

HARRIS HEALTH SYSTEM

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HARRIS HEALTH SYSTEM

MINUTES OF THE BOARD OF MANAGERS MEETING

Thursday, August 11, 2016

Board Room – Administration Building

Members Present:

Mr. Elvin Franklin, Jr., Chair
Ms. Anne Clutterbuck, Secretary
Ms. Carol Graebner
Dr. Kimberly Monday
Ms. Carolyn Truesdell

Members Absent:

Ms. Daisy Stiner, Vice-Chair
Dr. Donald Butts
Mr. Brandon Capetillo
Mr. Lawrence Finder

Others Present:

Mr. George Masi, President & Chief Executive Officer
Mr. Michael Norby, Executive Vice President & Chief Financial Officer
Dr. Parikshet Babber, Executive Vice President & Chief Medical Officer
Mr. Tim Tindle, Executive Vice President & Chief Information Officer
Dr. Ericka Brown, Executive Vice President & Administrator, Ben Taub Hospital
Dr. Michael Gardner, Executive Vice President & Administrator, Ambulatory Care Services
Dr. Jose Garcia, General Director, Affiliated Medical Services
Dr. Maya Suresh, Chair, Medical Executive Board
Dr. Carmel Dyer, Chief of Staff, Lyndon B. Johnson Hospital
Ms. Mercedes Leal, Attorney, Harris County Attorney's Office
Mr. DeWight Dopslauf, Purchasing Agent, Harris County Purchasing
Ms. Peggy Boice, Harris County Judge Ed Emmett's Office
Ms. Carole Lamont, Commissioner Steve Radack's Office
Mr. Paul Shanklin, Commissioner Jack Cagle's Office
Administrative Staff
Guests
(Sign-in Sheets attached to permanent record)

I. Call to Order and Record of Attendance

Mr. Elvin Franklin, Jr., Chair, called the meeting to order at 9:26 a.m., and noted that a quorum was present. The attendance was recorded.

II. Hear from Citizens

Ms. Felicia Robinson stated that she is a former full-time employee of Harris Health who was terminated on August 8, 2016. She reported that she experienced a hostile work environment, retaliation, misuse of authority and policies and procedures, and defamation of character as an employee in the accreditation department. Ms. Robinson stated that she

appealed to executive management, the Corporate Compliance department, and the Human Resources department regarding her concerns but that she did not receive adequate responses from either department. She explained that after receiving 30-60-90-day counseling evaluations and a final written warning, she submitted her resignation to be effective August 12, 2016. Ms. Robinson stated that she also submitted a request for personal time off (PTO) during the week of August 8, 2016 but that her PTO request was denied and that she was requested to resign on August 8, 2016. She requested that outdated counseling forms which no longer conform with Harris Health policies be removed from her personnel file and that her employment and retirement benefits be reinstated. Mr. Franklin responded that he, Mr. George Masi, President and Chief Executive Officer, and the Human Resources department will review Ms. Robinson's concerns to determine an appropriate resolution.

III. Consideration of Approval of Recommendations and Acceptance of Consent Agenda Items

Motion 16.08-76

Moved by Ms. Carolyn Truesdell, seconded by Ms. Anne Clutterbuck, and passed that the Board approve agenda items III.A(1)a. through III.B.21. Mr. Lawrence Finder recused himself from the following purchasing items: A(1)a., A(1)b., A(1)c., A(1)d., A(1)g., A(1)h., A(1)i., A(1)k., A(1)l., A(1)p., A(1)r., A(1)s., A(1)t., A(1)u., A(1)v., A(1)w., A(1)x., A(1)aa., A(1)bb., A(1)cc., A(1)dd., A(1)ff., A(1)ii., A(1)jj., A(1)kk., A(1)rr.

