

# EL PASO COUNTY HOSPITAL DISTRICT FINANCE COMMITTEE MEETING MINUTES

**Wednesday, March 29, 2017 – 8:15 a.m.  
4815 Alameda Ave., 8<sup>th</sup> Floor Board Room  
El Paso, Texas 79905**

**COMMITTEE MEMBERS PRESENT**

James Volk, Committee Chair  
Carmen Arrieta-Candelaria, Committee Member  
Miguel Fernandez, Committee Member  
Michael Nuñez, Chief Financial Officer  
Leticia Flores, Corporate Controller  
Darius Boman, M.D., Medical Staff Representative

**COMMITTEE MEMBERS ABSENT**

Jacob Cintron, President & CEO  
Cindy Stout, Chief Nursing Officer  
Maria Zampini, Chief Operating Officer

**OTHERS PRESENT**

Laurel Huston, Chief Deputy Legal Officer  
Steve DeGroat, Board Member  
Mark Amox, EPCH President & Chief Executive Officer  
Frank Dominguez, EPFirst President & Chief Executive Officer  
Sabrina Addison, Administrative Assistant to the Chief Financial Officer  
Jennifer Maxwell, Executive Assistant to the Board of Managers  
David Stevens, Director of Regional Laboratory  
Frank Rios, El Paso County  
Omar Bernal, EPCH  
Jerry Akin, Broaddus & Associates  
Jorge Reyes, El Paso County Auditors  
Susie Byrd, Citizen  
Jon Law, Chief Strategic Officer  
Bruce Yetter, Assistant County Attorney

AGENDA ITEM	CONCLUSION/RECOMMENDATIONS	ACTION	FOLLOW-UP
I. Call to Order II. Establish a Quorum	Mr. James Volk called the meeting to order at 08:19 a.m., March 29, 2017, after establishing that there was a quorum present.		
III. Approval of the March 1, 2017 Finance Committee Minutes. (Tab 1)  Mr. James Volk Chair	Minutes from the March 1, 2017, meeting was presented for approval.	Motion to approve the minutes was made by Mr. Fernandez and seconded by Ms. Arrieta. Motion carried.	

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<p>IV. Review and approve the El Paso Children's Hospital Financial Statements for February 2017. (Tab 2)</p> <p>Mr. Mark Amox Chief Executive Officer</p> <p>Mr. Omar Bernal Controller</p>	<p>Mr. Mark Amox presented the El Paso Children's Hospital financial statements for February 2017 which are included in the February finance package.</p> <p>Mr. Amox noted that El Paso Children's is having success with partnering with pediatricians and specialists in the community to receive referrals.</p> <p>The Committee requested a financial forecast to end of the fiscal year of days cash on hand. Mr. Nunez noted that the end of the second quarter is in March and that he will be requesting this information from El Paso Children's, El Paso First, and the Foundation to update the forecast for 2017. Mr. Nunez intends on providing this information as the second quarter is closed out.</p>	<p>Motion to approve was made by Mr. Fernandez and seconded by Ms. Arrieta. Motion carried.</p>	<p>Mr. Nunez will provide a financial forecast to year end of days cash on hand after Q2 closing.</p>
<p>V. Review and approve the El Paso First HealthPlans, Inc. Financial Statements for February 2017. (Tab 3)</p> <p>Mr. Michael Nuñez Chief Financial Officer</p> <p>Mr. Frank Dominguez Chief Executive Officer</p>	<p>Mr. Michael Nunez presented the El Paso First HealthPlans, Inc. financial statements for February 2017. The detailed financial reports are included in the February finance package.</p> <p>A discussion took place in regards to how much profit El Paso First is allowed to make. It was noted that profit cannot be more than 3% of revenues. Mr. Dominguez noted that as the organization may exceed the 3%, the excess funds will be used to fund the quality program. In addition, administrative costs may increase due to building improvements, marketing, and market adjustments for the employees.</p> <p>Mr. Dominguez stated that El Paso First has one of the more robust quality programs in the State. Quality payments are paid to physicians who meet the quality metrics. The goal is to provide access to preventative care. This allows for less emergency room stays, less emergency room visits, NICU, and overall reduces medical expenses. Quality payments to physicians are valid medical expenses. The State is expected to visit in April to review the quality program and understand how the program has changed the landscape of delivering medical care in El Paso.</p>	<p>Motion to approve was made by Mr. Fernandez and seconded by Ms. Arrieta. Motion carried.</p>	
<p>VI. Review and approve the El Paso County Hospital District's d/b/a University Medical Center of El Paso Combined Financial Statements for February 2017. (Tab 4)</p> <p>Mr. Michael Nuñez Chief Financial Officer</p>	<p>Mr. Michael Nunez presented the El Paso County Hospital District's d/b/a University Medical Center financial statements for February 2017. The detailed financial reports are included in the February finance package. The first page report covers El Paso First, UMC, El Paso Children's and the Foundation.</p> <p>Mr. Nunez stated that surgery cases and endoscopy procedures have increased as compared to the last two years. He noted that this due to additional physician recruits. Behind from a budget perspective but well</p>	<p>Motion to approve was made by Mr. Fernandez and seconded by Ms. Arrieta. Motion carried.</p>	<p>Mr. Nunez will receive the turnover rate of OR rooms from CNO, Cindy Stout, and report back to the Finance Committee</p>

