

**EL PASO COUNTY HOSPITAL DISTRICT
FINANCE COMMITTEE MEETING MINUTES**

Wednesday, March 1, 2017 – 8:15 a.m.
4815 Alameda Ave., 8th Floor Board Room
El Paso, Texas 79905

COMMITTEE MEMBERS PRESENT

James Volk, Committee Chair
Miguel Fernandez, Committee Member
Jacob Cintron, President & Chief Executive Officer
Michael Nuñez, Chief Financial Officer
Cindy Stout, Chief Nursing Officer
Maria Zampini, Chief Operating Officer
Leticia Flores, Corporate Controller
Darius Boman, M.D., Medical Staff Representative

OTHERS PRESENT

Lorena Navedo, Executive Chief of Staff
Cathy Gibson, Chief Compliance Officer
Christina Ford, Chief Legal Officer
Mark Amox, EPCH President & Chief Executive Officer
Frank Dominguez, EPF President & Chief Executive Officer
Sabrina Addison, Recording Secretary
Jennifer Maxwell, Recording Secretary
MacKenzie McLaughlin, El Paso County Budget & Fiscal
Paul Braden, Norton Rose Fulbright US, LLP
Omar Bernal, EPCH
Jerry Akin, Broaddus & Associates
Chris Janning, Hilltop Securities
Jonathan Church, Hilltop Securities
Jorge Reyes, El Paso County Auditors
Susie Byrd, Citizen
Ryan Mielke, Director Public Affairs

COMMITTEE MEMBERS ABSENT

Carmen Arrieta-Candelaria, Committee Member

AGENDA ITEM	CONCLUSION/RECOMMENDATIONS	ACTION	FOLLOW-UP
I. Call to Order II. Establish a Quorum	Mr. James Volk called the meeting to order at 08:20 a.m., March 1, 2017 after establishing that there was a quorum present.		
III. Approval of the January 25, 2017 Finance Committee Minutes. Mr. James Volk Chair	Minutes from the January 25, 2017 meeting was presented for approval.	Motion to approve the minutes was made by Mr. Cintron and seconded by Ms. Flores. Motion carried.	

AGENDA ITEM	CONCLUSION/RECOMMENDATIONS	ACTION	FOLLOW-UP
<p>IV. Review and approve the El Paso Children's Hospital Financial Statements for January 2017.</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 January 2017. The detailed financial reports are included in the Finance package.</p>	<p>Motion to approve and forward to the Board was made by Mr. Fernandez and seconded by Mr. Cintron. Motion carried.</p>	
<p>V. Review and approve the El Paso First HealthPlans, Inc. Financial Statements for January 2017.</p> <p>Mr. Michael Nuñez Chief Financial Officer</p>	<p>Mr. Michael Nunez presented the El Paso First HealthPlans, Inc. financial statements for January 2017. The detailed financial reports are included in the February Finance package.</p> <p>Mr. Frank Dominguez added the following points:</p> <ul style="list-style-type: none"> • El Paso First HealthPlans, Inc. at 85% of the MLR which is very good for the winter months. Best year in ten years. Normally hover at 89%. • HHC announced a rate cut beginning June 1, 2017 due to quality program with Hospitals in regards to admissions/readmissions. UMC and EPCH did not do well and therefore this will impact EP First rates; however, the overall impact should be relatively low considering the volumes. El Paso First will continue to work with the Hospitals to address quality issues in regards to admissions/readmissions. The incentive to do better is the opportunity to receive funding. • Legislative Session includes a proposed cut to managed care organizations. Currently, El Paso First receives a 2% risk margin; the proposal is to reduce this percentage to 1.75%. In addition, there is a proposed rate cut to profit. El Paso First is currently allowed to keep 3% of profit; the proposed reduction will reduce this margin to 2%. • El Paso First HealthPlans, Inc. is the only plan in the State out of 19 plans that has not lost money in ten years and offers the lowest premiums. • Risk based capital was at 499% at the end of December 2015 and the calculation is now at 629% based on last year's performance. TDI requires 200%. The El Paso First Board has approved giving back the dividend to UMC. 	<p>Motion to approve and forward to the Board was made by Mr. Cintron and seconded by Mr. Fernandez. Motion carried.</p>	

