



CENTRAL HEALTH

STAYS IN FILE

Our Vision

Central Texas is a model healthy community.

Our Mission

By caring for those who need it most, Central Health improves the health of our community.

Our Values

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PUBLIC HEARING & BOARD OF MANAGERS MEETING

Agenda

Wednesday, September 11, 2019, 5:30 p.m.

Central Health Administrative Offices

1111 E. Cesar Chavez St.

Austin, Texas 78702

Board Room

PUBLIC HEARING

1. Present an overview of the proposed Central Health Fiscal Year (FY) 2020 budget and its associated tax rate and receive public comment concerning the proposed budget and tax rate. *(Informational Item)*
2. Announce the date, time, and place of the meeting at which Central Health will vote to adopt the Fiscal Year (FY) 2020 budget and the associated tax rate and confirm the date, time, and place of the second public hearing on the proposed Fiscal Year 2020 tax rate. *(Action Item)*

BOARD MEETING

6:00 p.m.

(or to follow Public Hearing)

CITIZENS' COMMUNICATION

CONSENT AGENDA

All matters listed under the CONSENT AGENDA will be considered by the Board of Managers to be routine and will be enacted by one motion. There will be no separate discussion of these items unless members of the Board request specific items be moved from the CONSENT AGENDA to the REGULAR AGENDA for discussion prior to the time the Board of Managers votes on the motion to approve the CONSENT AGENDA.

- C1. Approve the minutes of the August 21, 2019 meeting of the Central Health Board of Managers.

REGULAR AGENDA*

1. Receive and discuss a presentation on the proposed Central Health and Community Care Collaborative Fiscal Year 2020 Budgets, including Fiscal Year 2019 end-of-year estimates and ongoing budget strategies. *(Informational Item)*
2. Discuss and take appropriate action on health care service delivery expansion in Eastern Travis County, including project timelines.¹ *(Informational Item)*
3. Receive and discuss a presentation on Central Health's capital improvement program, including debt finance instruments. *(Informational Item)*
4. Discuss the 1115 Medicaid Waiver, Delivery System Reform Incentive Payment (DSRIP) projects, the Community Care Collaborative, including health care delivery arrangements, and other interrelated community partnerships.¹ *(Informational Item)*
5. Discuss Central Health owned or occupied real property, and potential property for acquisition or lease, including the Downtown Campus and properties located in Eastern Travis County.¹ *(Informational Item)*
6. Confirm the next regular Board meeting date, time, and location.

*The Board of Managers may take items in an order that differs from the posted order.

Note 1, Possible closed session item.

The Board of Managers may consider any item posted on the agenda in a closed session if the item involves issues that require consideration in a closed session and the Board announces that the item will be considered during a closed session.

Any individual with a disability who plans to attend this meeting and requires auxiliary aids or services should notify Central Health at least two days in advance, so that appropriate arrangements can be made. Notice should be given to the Board Governance Manager by telephone at (512) 978-8049.

Consecutive interpretation services from Spanish to English are available during Citizens Communication or when public comment is invited. Please notify the front desk on arrival if services are needed.

Los servicios de interpretación consecutiva del español al inglés están disponibles para la comunicación de los ciudadanos o cuando se invita al público a hacer comentarios. Si necesita estos servicios, al llegar sírvase notificarle al personal de la recepción.

Came to hand and posted on a Bulletin Board in the Courthouse,
Austin, Travis County, Texas on this the 06 day of

September 2019.

Dana DeBeauvoir
County Clerk, Travis County, Texas

By Samantha Lopez Deputy
SAMANTHA LOPEZ



**FILED AND RECORDED
OFFICIAL PUBLIC RECORDS**

Dana DeBeauvoir

**Dana DeBeauvoir, County Clerk
Travis County, Texas**

201981282

Sep 06, 2019 04:11 PM

Fee: \$0.00

LOPEZS



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BOARD MEETING

September 11, 2019

REGULAR AGENDA ITEM 1

Receive and discuss a presentation on the proposed Central Health and Community Care Collaborative Fiscal Year 2020 Budgets, including Fiscal Year 2019 end-of-year estimates and ongoing budget strategies.



