TRAVIS COUNTY HEALTHCARE DISTRICT
BOARD OF MANAGERS

MINUTES OF MEETING – JULY 27, 2006

On Thursday, July 27, 2006, the Travis County Healthcare District Board of Managers convened in open session at 5:45 p.m. at the Granger Building, First Floor, Commissioners Courtroom, 314 W. 11th St., Austin, TX 78701. A quorum was present. The clerk for the meeting was Lane Greer.

Absent: Vice-Chairperson Carl S. Richie, Jr.
Secretary Rose Lancaster
Manager Rosie Mendoza
Manager Donald Patrick

CITIZENS' COMMUNICATION. (5:45 p.m.)

Clerk's Notes:

Ellen Richards, Senior Planner from the Travis County Health and Human Services and Veterans Services Department, assigned to assist the District, announced her resignation from the County and thanked District staff and the Board for a good experience while working on behalf of the District.

CONSENT AGENDA. (5:47p.m.)

C1. Approve minutes for the following meetings of the Travis County Healthcare District Board of Managers:

A. April 28, 2006;
B. May 19, 2006;
C. June 8, 2006; and
D. June 22, 2006.

C2. Receive the June 2006 Investment Report and ratify District investments for June 2006.

C3. Receive the June 30, 2006 Third Quarter Investment Report.

C4. Declare a listing of equipment as surplus and authorize the Travis County Purchasing Agent to sell that surplus at public auction pursuant to Section 263.152 of the Texas Local Government Code.

A motion was made by Manager Coopwood and seconded by Manager Barker to approve consent agenda items C1, C2, C3, and C4. The motion passed on the following vote:

Chairperson Clarke Heidrick	For
Vice-Chairperson Carl S. Richie, Jr.	Not Present

Secretary Rose Lancaster	Not Present
Manager Bobbie Barker	For
Manager Tom Coopwood	For
Manager Rosie Mendoza	Not Present
Manager Donald Patrick	Not Present
Manager Frank Rodriguez	For
Manager Thomas Young	For

REGULAR AGENDA

1. Recieve and discuss a briefing from David Vliet, CEO, or his designee on the second quarter of fiscal year 2006 financial results and operating statistics of the City of Austin, Community Care Services Department. (5:56 p.m.)

Clerk's Notes:

David Vliet, Chief Executive Officer of the City of Austin Community Care Services Department, gave a presentation on the Community Health Centers' operations assessment and strategic plan. The operations assessment was spearheaded by the new Chief Operating Officer, Ginger Bergeron. The methodologies in this assessment included observation at the clinic level, a market study of City of Austin salaries, and looking at national benchmarks. As a result of this assessment, direct action plans were created for the following operations: scheduling, staff accountability, management structure, provider vacancies, training and orientation programs, communication, as well as to standardize staffing ratios throughout the department.

Mr. Vliet presented the CHC Strategic Plan, which is a large-scale view of the clinic system and is not intended to be an action plan but rather will serve as a background for future decisions. The plan focused on responding to demographic changes; engaging and listening to community feedback through focus groups, patient satisfaction surveys, and clinic advisory groups; increasing patient education with the goal of reducing non-emergent emergency room visits; expanding women's health and pediatrics to respond to increased demand; increasing productivity, efficiency, and patient satisfaction through redesign initiatives presented in the action plan; further integrating specialty care into the primary care setting; and developing relationships with community providers to leverage specialty care opportunities where possible.

The Board discussed the creation of new clinics in response to changing demographics of the indigent population. The Board further discussed the proper assessment of existing inefficiencies to avoid such pitfalls in newly-designed clinics. Mr. Vliet responded that these assessments have been done and the CHC's have the opportunity to make improvements.

2. Receive and discuss a report of the June 2006 financial statements for the Travis County Healthcare District. (6:18 p.m.)

Clerk's Notes:

Carolyn Konecny, District Financial Manager, presented the June 2006 financial statement. The summary included a statement of net assets of $66.8 million in cash and investments. There is a receivable of $2.8 million from the City of Austin, which will be resolved when final audited amounts

are received by withholding it from a current City monthly service operating payment. Ms. Konecny stated that revenue is consistent with expected lease payments and property tax collections and that there are no unusual amounts. There are no unusual expenses for the District, but MAP payments continue to exceed budgeted amounts. The year-to-date operating revenues include upper payment limit program payments of $16.7 million, causing operating revenues to be greater than budget for the year. Operating expenses remain on target with the budget for the year. Current year-to-date operations show a favorable change in net assets of $34.2 million. The District remains on track to have the reserve balances that were discussed in previous meetings.

3. Discuss and take appropriate action on Orders Exempting the following purchases from the Competitive Bidding and Competitive Proposal Requirements of the County Purchasing Act:

   a. Purchase of Radiation Oncology Services; and

   b. Purchase of Pharmacy Services (6:20 p.m.)