A. Items Related to Purchasing

A(1). Consideration of Purchasing Recommendations Requiring Board Approval

- a. approve purchase on the basis of product standardization for Steris Corporation [PP-OR-1296] to provide operating room lights, booms, video monitors, and integration systems in the amount of \$1,896,592.
- b. approve purchase on the basis of best contract for Siemens Medical Solutions USA, Inc. [PP-IM-273] to provide diagnostic imaging equipment in the amount of \$1,825,962.
- c. approve the guaranteed maximum price for JE Dunn Construction to provide construction manager at-risk services for the conversion of semi-private rooms at Ben Taub Hospital in the amount of \$1,430,358 (\$1,380,358 construction price / \$50,000 owner contingency).
- d. approve the first of four (4) renewal options for The Brandt Companies, LLC to provide job order contracting for small and large plumbing and/or plumbing-related projects in the estimated amount of \$875,000 for the term October 23, 2016 through October 22, 2017.
- e. approve an exemption from the competitive bid requirements for Johnston, LLC to provide professional architectural and engineering services in the estimated amount of \$500,000 for a one-year initial term with two (2) one-year renewal options.

- f. approve an exemption from the competitive bid requirements for FKP Architects, Inc. to provide professional architectural and interior design services in the estimated amount of \$300,000 for a one-year initial term with two (2) one-year renewal options.
- g. approve purchase on the basis of best contract for Mortara Instrument, Inc. [PP-CA-262] to provide non-invasive cardiology equipment in the amount of \$166,042.
- h. approve the loaner system placement on the basis of sole source for Intuitive Surgical, Inc. to provide a loaner recertified daVinci[®] Surgical System pilot program in the estimated (maintenance only) amount of \$149,000 for a one-year initial term with three (3) one-year renewal options.
- i. approve the fourth and final renewal option for STERIS Corporation to provide support services for sterilization equipment in the estimated amount of \$141,814 for the term October 1, 2016 through September 30, 2017.
- j. approve the second of four (4) renewal options for Texas Access Controls to provide preventative maintenance and inspection services of automatic doors at various Harris Health System locations in the estimated amount of \$140,000 for the term September 1, 2016 through August 31, 2017.
- k. approve purchase on the basis of best contract for Stryker Sales Corporation [PP-OR-1310] to provide orthopedic power tools and accessories in the amount of \$131,006.
- l. approve an exemption from the competitive bid requirements for Baylor College of Medicine to provide physician services to Harris Health System patients who have been referred to non-Harris Health System contracted healthcare facilities in the estimated amount of \$300,000 for a one-year initial term with three (3) one-year renewal options.
- m. ratify an exemption from the competitive bid requirements and renewal for Houston Methodist Hospital to provide specialized health services for Harris Health System patients in the estimated amount of \$250,000 for the term July 1, 2016 through June 30, 2017.
- n. approve an exemption from the competitive bid requirements and renewal for St. Luke's Medical Center f/k/a St. Luke's Episcopal Hospital to provide hospital services for Harris Health System patients in the estimated amount of \$125,000 for the term August 15, 2016 through August 14, 2017.
- o. ratify additional (budgeted) funds and an extension for Sterling Readiness Rounds LLC to provide a tracer template program related to Det Norske Veritas (DNV) standards in the additional (budgeted) amount of \$47,205 for the extended term June 24, 2016 through November 23, 2016 (Board previously approved funds in the amount of \$23,603 for the extended term March 24, 2016 through June 23, 2016 and in the amount of \$94,410 for the term March 24, 2015 through March 23, 2016).
- p. ratify an exemption from the competitive bid requirements and renewal for Texas Children's Hospital to provide on-call health services for pediatric patients of

Harris Health System in the estimated amount of \$12,000 for the term July 1, 2016 through June 30, 2017.