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Central Health Board of Managers Fiscal Year 2020 Proposed Budget

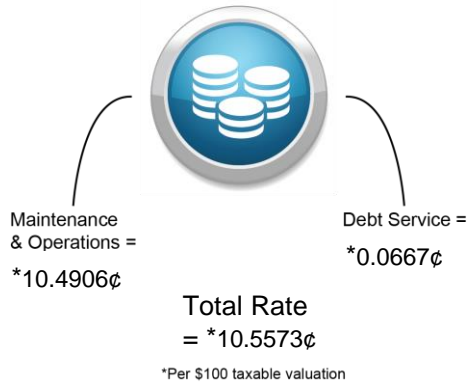
Central Health Board of Managers
September 11, 2019

Lisa Owens, VP of Financial Operations



FY2020 Proposed Tax Rate (6.9% over No New Revenue Rate)

Central Health Property Tax Rate



travistaxes.com

	FY19	FY20 (Proposed)
Average Taxable Homestead Value	\$326,895	\$347,655
Tax Rate	10.5221¢	10.5573¢
Tax Bill	\$343.97	\$367.03
Annual Increase = \$23.07 (6.7%)		

Homestead Exemption	Over 65 Homestead Exemption	Disability Homestead Exemption
20% (A) \$5,000 Minimum	\$85,500 (B)	\$85,500 (B)
(A) Maximum allowable by state law (B) Increased from \$80,000		



FY 2019 Approved Budget and FY 2020 Proposed Budget Sources and Uses Summary

DESCRIPTION	FY 2019 APPROVED BUDGET	FY 2020 PROPOSED BUDGET
TAX RATE	0.105221	0.105573
SOURCES		
Property Taxes	196,861,527	214,906,371
Lease Revenue	18,067,937	13,749,848
Interest	400,000	2,150,000
Tobacco Litigation Settlement	2,000,000	3,500,000
Subtotal Revenue	217,329,464	234,306,218
Contingency Reserve	41,039,184	56,499,497
Total Sources	258,368,648	290,805,715
USES		
Healthcare Delivery	247,343,600	278,017,579
Administration	9,321,838	10,899,878
Tax Collection	1,703,210	1,888,258
Total Uses	258,368,648	290,805,715
RESERVES (ending balance)		
Capital		
HMO Risk-based Capital Reserve		
Contingency Reserve		
Emergency Reserve	32,313,546	38,719,836
Total Reserves	32,313,546	38,719,836

FY2020 Capital Reserves

FY2020 Proposed Capital Reserves Budget	Estimated Opening Balance FY20	Estimated FY20 Capital Expenses	Additional Reserves	Possible Debt Financing	Estimated Ending Balance FY20
Clinical Services/ETC	\$0.0	\$7.7	\$0.0	\$7.7	\$0.0
Campus Redevelopment	\$1.1	\$5.1	\$0.0	\$5.1	\$1.1
Technology and Equipment	\$0.6	\$9.6	\$0.9	\$8.7	\$0.6
Facilities Improvements	\$2.0	\$2.6	\$2.1	\$0.0	\$1.5
Estimated Capital Reserves FY2020	\$3.8	\$25.0	\$3.0	\$21.4	\$3.3

• Potential Projects:

- Eastern Travis County: 2-3 potential clinic locations
- Campus Redevelopment: Red River realignment
- Technology and Equipment: Clinical software and services
- Facilities Improvements: New and existing clinical locations



Capital Plan – Long Term

Long Term Capital Planning

	FY20	FY21	FY22	FY23	FY24	FY25
Clinical Services/ETC	\$7.7	\$19.7	\$15.4	\$0.0	\$0.0	\$0.0
Campus Redevelopment	\$5.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Technology and Equipment	\$9.6	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
Facilities Improvements	\$2.6	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
	\$25.0	\$21.2	\$16.9	\$1.5	\$1.5	\$1.5

Estimated Source of Funds - Capital Expenses

Source of funds - Reserves/Cash	\$3.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5
Source of funds - Debt	\$21.5	\$19.7	\$15.4	\$0.0	\$0.0	\$0.0
	\$25.0	\$21.2	\$16.9	\$1.5	\$1.5	\$1.5



