CENTRAL HEALTH

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
Central Health will achieve excellence through:
Stewardship - We maintain public trust through fiscal discipline and open and transparent communication.
Innovation - We create solutions to improve healthcare access.
Right by All - By being open, anti-racist, equity-minded, and respectful in discourse, we honor those around us and do right by all people.
Collaboration - We partner with others to improve the health of our community.

BUDGET AND FINANCE COMMITTEE MEETING
Wednesday, November 15, 2023, 4:00 p.m.

Videoconference meeting[1]

A quorum of the Committee and the presiding officer will be present at:

Central Health Administrative Offices
1111 E. Cesar Chavez St.
Austin, Texas 78702
Board Room

Members of the public may attend the meeting at the address above, or observe and participate in the meeting by connecting to the Zoom meeting link listed below (copy and paste into your web browser):
https://us06web.zoom.us/j/84746063082?pwd=vHODDTRJZgM29ZTgdqvVTFaqgZ36IQ.1
Meeting ID: 847 4606 3082
Passcode: 092441

Links to livestream video are available at the URL below (copy and paste into your web browser):
https://www.youtube.com/watch?v=_AyI6Np_VN8

Or to participate by telephone only:
Dial: (346) 248 7799
Meeting ID: 847 4606 3082
Passcode: 092441

The Committee may meet via videoconference with a quorum present in person and will allow public participation via videoconference and telephone as allowed under the Open Meetings Act. Although a quorum of the Committee will be physically present at the location posted in this meeting notice, we strongly encourage all members of the public to observe the meeting virtually

and participate in public comment, if desired, through the virtual meeting link or telephone number listed on this meeting notice.

Members of the public who attend in person should conduct a self-assessment before coming to the building to ensure they do not have a high temperature or any symptoms of COVID-19. Anyone who is symptomatic and/or has a fever should contact their healthcare provider for further instructions. Symptomatic members of the public can still participate, if desired, through the virtual meeting link or telephone number listed on this meeting notice. Resources related to COVID-19 can be found at the following link:

https://www.centralhealth.net/covid-info/.

A member of the public who wishes to make comments virtually during the Public Communication portion of the meeting must properly register with Central Health **no later than 2:30 p.m. on November 15, 2023**. Registration can be completed in one of three ways:

- Complete the virtual sign-in form at https://www.centralhealth.net/meeting-sign-up/;
- Call 512-978-9190 and leave a voice message with your full name, your request to comment via telephone, videoconference, or in-person at the meeting; or
- Sign-in at the front desk on the day of the meeting, prior to the start of the meeting.

Individuals who register to speak on the website or by telephone will receive a confirmation email and/or phone call by staff with instructions on how to join the meeting and participate in public communication.

PUBLIC COMMUNICATION

Public Communication rules for Central Health Committee meetings include setting a fixed amount of time for a person to speak and limiting Committee responses to public inquiries, if any, to statements of specific factual information or existing policy.

COMMITTEE AGENDA[2]

1. Approve the minutes of the October 25, 2023 Budget and Finance Committee meeting. (*Action Item*)

2. Receive and discuss the quarterly financial and operational reports for CommUnityCare Health Centers and Sendero Health Plans. (*Informational Item*)

3. Receive an update on Sendero Health Plans draft budget for Calendar Year 2024.[3,4] (*Informational Item*)

4. Discuss and take appropriate action on an update on the proposed FY 2024 Central Health funding plan for certain Sendero Health Plan claims and administrative costs.[3, 4] (*Action Item*)

5. Discuss and take appropriate action on Central Health owned or occupied real property and potential property for acquisition, lease, or development in Travis County, including pending issues and next steps in the redevelopment of the Central Health Downtown Campus, administrative offices of Central Health Enterprise partners, and new developments in Eastern Travis County.[4, 5] (*Informational Item*)

6. Confirm the next Budget and Finance Committee meeting date, time, and location. (*Informational Item*)

[1] This meeting may include one or more members of the Budget and Finance Committee participating by videoconference. It is the intent of the presiding officer to be physically present and preside over the meeting at Central Health Headquarters, 1111 Cesar Chavez, Austin, Texas 78702. This meeting location will be open to the public during the open portions of the meeting, and any member participating by videoconference shall be visible and audible to the public members in attendance whenever the member is speaking. **Members of the public are strongly encouraged to participate remotely through the toll-free videoconference link or telephone number provided.**

[2] The Budget and Finance Committee may take items in an order that differs from the posted order and 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 Committee announces that the item will be considered during a closed session. A quorum of Central Health's Board of Managers may convene or participate via videoconference to discuss matters on the Committee agenda, and any Committee actions will be in conformance with the Central Health Bylaws.