AGENDA ITEM	CONCLUSION/RECOMMENDATIONS	ACTION	FOLLOW-UP
<p>VI. Review and approve the El Paso County Hospital District's d/b/a University Medical Center of El Paso Financial Statements for January 2017.</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 January 2017. The detailed financial reports are included in the February Finance package. The report covers El Paso First, UMC, and the Foundation.</p>	<p>Motion to approve and forward to the Board was made by Mr. Fernandez and seconded by Mr. Cintron. Motion carried</p>	
<p>VII. Receive a report from Hilltop Securities, Inc. regarding Bond Refinancing Update.</p> <p>Mr. Michael Nuñez Chief Financial Officer</p> <p>Mr. Chris Janning Senior Vice President, First Southwest</p>	<p>Mr. Nunez noted the following points as the purpose of this item:</p> <ol style="list-style-type: none"> 1. Update the Finance Committee on the recent rating announcements from Standard & Poor's and Fitch. In addition, the upcoming plan and reason for seeking a third rating from Moody's which will be presented as part of the Hilltop Securities, Inc. Bond Analysis Update that will be given by Mr. Chris Janning. 2. The original Bond Refinancing order will be amended to reflect the new parameters. The previous Bond order reflected a NPV savings of at least 5% and interest costs not to exceed 4%, the new parameters are a reduction of NPV savings of at least 3.5-4% and interest costs to increase to approximately 4.15%. The changes are prompted due to the interest rate environment changes in the last month. The new Bond Order will need to have the approval of the Board of Managers. <p>Mr. Chris Janning presented the Bond Refinancing Analysis Update, a report from Hilltop Securities, Inc. The report is included in the February Finance package.</p> <p>Mr. Paul Braden informed the Finance Committee the process of requesting approval for the new Bond order with the new parameters stated above.</p>	<p>Motion to accept the report and forward the report along with a new resolution to the Board of Managers was made by Mr. Cintron and seconded by Mr. Fernandez. Motion carried.</p>	
<p>VIII. Receive a Construction Change Order Update.</p> <p>Ms. Maria Zampini Chief Operating Officer</p>	<p>Ms. Zampini referred to the Change Order report under Tab 6 of the Finance materials. She noted that Change Order #15 is related to the 5th floor renovation and is part of an existing condition related to issues on the 4th floor that have to do with the fresh air ducts.</p> <p>This change order request will have to go to the Board of Managers for approval since it is over \$250,000. Ms. Zampini noted that with the change order request, the project is still under budget by approximately \$1.5 million and is still under the 16% in aggregate to the original contract price. The project is at 10.19% with the \$567,820 change order request.</p> <p>This item was previously reviewed and accepted at the Planning & Development</p>	<p>Motion to accept the report was made by Mr. Fernandez and seconded by Mr. Cintron. Motion carried.</p> <p>The report will move forward to the Board of Managers for review and approval of Change order #15.</p>	

AGENDA ITEM	CONCLUSION/RECOMMENDATIONS	ACTION	FOLLOW-UP
<p>IX. Adjournment</p> <p>Mr. James Volk Chair</p>	<p>meeting.</p> <p>Mr. Akin presented an architectural floor plan of the 5th floor for purposes of discussion of the change order request. He pointed out the penetrations that go down to the floor below that connect to the domestic lines below (sanitary lines). Mr. Akin also noted that during demolition of the 5th floor for work on the 4th floor, it was discovered that directly underneath the penetrations is an existing fresh air duct. The fresh air duct serves the units in each one of the patient rooms to allow the patient to control the temperature in their room. This is a major conflict given the limited floor height, penetration through slab, and fresh air duct work. New fresh air ducts need to be installed to connect to the terminal boxes. The project will be completed in four phases. Phase I & II have been completed.</p> <p>Meeting adjourned at 9:43a.m.</p>	<p>Motion to adjourn the meeting was made Mr. Fernandez and seconded by Mr. Cintron. Motion carried.</p>	



F. James Volk -Committee Chairman