- q. approve the first of four (4) renewal options for Fresh Brew Group USA, L.P. to provide vending machine services in the estimated revenue amount of \$325,000 for the term September 15, 2016 through September 14, 2017.
- r. approve second-year funding for the GPO contracts for Johnson & Johnson Healthcare Systems, Inc. (Ethicon) [PP-OR-1237] (\$682,079) and Covidien Sales, LLC [PP-OR-1236] (\$850,908) to provide surgical energy products in the estimated multi-vendor amount of \$1,532,987 for the term September 1, 2016 through August 31, 2017.
- s. ratify additional (budgeted) funds and an extension for Zimmer US, Inc. (\$146,296) and Synthes USA Sales, LLC d/b/a Depuy Synthes (\$620,852) to provide orthopedic implants in the additional (budgeted) multi-vendor amount of \$767,148 for the extended term July 1, 2016 through January 30, 2017 (Board previously approved funds in the amount of \$1,533,762 for the term July 1, 2015 through June 30, 2016).
- t. ratify third-year funding for the GPO contracts for 3M Company [PP-NS-950] (\$1,840), Coloplast Corp. [PP-AC-075] (\$3,686), Hollister Incorporated [PP-AC-078] (\$15,324), Systagenix Wound Management [PP-AC-082] (\$19,743), Medline Industries Inc. [PP-AC-080] (\$26,313), Derma Sciences, Inc. [PP-NS-952] (\$32,188), ConvaTec Inc. [PP-AC-076] (\$181,582), and Mölnlycke Health Care [PP-AC-081] (\$277,939) to provide skin integrity products in the estimated multi-vendor amount of \$558,615 for the term June 1, 2016 through March 31, 2017.
- u. approve the fourth and final renewal option for Synthes Spine to provide spinal implants and related products in the estimated amount of \$418,000 for the term September 17, 2016 through September 16, 2017.
- v. approve second-year funding for the GPO contracts for Covidien Sales LLC [PP-CA-243] (\$5,000) and Penumbra Inc. [PP-CA-244] (\$332,752) to provide neurovascular interventional radiology products in the estimated multi-vendor amount of \$337,752 for the term September 1, 2016 through August 31, 2017.
- w. approve second-year funding for the GPO contracts for Covidien Sales LLC [PP-NS-862] (\$166,972) and Medical Components, Inc. [PP-NS-863] (\$104,733) (all through Cardinal Health) to provide dialysis products and accessories in the estimated multi-vendor amount of \$271,705 for the term November 1, 2016 through October 31, 2017.
- x. approve second-year funding for the GPO contracts for Monaghan Medical Corporation [PP-NS-905] (\$1,298), Teleflex Medical Incorporated [PP-NS-904] (\$26,710), and CareFusion 2200, Inc. [PP-NS-903] (\$242,747) (all through Cardinal Health) to provide respiratory therapy products in the estimated multi-vendor amount of \$270,755 for the term November 1, 2016 through October 31, 2017.
- y. approve the fourth and final renewal option for Medinc of Texas, LP to provide arthroscopic implants in the estimated amount of \$230,596 for the term August 23, 2016 through August 22, 2017.

- z. approve the fourth and final renewal option for Gulf Coast II Lithotripsy, L.P. to provide mobile lithotripsy services in the estimated amount of \$200,000 for the term October 19, 2016 through October 18, 2017.
- aa. approve first-year funding on the basis of best GPO contract for Welch Allyn, Inc. [PP-AC-122] – Option 1 (through Cardinal Health) to provide disposable vaginal speculums in the estimated amount of \$166,959 for the term July 1, 2016 through June 30, 2017.
- bb. approve purchase for AMO Sales and Service, Inc. to provide ophthalmology intraocular lenses and other ophthalmology supplies in the estimated amount of \$215,344 for the term September 24, 2016 through September 23, 2017.
- cc. ratify second-year funding for the GPO contract for Bausch & Lomb Incorporated [PP-OR-1102] to provide ophthalmology intraocular lenses and other ophthalmology supplies in the estimated amount of \$160,929 for the term July 1, 2016 through June 30, 2017.
- dd. approve the second of four (4) renewal options for Innovation Associates, Inc. to provide maintenance and support for the Central Fill Pharmacy System in the estimated amount of \$299,972 for the term September 4, 2016 through September 3, 2017.
- ee. approve award on the basis of only proposal received for Lepow Podiatric Medical Associates LLP to provide podiatry services in the estimated (not-to-exceed) amount of \$679,110 for a one-year initial term with four (4) one-year renewal options.
- ff. approve additional (non-budgeted) funds for Iron Mountain Information Management, LLC to provide off-site storage and maintenance of medical records, x-ray film and retrieval services in the estimated additional (non-budgeted) amount of \$136,379 for the term May 12, 2016 through May 11, 2017 (Board previously approved funds in the amount of \$1,478,229 for the term May 12, 2016 through May 11, 2017).
- gg. approve additional (budgeted) funds for Intelligent Retinal Imaging Systems, LLC (IRIS) to provide a retinal imaging system and services in the estimated additional (budgeted) amount of \$102,749 for the term May 22, 2016 through May 21, 2017 (Board previously approved funds in the amount of \$472,410 for the term May 22, 2016 through May 21, 2017).
- hh. approve renewal for Harris County Hospital District d/b/a Harris Health System to provide security services for space leased to the Harris Center for Mental Health and IDD f/k/a MHMRA of Harris County for the Neuro-Psychiatric Center at Ben Taub Hospital in the estimated revenue amount of \$249,060 for the term September 1, 2016 through August 31, 2017.
- ii. ratify the third of four (4) renewal options for OptumInsight, Inc. to provide a computer-assisted coding solution in the estimated amount of \$731,000 for the term August 2, 2016 through August 1, 2017.
- jj. approve the second of four (4) renewal options and utilization of Harris County-awarded vendors Ascend National LLC d/b/a Rad-Link Supplemental Staffing;