Clerk's Notes:

Stacy Wilson, Assistant Travis County Attorney, discussed the reasons for exempting these two contracts from the requirements of the County Purchasing Act. The Board may exempt these contracts from the competitive bidding and proposal requirements of the County Purchasing Act because the vendors offer professional services. The Board may also give the President and CEO the authority to sign either or both of these contracts.

A motion was made by Manager Young and seconded by Chairperson Heidrick to approve the order exempting the purchase of radiation oncology services from the competitive bidding and competitive proposal requirements of the County Purchasing Act under the professional services exemption in the Texas Local Government Code as presented by staff and to authorize the President and CEO to sign this contract.

Chairperson Clarke Heidrick	For
Vice-Chairperson Carl S. Richie, Jr.	Not Present
Secretary Rose Lancaster	Not Present
Manager Bobbie Barker	For
Manager Tom Coopwood	For
Manager Rosie Mendoza	Not Present
Manager Donald Patrick	Not Present
Manager Frank Rodriguez	For
Manager Thomas Young	For

A motion was made by Manager Young and seconded by Manager Barker to approve the order exempting the purchase of pharmacy services from the competitive bidding and competitive proposal requirements of the County Purchasing Act under the professional services exemption in the Texas Local Government Code as presented by staff and to authorize the President and CEO to sign this contract. Manager Coopwood did not participate in the discussion or vote on this item and filed the appropriate affidavit under Chapter 171, Texas Local Government Code, with the clerk. The motion passed on the following vote:

Chairperson Clarke Heidrick	For
Vice-Chairperson Carl S. Richie, Jr.	Not Present
Secretary Rose Lancaster	Not Present
Manager Bobbie Barker	For
Manager Tom Coopwood	Abstain
Manager Rosie Mendoza	Not Present
Manager Donald Patrick	Not Present
Manager Frank Rodriguez	For
Manager Thomas Young	For

4. Discuss and take appropriate action concerning proposal to consider a tax increase of Fiscal Year 2007. (6:28 p.m.)

Clerk's Notes:

The Board deferred discussion of item 4 to a future meeting.

5. Receive and discuss the CEO's report on current District activities, including (a) updates on District staff activity; (b) updates on District contracts and related activities. (6:30 p.m.)

Clerk's notes:

District President and CEO Patricia A. Young Brown presented an update on District activities. The staff has been very focused on the strategic plan and budget in the last month, as both will be presented for public discussion and final approval in the coming months. There are some significant staff changes, including Ellen Richards' and Larry Wallace's resignations. In other significant business, the District is working on completing the urgent care center contract. The completion of the contract is not impeding the opening of the urgent care center.

6. Receive and discuss reports from all Board committees: Liaison Committee, Audit Committee, Budget and Finance Committee, Care Delivery Committee, Legislative Committee, Mental Health Committee, Personnel Committee, and Strategic Planning Committee. (6:34 p.m.)

Clerk's notes:

Budget and Finance Committee: Manager Young stated that there have been many meetings to work out the FY07 Budget and that the committee is making progress. There are additional meetings scheduled in the upcoming weeks to finalize a proposed budget to take to the public and Commissioners Court for consideration.

Care Delivery Committee: This committee has been considering budget and service enhancements. Manager Coopwood thanked Larry Wallace for all of his hard work.

Legislative Committee: Marsha Jones of Hillco Partners gave a report that included an update of the Star+Plus program. The Senate Health and Human Services Committee and the Senate State Affairs Committee will hold a joint hearing later in August to discuss their shared mental health interim charge. This joint committee will hear invited public testimony on the charge relating to forensic

patients in Texas State Hospitals and Community Mental Health Organizations and on the charge relating to studying and making recommendations to improve delivery of mental health services.

Mental Health Committee: This committee did not meet this month. However, the mental health stakeholders group held a meeting this month, during which funding was discussed. Ms. Young is working with Sherri Fleming, Executive Manager of Travis County Health and Human Services and Veterans Services Department, to make a presentation to Commissioners Court regarding funding of the Mobile Crisis Outreach Unit on Tuesday, August 1, 2006.

Strategic Planning Committee: The staff and committee have reviewed the proposed Strategic Plan presented by Health Management Associates. A public input forum has been organized by HMA, and the final plan is to be adopted by September 28, 2006.

7. Confirm next regular meeting date, time, and location and the Board meeting schedule for August 2006. (6:45 p.m.)

Clerk's Notes:

President and CEO Patricia A. Young Brown confirmed that next regular board meeting is scheduled for August 10, 2006 at 5:30 p.m. in the Commissioners Courtroom, 314 W. 11th Street, Austin, Texas. There will be three posted Board meetings in August to discuss the proposed budget and to hold public hearings, the dates to be confirmed at the Board meeting on August 10, 2006.