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	<p>above the past two years. Mr. Volk asked if there is a turnover rate in terms of efficiency for the surgery rooms. Mr. Nunez noted that he will follow up with the CNO to report back with the efficiency rate of the OR rooms.</p> <p>Mr. Nunez noted that the number of births is an area that is being looked at. The number of births is significantly lower than anticipated. Ms. Flores noted that the entire city is trending downward as of the last quarter.</p> <p>Although the birth rate is down, Ms. Arrieta asked if UMC is still maintaining its market share of overall births in the city. Ms. Flores stated that she will report that information at the next Finance Committee meeting.</p> <p>Mr. Nunez noted that the Cerner System has not been implemented. He stated that he will provide an update at the next Finance Committee meeting.</p>		<p>Mr. Nunez and Ms. Flores will report back with the market share of births for UMC.</p> <p>Mr. Nunez and Ms. Janina Prada will provide a Cerner System update at the next Finance Committee meeting</p>
<p>VII. Receive an update on the proposed Series 2017 General Obligation Refunding Bonds. (Tab 5)</p> <p>Mr. Michael Nuñez Chief Financial Officer</p>	<p>Mr. Nunez informed the Committee that as of today, March 29, 2017, UMC is currently on the market for the 2017 General Obligation Refunding Bonds of the 2008 Series. He noted that the par value is approximately \$103 million, premiums are expected to be approximately \$11-12 million and sources of cash will be about \$114-115 million.</p> <p>Mr. Nunez noted that UMC received its rating from Moody's. He reiterated the following ratings:  Fitch rating - AA-/stable outlook  Moody's rating – A2/stable outlook  S&amp;P rating – A-/negative outlook</p>	<p>No Action Required.</p>	<p>Mr. Nunez will report the final rate of the sale of the bonds at the next Finance Committee meeting.</p>

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<p>VIII. Review and approve the Selection Committee's recommendation for Core Laboratory Automation Instrumentation, and authorize the President and CEO to negotiate and execute the contract. (Tab 6)</p> <p>Ms. Maria Zampini Chief Operating Officer</p> <p>Mr. David Stevens Laboratory Director</p>	<p>Mr. David Stevens presented the Selection Committee's recommendation for Core Laboratory Automation Instrumentation. The Executive Summary and support is included in the Finance Committee package.</p>	<p>Motion to approve was made by Mr. Fernandez and seconded by Mr. Nunez. Motion carried.</p>	<p>Item will be presented to the Board of Managers on April 11, 2017.</p>
<p>IX. Receive a Construction Order Update. (Tab 7)</p> <p>Ms. Maria Zampini Chief Operating Officer</p>	<p>Mr. Jerry Akin with Broaddus &amp; Associates presented in Ms. Zampini's absence. Mr. Akin noted the change order presentation located behind Tab 7. He pointed out that there are two active projects, the 5<sup>th</sup>, 6<sup>th</sup>, &amp; 7<sup>th</sup> Floor renovations as well as UMC Neighborhood Healthcare Centers East and West.</p> <p>There have not been any new change orders for the 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup> Floor project since last month. Change orders to date for this project are at 10.12% of the original contract price.</p> <p>Mr. Jerry Akin informed the Committee of pending Change Order #26 for the Westside Clinic. He informed the Committee that this change order was reflects an area of the Westside clinic where there is significant ponding happening which was noticed after a recent rainfall. The grade differences do not allow for the water to drain properly causing ponding to occur and a safety hazard to the access road.</p> <p>Discussions will continue with the engineers and the contractors to determine where conflict of interpretation of grading plan may have happened to cause the error in grading.</p> <p>Estimated cost for Change Order #26 is \$85,000. With this change order, the project is only at 2.97% of aggregate change orders to the original contract price. A more refined number will be presented at the next Finance Committee meeting.</p>	<p>Motion to approve was made by Ms. Arrieta and seconded by Mr. Fernandez. Motion carried.</p>	<p>An update on Change Order #26 will be presented at the April Finance Committee Meeting</p>

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<p>X. Review and take appropriate action on the following policy: (Tab 8) <i>Hospital Policy F-5 Disposition Procedures for Salvage or Surplus Property</i></p> <p>Ms. Leticia Flores Controller</p>	<p>Ms. Leticia Flores noted that the policy is up for its three year review and approval. The policy was re-written to clarify processes and noted that there were not substantial changes.</p>	<p>Motion to approve was made by Mr. Nunez and seconded by Ms. Arrieta. Motion carried.</p>	<p>Item will be presented to the Board of Managers on April 11, 2017.</p>
<p>XI. Review and discuss the proposed Fiscal 2018 Operational and Capital Budget timeline. (Tab 9)</p> <p>Mr. Michael Nunez Chief Financial Officer</p>	<p>Mr. Nunez informed the Committee that the timetable is tentative. He explained that there will be one work session in July with the Commissioners Court and if necessary, a second work session in August will be scheduled. The final budget will be presented to the Board of Managers in September and subsequently the budget will be taken to Commissioners Court.</p>	<p>No Action Required.</p>	
<p>XII. Adjournment</p> <p>Mr. James Volk Chair</p>	<p>Meeting adjourned at 9:41a.m.</p>	<p>Motion to adjourn the meeting was made Ms. Arrieta and seconded by Mr. Fernandez. Motion carried.</p>	

F. James Volk -Committee Chairman