Favorite Healthcare Staffing, Inc.; Maxim Healthcare Services, Inc.; RCM Health Care Services; SHC Services, Inc. d/b/a Supplemental Health Care; OR Nurses Nationwide, Inc., in affiliation with People 2.0 Global, Inc.; and Star Nursing Inc. to provide non-professional healthcare temporary personnel in the estimated multi-vendor amount of \$500,000 for the term October 31, 2016 through October 30, 2017.

- kk. approve additional (budgeted) funds and an extension for Ventana Medical Systems, Inc. to provide immunohistochemistry staining and special staining systems including analyzers, reagents, consumables, and service in the additional (budgeted) amount of \$180,413 for the extended term October 1, 2016 through December 31, 2016 (Board previously approved funds in the amount of \$1,443,302 for the term October 1, 2014 through September 30, 2016).
- ll. approve the second of four (4) renewal options for Nanosphere, Inc. to provide a molecular Clostridium difficile (C.diff) testing system, including analyzers, reagents, consumables, and services in the estimated amount of \$116,506 for the term September 12, 2016 through September 11, 2017.
- mm. approve additional (budgeted) funds and an extension for Sebia, Inc. to provide automated electrophoresis analyzer, reagents, consumables, and service in the additional (budgeted) amount of \$78,189 for the extended term November 4, 2016 through November 3, 2017 (Board previously approved funds in the amount of \$78,189 for the term November 4, 2015 through November 3, 2016).
- nn. ratify renewal for Harris County Public Health Services to provide laboratory technical consulting services in the estimated revenue amount of \$35,100 for the term June 15, 2016 through June 14, 2017.
- oo. ratify the fourth and final renewal option for Harris County Hospital District d/b/a Harris Health System to provide laboratory testing for the Harris County Institute of Forensic Sciences and for the Harris County Institute of Forensic Sciences to provide autopsy examination and forensic analyses for Harris County Hospital District d/b/a Harris Health System in the estimated amount of \$0 for the term July 1, 2016 through June 30, 2017.
- pp. approve purchase on the basis of best quote for Mark III Systems, Inc. [DIR-SDD-2108] to provide maintenance for IBM enterprise-wide hardware and software in the estimated amount of \$734,940 for the term September 1, 2016 through August 31, 2017.
- qq. approve renewal on the basis of sole source for Sunquest Information Systems, Inc. to provide maintenance and support for Sunquest Laboratory and Pathology software in the estimated amount of \$597,968 for the term October 1, 2016 through September 30, 2017.
- rr. approve purchase on the basis of best quote for Hewlett Packard Company [DIR-TSO-2538] to provide Hewlett Packard desktop computers in the amount of \$508,225.
- ss. approve additional (budgeted) funds for Spok, Inc. f/k/a Amcom Software to provide a paging system and a single sign-on software system in the additional (budgeted) amount of \$11,942 for the term May 1, 2016 through April 30, 2017

(Board previously approved funds in the amount of \$99,960 for the term May 1, 2016 through April 30, 2017).