8. Receive, discuss and take appropriate action regarding:

   a. A presentation by the District's compensation consultant, Ray Associates, Inc., regarding the District's compensation project, including development of an employee compensation plan, the District's market position regarding compensation, employee incentives and the development of similar items for the District President and CEO. (6:47 p.m.)

Clerk's notes:

Katherine Ray of Ray Associates gave a presentation on their plan for assessing employee compensation and benefits, which includes employee surveys, interviews of the staff and President and CEO, and job summaries. The next stage of the process is to look outside the District to determine what compensation and benefits comparable positions receive. Because the District is a unique organization, Ray Associates has compiled a list of public, non-profit, and private organizations from which to locate comparable positions. The data collected from these entities will be analyzed and will provide a background from which the Board can make informed judgments regarding employee compensation and benefits. Ray Associates will present to the Board a compensation and benefits range for each District staff position. Approval of a range for the positions will give the President and CEO the flexibility to compensate employees as appropriate within the framework approved by the Board.

The Board discussed the list of organizations proposed by Ray Associates. The Board further discussed whether comparisons with large hospital systems would be appropriate. The Board and consultants discussed the challenge of finding the correct job within those organizations to create a comparison.

Chairperson Heidrick asked that charitable foundations such as the Dell Foundation or the Lance Armstrong foundation be added to the list of organizations in the market survey.

A motion was made by Manager Young and seconded by Manager Rodriguez for the Board to endorse and approve the modified list of organizations for the market survey. The motion passed on the following vote:

Chairperson Clarke Heidrick	For
Vice-Chairperson Carl S. Richie, Jr.	Not Present
Secretary Rose Lancaster	Not Present
Manager Bobbie Barker	For
Manager Tom Coopwood	Against
Manager Rosie Mendoza	Not Present
Manager Donald Patrick	Not Present
Manager Frank Rodriguez	For
Manager Thomas Young	For

b. Appointment of an *ad hoc* committee to negotiate possible amendment to the President and CEO's Employment Agreement, with the committee to bring back the proposed amendment back to the full board review and final approval; and

A motion was made by Manager Coopwood that was seconded by Manager Barker to appoint Chairperson Heidrick and Vice-Chairperson Richie to an *ad hoc* committee to negotiate possible amendments to the President and CEO's Employment Agreement, with the committee bringing back the proposed amendments to the full Board for review and final approval. The motion was passed by the following vote:

Chairperson Clarke Heidrick	For
Vice-Chairperson Carl S. Richie, Jr.	Not Present
Secretary Rose Lancaster	Not Present
Manager Bobbie Barker	For
Manager Tom Coopwood	For
Manager Rosie Mendoza	Not Present
Manager Donald Patrick	Not Present
Manager Frank Rodriguez	For
Manager Thomas Young	For

c. The first annual evaluation of the District President and CEO

Jim Ray of Ray Associates gave a presentation on the evaluation and compensation of the President and CEO. Ray Associates will conduct a review process that will include a self-evaluation of the President and CEO, a Board evaluation, and a review by the personnel committee. An analysis of the compensation and benefits of public and major non-profit President and CEOs positions will also be included in the summary presentation to the Board. The goals of this process are to review and create a compensation package for the President and CEO, to create clear communication between the Board and the President and CEO on objectives and Board expectations, to create an agreement on any changes in the President and CEO's contract, and to adopt a performance review process to be utilized anually.

A motion was made by Manager Barker and seconded by Manager Rodriguez to approve the evaluation format and process of the President and CEO. The motion passed by the following vote:

Chairperson Clarke Heidrick	For
Vice-Chairperson Carl S. Richie, Jr.	Not Present
Secretary Rose Lancaster	Not Present
Manager Bobbie Barker	For
Manager Tom Coopwood	For
Manager Rosie Mendoza	Not Present
Manager Donald Patrick	Not Present
Manager Frank Rodriguez	For
Manager Thomas Young	For

The meeting was adjourned at 8:31 p.m. following a motion made by Manager Rodriguez and seconded by Manager Young. The motion passed on the following vote:

Chairperson Clarke Heidrick	For
Vice-Chairperson Carl S. Richie, Jr.	Not Present
Secretary Rose Lancaster	Not Present
Manager Bobbie Barker	For
Manager Tom Coopwood	For
Manager Rosie Mendoza	Not Present
Manager Donald Patrick	Not Present
Manager Frank Rodriguez	For
Manager Thomas Young	For

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Clarke Heidrick, Chairperson
Travis County Healthcare District Board of Managers

ATTESTED TO BY:

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Rose Lancaster, Secretary
Travis County Healthcare District Board of Managers