCIATED REGIONAL & UNIVERSITY PATHOLOGISTS, INC.:  

SUMMARY: Modification #1 adds recommended testing for Vitamin D, Hepatitis C Viral Genotype and Human Papilloma Virus testing. Hepatitis C Viral Genotype was previously done on-site; however, because of the "Research Use Only" designation it is now being outsourced. Additionally, the screening guidelines have changed for Human Papilloma Virus testing and it is now also being outsourced. This is a planned expense and operating funds have been included in the Year 2011 Operating Budget. The original contract in the amount of $3,239,200 is a 5 year contract which was approved by the Board of Managers in September 2007. Modification #1 in the amount of $298,256 adds funding to cover August & September 2011 invoices. The total value of this contract including Modification #1 is $3,537,456. Due to the rapid escalation of activity and expense, staff is in the process of developing an action plan to control and monitor utilization rates and expenses associated with this contract. ARUP Laboratories has an Affirmative Action Plan or Policy in effect, with a total of 1,884 employees. The workforce composition data was reviewed with the Board.

RECOMMENDATION: Staff recommends Board of Managers approval to modify Contract #2708228-IF to add additional funds of $298,256 for payment of August and September invoices.

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

EVALUATION: Staff is currently exploring solutions to drive down the projected costs for the remainder of the term of the original contract. The lab maintains a list of tests that can be ordered without faculty investigation or intervention. Dr. Olson reported that in 2010, approximately 70 percent of lab tests ordered were not on the approved list of tests. Board members agreed with Mr. Adams that a 70 percent rate is not acceptable, and that the overages for August and September should have been addressed by staff as early as June 2011, when it became apparent that the invoice amounts would exceed approved contract amounts.

FOLLOW-UP: Staff will return with invoices for the months of October through December and a proposed solution to drive down the projected costs for the remainder of this contract.
QUALTEX LABORATORIES:

SUMMARY: This contract provides donor unit testing for all units of blood drawn for the Health System. This is planned expense and operating funds have been included in the Year 2011 Operating Budget. This is being requested as an exempt contract because this vendor provides donor testing for all units of blood drawn in San Antonio (excluding the military). Due to the volume of testing which flows through this vendor, it is more cost effective for the Health System to have this testing outsourced versus being done internally. Additionally, this vendor is licensed with the FDA and is AABB accredited which ensures that the testing provided meets all the required regulations for donor unit testing. The original contract 21011292-IE in the amount of $287,182 was approved by the Board of Managers in December 2010 for one year. Modification #1 in the amount of $82,294 adds funding to the contract. The increased funding requirement is related to a projected 28.7% (1,150) donor increase as compared to the original projection. The total value of this contract including Modification #1 is $369,476. Contract 21110215-IE is being requesting in the amount of $443,179 and will be for a one year period (January through December 2012). As compared to the current contract there is a 19.9% ($73,703) increase in total cost. The components of the increase are; 16.5% ($60,826) relates to a projected increase in donors, and 3.4% ($12,877) relates to pricing. Qualtex Laboratories has an Affirmative Action Plan or Policy in effect, with a total of 190 employees. The workforce composition data was reviewed with the Board.

RECOMMENDATION: None.
ACTION: A MOTION to approve staff’s recommendation was made by Mr. Adams, SECONDED by Ms. Cedillo and PASSED UNANIMOUSLY.
EVALUATION: None.
FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING REPORT FOR SEPTEMBER 2011 FINANCIAL STATEMENTS - ROE GARRETT AND PEGGY DEMING

SUMMARY: For month activity was up 2.0% for the Clinical Services (as measured based on discharges adjusted for outpatient activity). Community First Health Plans fully insured membership was up 4.5%. From operations, the Health System experienced a gain of $6.9 million which was $6.5 million higher than the budgeted gain of $386,000 due to higher operating revenue. Investment income was under budget by $53,000 due to lower interest rates than budgeted. An unrealized market loss of $334,000 was recorded in the month. The bottom line gain in excess of expenses excluding debt service was $6.9 million which was $6.1 million higher than the budgeted gain of $789,000. Included in the above results is CFHP which experienced a $816,000 bottom line gain ($784,000...
better than the budgeted gain of $32,000). Debt service revenue was $3.6 million which is equal to the budgeted portion of the Debt Service payment of $3.6 million. Notable increases and decreases from the consolidated balance sheet were reviewed in detail by Mr. Garrett with the Board.

RECOMMENDATION: Staff recommended acceptance of the financial statements for September 2011, subject to audit.

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

EVALUATION: None.

FOLLOW-UP: None.

**STATUS REPORT ON THE 2012 BUDGET PROCESS - PEGGY DEMING**

**SUMMARY:** Ms. Deming reviewed the proposed timeline for the Board’s review of the 2012 activity, operating and capital budgets. Special Board meetings will be held on Tuesday, November 15 and on Monday, November 21 at 2:00 p.m. for this purpose. Staff also recommends presenting the budget to Bexar County Commissioners Court Tuesday, December 6.

**RECOMMENDATION:** As indicated above.

**ACTION:** As indicated above.

**EVALUATION:** Board members asked that both available dates in December be reserved on the Commissioners Court’s calendar in the event additional time is needed by the Board to review the 2012 budget.

**FOLLOW-UP:** Reserve December 6 and December 20 dates on the Bexar Commissioners Court calendar.

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

**SUMMARY:** Ms. Kirkman provided a detailed, written report on recent recognitions received by the Health System, media highlights as well as upcoming events.

**RECOMMENDATION:** This report was provided for informational purposes only.

**ACTION:** None.

**EVALUATION:** None.

**FOLLOW-UP:** None.
REPORT REGARDING YEAR 2010 MEDICAL-DENTAL STAFF COMMITTEES AND DEPARTMENTS - NICOLAS WALSH, M.D., PRESIDENT, MEDICAL/DENTAL STAFF

SUMMARY: This monthly report was provided to the Board pursuant to a Joint Commission Medical Staff standard which states that the medical staff executive committee will review, act, and report to the Board of Managers the activities of all Medical/Dental staff committees. The reports are informational.

RECOMMENDATION: This report was provided for informational purposes only.
ACTION: None.
EVALUATION: None.
FOLLOW-UP: None.

ADJOURNMENT:

There being no further business, Dr. Jimenez adjourned the public meeting at 9:55 p.m.

Robert L. Jimenez, M.D.  Ira Smith
Chair, Board of Managers  Secretary, Board of Managers

Sandra D. Garcia, Recording Secretary