A(2). Transmittals of Completed Items **[For Informational Purposes]**

- a. transmittal of purchase on the basis of product standardization for Welch Allyn, Inc. [PP-MM-294] through Cardinal Health to provide vital signs monitors in the amount of \$95,977.
- b. transmittal of renewal for Advanced Sterilization Products Services, Inc. to provide maintenance and service of sterilizers in the estimated amount of \$94,367 for the term September 22, 2016 through September 21, 2017.
- c. transmittal of purchase on the basis of low quote for McCoy Rockford, Inc. to provide office furniture for the Human Resources recruitment office in the amount of \$70,050.
- d. transmittal of the third of four (4) renewal options for Loftin Equipment Company to provide preventative maintenance, inspection, repair, and rental of emergency generators and related items in the estimated amount of \$67,026 for the term September 1, 2016 through August 31, 2017.
- e. transmittal of purchase on the basis of best contract for Stryker Sales Corporation [PP-OR-1053] to provide surgical automatic tourniquet systems and accessories in the amount of \$56,354.
- f. transmittal of the first of three (3) renewal options for Stryker Sales Corporation [PP-OR-1125] to provide liquid medical waste management systems supplies in the estimated amount of \$73,602 for the term August 31, 2016 through August 30, 2017.
- g. transmittal of the third of four (4) renewal options for Aon Hewitt Investment Consulting, Inc. f/k/a Hewitt EnnisKnupp, Inc. to provide investment consultant services for the Harris County Hospital District d/b/a Harris Health System 401(k) Plan, 457(b) Plan, and Pension Plan in the estimated amount of \$99,807 for the term October 1, 2016 through September 30, 2017.
- h. transmittal of funding for Year One of a two-year Agreement and additional (budgeted) funds on the basis of sole source for LinkedIn Corporation to provide recruitment and networking subscription services in the additional (budgeted) amount of \$13,500 for the term December 31, 2015 through December 31, 2016 (Board previously approved funds in the amount of \$48,521 for the term December 31, 2015 through December 31, 2016).
- i. transmittal of purchase on the basis of sole source for Bio-Rad Laboratories, Inc. to provide Multi-Spot[®] HIV-1/HIV-2 Rapid Test and Geenius[™] HIV 1/2 Supplemental Assay in the estimated amount of \$69,055 for the term October 1, 2016 through September 30, 2017.

B. Recommended Committee Approvals

1. Approval of a Resolution to Issue Harris County Hospital District Senior Lien Refunding Revenue Bonds, Series 2016; Engage the Financial Advisor, Bond Counsel, Disclosure Counsel, and Others; Distribute a Preliminary Official Statement; and Regarding Other Matters Relating Thereto.
2. Approval to Transfer Funds in the Amount of \$1,243,400 to the Harris County Engineering Department for Services Necessary to Comply with City of Houston Requirements Regarding the Ben Taub Hospital Physical Plant Floodproofing Project.
3. Approval to Transfer Funds in an Amount Not to Exceed \$962,750 to the Harris County Engineering Department to Provide Services for the Lyndon B. Johnson Hospital Emergency Generator Replacement Project.
4. Approval to Transfer Funds in an Amount Not to Exceed \$469,633 to the Harris County Engineering Department to Provide Services for the Lyndon B. Johnson Hospital Elevator Modernization Project.
5. Approval to Enter Into a Month-to-Month Tenancy with Kynto Ventures, LLC for the Vallbona Health Center Annex Located at 6601 Tarneff Drive, Houston, Texas 77074 at a Monthly Rate of \$21,226.50 Until Lease Termination.
6. Approval of an Affiliation Agreement Between Harris County Hospital District d/b/a Harris Health System and Western Governors University (Bachelor of Science in Nursing Online Program).
7. Approval to Ratify a Renewal Agreement in an Amount Not to Exceed \$500,000 Between Harris County Hospital District d/b/a Harris Health System and the Parkland Health & Hospital System (Formally Dallas County Hospital District, The Parkland Foundation) for the South Central Region 6 AIDS Education and Training Center (Formally Texas/Oklahoma AIDS Education and Training Center), Funded Under the Ryan White HIV/AIDS Treatment Extension Act of 2009 Part F, to Provide State-of-the-Art Education, Consultation, and Support to Healthcare Professionals Treating HIV-Positive Patients.
8. Approval to Renew an Agreement Between Harris County Hospital District d/b/a Harris Health System and Sheldon Independent School District to Administer a School-Based Program at Sheldon Elementary School For the Term September 1, 2016 Through August 31, 2017.
9. Approval to Renew an Agreement Between Harris County Hospital District d/b/a Harris Health System and Galena Park Independent School District to Administer a School-Based Program at Cloverleaf Elementary School and Galena Park Community Resource and Training Center For the Term September 1, 2016 Through August 31, 2017.
10. Approval to Renew an Agreement Between Harris County Hospital District

d/b/a Harris Health System and Goose Creek Consolidated Independent School District to Administer a School-Based Program at San Jacinto Elementary School For the Term September 1, 2016 Through August 31, 2017.