Budget Calendar

- ✓ Aug 26 Community Conversation – Fiscal Year 2020 Budget
- ✓ Aug. 27 Travis County Commissioners Court
(FY2020 Proposed Central Health budget and tax rate)
- ✓ Aug 28 Central Health Board of Managers
(vote on maximum tax rate)
- ✓ Sept. 11 Central Health Board of Managers/First Public Hearing
(FY 2020 Central Health Budget and Tax Rate)
- Sept. 18 Central Health Board of Managers/Second Public Hearing
(FY2020 Central Budget and Tax Rate, Central Health and CCC Budget approved)
- Sept. 24 Travis County Commissioners Court
(FY 2020 Central Health Adopted Budget approved)
- Sept. 25 Central Health Board of Managers
(FY2020 Central Health Tax Rate adopted)
- Oct 1 Travis County Commissioners Court
(FY 2020 Central Health Adopted Tax Rate approved)





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FY 2019 Approved Budget and FY 2020 Proposed Budget Sources and Uses Summary

DESCRIPTION	FY 2019 APPROVED BUDGET	FY 2020 PROPOSED BUDGET
HEALTH CARE DELIVERY		
Intergovernmental transfers:		
IGT - Private UC	24,000,000	-
IGT - Public UC	24,500,000	-
IGT - Disproportionate Share	35,000,000	36,120,000
IGT - CCC DSRIP	27,500,000	25,574,651
IGT - Seton DSRIP	27,500,000	-
IGT - St. David's DSRIP	630,000	-
Total Intergovernmental Transfers	139,130,000	61,694,651
Healthcare Services		
Member Payment	34,000,000	-
Primary Care: Medical, Dental, Behavioral Health	-	50,270,000
Specialty Care, including Specialty Dental	-	8,940,000
Specialty Care: Behavioral Health	-	883,856
Post Acute Care	-	5,400,000
Pharmacy	-	11,600,000
Indigent Care Payment	-	50,225,000
Hospital Performance Incentive	-	2,700,000
Reproductive and Sexual Health	1,870,344	1,950,000
Healthcare Services - PSH/PFS Payment	-	600,000
Integrated Care Collaboration (ICC)	719,990	719,990
Primary Care - Mobile Health Clinic	768,500	-
Primary & Specialty Care Reserves	2,000,000	2,000,000
Total Healthcare Services	39,358,834	135,288,846
Healthcare Operations & Support		
New Healthcare Initiatives and Strategic Work Plan Strategies	1,400,000	-
ACA Healthcare Premium Assistance Programs	8,085,000	9,251,800
ACA Education and Enrollment	831,000	604,320
Healthcare Facilities and Financing (Campus/Development)	11,125,542	10,074,543
UT land lease for teaching hospital	912,502	921,627
Salary and Benefits	3,689,436	15,367,494
Legal	46,200	184,500
Consulting	459,590	1,073,000
Other professional services	365,000	4,493,819
Marketing & Community Relations	414,868	446,166
Community Engagement	350,000	350,000
Leases, security & maintenance	599,320	803,220



FY 2019 Approved Budget and FY 2020 Proposed Budget Sources and Uses Summary

DESCRIPTION	FY 2019 APPROVED BUDGET	FY 2020 PROPOSED BUDGET
Phones, computer equipment & utilities	1,091,890	2,532,760
Printing, copying, postage & signage	133,750	300,633
Travel, training and professional development	40,285	237,140
Other operating expenses	407,480	255,995
Health Promotions	315,455	
Total Healthcare Operations	30,267,318	46,897,017
Reserves, appropriated uses & transfers:		
Transfer to capital reserve	2,840,000	2,950,000
Transfer to emergency reserve	1,000,000	6,406,290
Sendero risk-based capital	20,000,000	-
Contingency reserve appropriation	13,374,631	23,407,493
Total Reserves, appropriated uses & transfers	37,214,631	32,763,783
Debt service:		
Debt service - principal retirement	1,030,000	1,065,000
Debt service - interest	342,818	308,283
Total Debt Service	1,372,818	1,373,283
Total Healthcare Delivery	247,343,600	278,017,579
ADMINISTRATION		
Salary and Benefits	4,690,997	5,903,601
Legal	1,198,320	1,390,820
Consulting	1,026,500	1,187,720
Investment Services (Travis County)	110,000	115,500
Benefits & Payroll administrative services	165,150	174,550
Other professional services	495,000	482,950
Marketing & Community Relations	194,800	212,700
Leases, security & maintenance	308,096	335,200
Insurance & Risk Management	150,030	150,030
Phones, computer equipment & utilities	147,000	135,900
Printing, copying, postage & signage	117,820	103,775
Travel, training and professional development	176,495	211,960
Other operating expenses	541,630	495,172
Total Administration	9,321,838	10,899,878
TAX COLLECTION		
Appraisal District Svcs	1,018,710	1,069,646
Tax Collection Expense	684,500	818,612
Total Tax Collection	1,703,210	1,888,258
TOTAL USES	258,368,648	290,805,715