11. Approval of an Additional Grant Award in the Amount of \$288,969 From the Department of State Health Services to Harris County Hospital District d/b/a Harris Health System for Breast and Cervical Cancer Services (BCCS) for Fiscal Year 2016.
12. Approval to Amend an Interlocal Agreement Between Harris County Hospital District d/b/a Harris Health System and Harris County Public Health and Environmental Services (HCPHES) to Increase a Grant Award by \$5,210,778, Funded Under the Ryan White HIV/AIDS Treatment Extension Act Part A, to Provide Primary Medical Care, Psychiatric Services, Obstetric and Gynecological Care, and a Local Pharmacy Assistance Program to HIV-Positive Patients of Harris Health System.
13. Approval to Renew a Grant Award in the Minimum Amount of \$300,000 from the United States Department of Health and Human Services Administration to Harris County Hospital District d/b/a Harris Health System, Funded Under the Ryan White HIV/AIDS Treatment Extension Act of 2009 Part D, to Provide Outpatient Family-Centered Care for Women, Infants, Children, and Youth with HIV/AIDS.
14. Approval to Renew a Grant Award in the Amount of \$300,000 from the United States Department of Health and Human Services Administration to Harris County Hospital District d/b/a Harris Health System, Funded Under Part F: Special Projects of National Significance of the Ryan White HIV/AIDS Treatment Extension Act of 2009, to Build a Medical Home for Multiply-Diagnosed HIV-Positive Homeless Populations of Harris County.
15. Approval of a Grant Agreement in the Amount of \$70,000 from the Harris County Hospital District Foundation Children's Health Fund Awarded to Harris County Hospital District d/b/a Harris Health System for the 2016 School-Based Mental Health Promotion Project.
16. Approval of a Grant Agreement in the Amount of \$16,000 from the Harris County Hospital District Foundation's Over \$5,000 Grant Fund Awarded to Harris County Hospital District d/b/a Harris Health System for a First Responder Golf Cart in the Ben Taub Hospital Parking Garage.
17. Approval of a Grant Agreement in the Amount of \$10,000 from the Harris County Hospital District Foundation's Over \$5,000 Grant Fund Awarded to Harris County Hospital District d/b/a Harris Health System for the Help Me Say Goodbye Neonatal Bereavement Program.
18. Approval of a Grant Agreement in the Amount of \$9,883 from the Harris County Hospital District Foundation and The United Way of Greater Houston

Awarded to Harris County Hospital District d/b/a Harris Health System for the Low Vision Program.

19. Approval of a Grant Agreement in the Amount of \$7,500 from the Harris County Hospital District Foundation's Over \$5,000 Grant Fund Awarded to Harris County Hospital District d/b/a Harris Health System for Postpartum Discharge Education.
20. Approval of a Grant Agreement in the Amount of \$5,000 from the Harris County Hospital District Foundation's Small Grant Committee Awarded to Harris County Hospital District d/b/a Harris Health System for Safe Sleep Items for Newborns.
21. Approval of a Grant Agreement in the Amount of \$2,000 from the Harris County Hospital District Foundation's Small Grant Committee Awarded to Harris County Hospital District d/b/a Harris Health System for a Neonatal Intensive Care Unit Wall of Hope.

{End of Consent Agenda}

IV. Board Review and Action Items

A. Action Item Related to the Budget and Finance Committee

Motion 16.08-77

Moved by Ms. Anne Clutterbuck, seconded by Ms. Carol Graebner, and unanimously passed that the Board approve agenda item IV.A.1.

1. Approval of the First of Four (4) Renewal Options for Stericycle, Inc. to Provide Integrated Medical and Solid Waste Management in the Estimated Amount of \$1,086,125 for the Term September 1, 2016 Through August 31, 2017.

V. Key Performance Reports

A. Committee Reports

1. Joint Conference Committee

Motion 16.08-78

Moved by Ms. Anne Clutterbuck, seconded by Ms. Carolyn Truesdell, and unanimously passed that the Board approve agenda item V.A.1.a.

- a. Approval Regarding the Credentialing Changes for Members of the Harris Health System Medical Staff (August 2016).

Dr. Maya Suresh, Chair of the Medical Executive Board, presented the August 2016 credentialing changes for the members of the Harris Health System medical staff. She reported that there were fifty-three (53) initial applications, one hundred and forty-four (144) reappointments, thirty-one (31) resignations, and twenty-eight (28) change/add privileges. The application for Dr. Akwugo Eziefulu from The University of Texas Health Science Center at Houston was pulled from consideration. A copy of the report is available in the permanent record.

2. Budget and Finance Committee

Motion 16.08-79

Moved by Ms. Carolyn Truesdell, seconded by Ms. Carol Graebner, and unanimously passed that the Board approve agenda item V.A.2.a.

- a. Acceptance of the Harris Health System July 2016 Financial Report Subject to Audit.

Mr. Michael Norby, Executive Vice President and Chief Financial Officer, presented the Harris Health System July 2016 Financial Report. He reported that that salary and wages and supply expenses were favorable to budget as a result of lower than expected monthly volumes. Mr. Norby stated that expenses totaled \$107.5M and were \$6.2M less than budget for the month. He predicted that Harris Health will complete the fiscal year between a budgeted deficit of \$8.6M and a breakeven budget. A copy of the report is available in the permanent record.

- b. Presentation of the July 2016 Financial Statements of Community Health Choice, Inc.

Mr. Kenneth Janda, President and Chief Executive Officer, Community Health Choice, Inc. (CHC, Inc.), presented the July 2016 financial statements for CHC, Inc. He reported that operating revenue totaled \$95M for July 2016, which was \$4.8M greater than budget. Mr. Janda stated that earnings totaled \$2.1M for July 2016, which was \$585K greater than budget. However, he noted that year-to-date earnings of \$3.5M were \$5.5M less than budget as a result of the risk adjustment related to the Affordable Care Act that CHC, Inc. paid to the federal government in June 2016. A copy of the report is available in the permanent record.

VI. Executive Session

At 9:34 a.m., Mr. Franklin stated that the Board would enter into Executive Session under §161.032 of the Texas Health & Safety Code, the Texas Occupations Code Ann. §160.007, Texas Gov't Code Ann. §551.071, and the Texas Gov't Code §551.085.

VII. Reconvene

At 12:28 p.m., Mr. Franklin reconvened the meeting and stated that no action was taken in Executive Session.

- A. Report by Senior Vice President of Corporate Compliance Regarding

Compliance with Medicare, Medicaid, HIPAA and other Federal and State Health Care Program Requirements and a Status of Fraud and Abuse Investigations, pursuant to Section 161.032 of the Texas Health & Safety Code, and Possible Action Upon Return to Open Session.

No action was taken.

- B. Report by the Chief Medical Officer Regarding Quality of Medical and Health Care, pursuant to Texas Health & Safety Code Ann. §161.032 and Texas Occupations Code Ann. §160.007 to Receive Peer Review and/or Medical Committee Report in connection with the Evaluation of the Quality of Medical and Health Care Services, and Possible Action Upon Return to Open Session.

No action was taken.

- C. Consultation with the County Attorney Regarding the Engagement of Outside Legal Counsel to Represent Harris Health System in Connection with Foreign Trade Zone Collections Against Shell Oil Company and Other Related and/or Necessary Parties, Pursuant to Texas Gov't Code Ann. §551.071, and Possible Action Regarding this Matter Upon Return to Open Session.

Motion 16.08-80

Moved by Ms. Carolyn Truesdell, seconded by Dr. Kimberly Monday, and unanimously passed that the Board approve agenda item VI.C., subject to revisions to Section 3.2 of the Professional Services Agreement between Harris Health and Abraham, Watkins, Nichols, Sorrels, Agosto & Friend.

IT IS RESOLVED that the President/CEO of Harris County Hospital District d/b/a Harris Health System is authorized to execute the attached Agreement between Harris Health and Abraham, Watkins, Nichols, Sorrels, Agosto & Friend for Contingent Fee Special Counsel. The Agreement shall become effective immediately after review and approval by the Texas Comptroller. The attached Agreement may be executed with an electronic or facsimile signature. The Board of Managers further authorizes special counsel to take such actions as deemed necessary on behalf of Harris Health, pursuant to the terms of the Agreement, including the filing of litigation against Pasadena Refining System, Inc., Crown Central, LLC previously known as Crown Central Petroleum Corporation, PRSI Trading, LP, PRSI Trading, LLC, Shell Oil Company, Shell Chemical, LP, Shell Deer Park Refining, Pemex, Pemex Norte America, PMI Norteamerica SA de CV, as well as any other related and/ or necessary and/ or advisable parties.