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BOARD MEETING

September 11, 2019

REGULAR AGENDA ITEM 2

Discuss and take appropriate action on health care service delivery expansion in Eastern Travis County, including project timelines.¹



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BOARD MEETING

September 11, 2019

REGULAR AGENDA ITEM 3

Receive and discuss a presentation on Central Health's capital improvement program, including debt finance instruments.



MEMORANDUM

To: Central Health Board of Managers
From: Jeff Knodel, Vice President and Chief Financial Officer
cc: Mike Geeslin, President and CEO
Date: September 6, 2019
Re: Agenda Item 3: Receive and discuss a presentation on Central Health’s capital improvement program, including debt finance instruments.

Overview:

During the Central Health budget meetings, staff presented the FY2020 capital budget, including budgets for both expenditures and funding sources. Although a few of the capital projects were cash-funded, the majority of the capital sources were debt financing. Staff has evaluated the different debt financing options that are available for debt-financed projects, with a focus on cost, efficiency, and flexibility of the debt financing transactions. As a result, staff has concluded that a bank line of credit is the most appropriate option for smaller capital projects.

Synopsis:

Typical, large capital projects are financed with bonds, similar to the contractual obligations that Central Health issued in 2011 to construct the North Central Community Health Center. Bonds are not a good option for smaller, less frequent capital projects, due to the issue costs required to issue bonds and the ratio of issue costs to the bond-financing amount. An alternative financing tool for smaller projects is a bank line of credit. A bank line of credit consists of fixed or variable interest rates along with flexible payment provisions. Advantages of a line of credit over issuing bonds includes simpler execution, lower issue costs, and fewer compliance issues. Central Health finance staff determined that a bank line of credit is the most appropriate option to finance smaller Central Health capital projects, to be used specifically for FFE (Furniture, Fixtures, and Equipment) and Information Technology. Initial capital projects that will utilize the bank line of credit are Information Technology projects, including the CommUnityCare EHR system, with estimated costs of \$7.5 - \$8 million and the eConsult specialty referral system with an estimated cost of \$700K.

Fiscal Impact:

Central Health staff proposes a standing credit line available to draw from in order to time the draws around project cash flow needs. Staff has determined the initial credit line amount to be \$10 million, with the following interest rates:

Minimum Draw of \$1 Million (PRELIMINARY)

Term	Interest Rate	Interest Rate SWAP	Index Rate	Formula
36 months	2.202%			
48 months	2.220%			
60 months	2.226%			
84 months	2.228%			

The bank line of credit will pledge property taxes to service the debt, with the debt service portion of the property tax rate serving as the debt service-funding source. Staff will also seek approval of a reimbursement resolution, which will allow Central Health to reimburse any expenses that occur prior to the drawdown of the credit line. This will help Central Health to minimize interest costs due to small, preliminary project costs that would force Central Health to pay interest on the entire draw amount.

Recommendation:

Staff plans to bring this item to the Central Health BOM meeting on September 11th for informational purposes and September 18th for action. Upon approval, this item will be taken to the Travis County Commissioners' Court on September 24th.



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BOARD MEETING

September 11, 2019

REGULAR AGENDA ITEM 4

Discuss the 1115 Medicaid Waiver, Delivery System Reform Incentive Payment (DSRIP) projects, the Community Care Collaborative, including health care delivery arrangements, and other interrelated community partnerships.¹



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BOARD MEETING

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REGULAR AGENDA ITEM 5

Discuss Central Health owned or occupied real property, and potential property for acquisition or lease, including the Downtown Campus and properties located in Eastern Travis County.¹



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BOARD MEETING

September 11, 2019

REGULAR AGENDA ITEM 6

Confirm the next regular Board meeting date, time, and location.