IT IS FURTHER RESOLVED that all fees to be paid to Abraham, Watkins, Nichols, Sorrels, Agosto & Friend are contingent upon the recovery of settlement funds and/ or civil penalty damages (including attorneys' fees) as provided for in the Agreement and that no contingency fee shall be due or paid from any special fund under this Agreement. Any written amendment to this Agreement to reflect an automatic amendment pursuant to the Agreement or amendments authorized to be made in the Agreement or a requirement of the State Comptroller may be executed by the Harris County Attorney.

- D. Consultation with the County Attorney Regarding the Claim of Bertha Aguilar on Behalf of Jakeline Velasquez Aguilar, Pursuant to Texas Gov't Code Ann. §551.071, and Possible Action Regarding this Matter Upon Return to Open Session.

No action was taken.

- E. Consultation with the County Attorney Regarding the EEOC Charge Filed by Michelle Heinrich, Pursuant to Texas Gov't Code Ann. §551.071, and Possible Action Regarding this Matter Upon Return to Open Session.

Motion 16.08-81

Moved by Dr. Kimberly Monday, seconded by Ms. Anne Clutterbuck, and unanimously passed that the Board approve agenda item VI.E.

The Harris County Hospital District d/b/a Harris Health System ("Harris Health"), by and through its Board of Managers, approves and hereby authorizes the settlement of an EEOC charge filed by Michelle Heinrich in the amount of \$20,000, payable to Michelle Heinrich and/or the Scharfman Law Firm, PLLC. George V. Masi, President/CEO of Harris Health, is authorized to execute any agreement, release or any other necessary documents to effect this settlement.

- F. Discussion Regarding Strategies to Improve and Maximize Financial Performance and Budget Projections Under Provider Agreements, Network Relationships, and Other Strategic Means or Additional Lines of Business for Community Health Choice, Inc., Including Consideration of Approval to Create a New HMO and Charitable Organization for Marketplace and Other Commercial Business, Pursuant to Tex. Gov't Code §551.085 and Possible Action Regarding this Matter Upon Return to Open Session.

Motion 16.08-82

Moved by Ms. Carolyn Truesdell, seconded by Ms. Carol Graebner, and unanimously passed that the Board approve agenda item VI.F. relating to the certificate of formation and the bylaws for Community Health Choice Texas, Inc., subject to inclusion of the following modifications to the bylaws of Community Health Choice Texas, Inc.:

1. Preamble, Paragraph 3: "Community Texas is an affiliate of Community Health Choice, Inc., a Texas nonprofit corporation and licensed HMO ("CHC") and a controlled component..."
2. Article I (d): "Appointment or removal of the President, CEO, and Executive Vice President."
3. Article I (i): "Any deviation of 10% or more from the Corporation's annual operating budget of \$100,000 or more..."
4. Article I (k): "Any mortgage, encumbrance, guarantee, or debt of the Corporation, or of any subsidiary of the Corporation, in either case in excess of \$100,000 in any one transaction or in excess of \$200,000 in the aggregate..."
5. Article I (l): "The sale or other disposition of property of any kind exceeding

- \$100,000 in any one transaction or in excess of \$200,000 in the aggregate...”
6. Article I (o): “Any transfer of property of any kind between the Corporation and CHC in excess of \$100,000 of value in any one transaction or in excess of \$200,000 in value in the aggregate...”
 7. Article I (s): “Any change in the mission, purposes, programs, or product lines of the Corporation.”
 8. Article I (u) will be omitted.

VIII. Adjournment

Moved by Ms. Carolyn Truesdell, seconded by Ms. Carol Graebner, and unanimously accepted to adjourn the meeting.

There being no further business, the meeting adjourned at 12:40 p.m.

I certify that the foregoing are the Minutes of the meeting of the Board of Managers of the Harris County Hospital District d/b/a Harris Health System held at the Administration Building in Houston, Texas on August 11, 2016.

Respectfully submitted,



Mr. Elvin Franklin, Jr., Chair
Board of Managers



Ms. Anne Clutterbuck, Secretary
Board of Managers