[3] Possible closed session discussion under Texas Government Code §551.085 (Governing Board of Certain Providers of Health Care Services).

[4] Possible closed session discussion under Texas Government Code §551.071 (Consultation with Attorney).

[5] Possible closed session discussion under Texas Government Code §551.072 (Deliberation Regarding Real Property.

Any individual with a disability who plans to attend or view this meeting and requires auxiliary aids or services should notify Central Health as far in advance of the meeting day as possible, but no less than 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.

Cualquier persona con una discapacidad que planee asistir o ver esta reunión y requiera ayudas o servicios auxiliares debe notificar a Central Health con la mayor anticipación posible de la reunión, pero no menos de dos días de anticipación, para que se puedan hacer los arreglos apropiados. Se debe notificar al Gerente de Gobierno de la Junta por teléfono al (512) 978-8049.

Central Health Board of Managers Shared Commitments
Agreed adopted on June 30, 2021

Whereas, the Board of Managers of Central Health has come together as a governing body to ensure the Vision of Central Health: Central Texas is a model health Community;

Whereas, the Board of Managers of Central Health bring this vision into reality by enacting the mission of caring for those who need it most and thereby improving the health of our community;

Whereas, the Board of Managers of Central Health achieves excellence toward this vision and mission through the stated values of Stewardship, Innovation, Respect, and Collaboration;

Whereas, the Board of Managers of Central Health further known as *we* in this document understand that systemic racism is the root of health inequities that emerge from a history of racism in Texas including Travis County that contributes to the social determinants of health that play a primary role in producing inequitable health outcomes;

Whereas, as an organization, Central Health is anti-racist and committed to a diverse and inclusive culture that seeks equity and social justice in the pursuit of its mission:

1. We Commit to informing all of our actions as Board Managers with the understanding that we are accountable to recognizing and to interrupting systems of oppression. This includes understanding the power structure in the United States, and Texas, and Travis County, that advantages certain community members and has historically disadvantaged other community members based on the color of their skin, race, ethnicity, language, and/or other characteristics. We further understand that to disrupt this power structure and the health inequities it produces, we must collaborate to collectively respond to the lived realities of all ethnicities, races, and identities disadvantaged within this system and all historically oppressed identities and communities disadvantaged within this system. We Commit to understanding that when disadvantaged communities compete against each other, we all lose in this system, and the only way forward is to work together for the benefit of all oppressed communities collectively.
2. We Commit to a model of Generative Leadership which requires us to understand and practice collaboration and accountability demonstrated by following our agreed upon meeting procedures and ensuring all members have the opportunity for comparable speaking time. We further Commit to intentionality prior to speaking including: considering: what is the goal of what I

want to share; is this the right time to share it; and is this in keeping with our collective goal for this particular moment within this particular meeting?

3. We Commit to Generative Conflict which includes engaging in disagreements and differences in perspective in a way that deepens relationships and trust by expanding knowledge and understanding of each other, including expecting our ideas to be expanded and enriched by learning and engaging with other Board Manager ideas, choosing curiosity over competition of ideas, and anchoring our conversations in our common purpose.
4. We Commit to practicing emotional intelligence as leaders which includes being aware of our own emotions and reactions and managing them, as well as being aware of our impact on others and managing this impact for the collective good when we are in our role as Board Managers.
5. We Commit to being aware of our own privileges and advantages in the sociopolitical and economic structure of the United States, Texas, and Travis County to use these for the benefit of interrupting inequities across historically disadvantaged identities.
6. We Commit to preventing the commission of microaggressions through the awareness of the history and oppression of diverse identities and communities. To this end, we Commit to strive to learn the historical context informing the lived realities of all historically oppressed identities and communities, and to use this to prevent use of language and commission of actions that can be harmful given these histories.
7. If we inadvertently commit a microaggression, we strive to immediately become aware on our own of the harm we have caused. If another Board Manager generously helps us become aware of a microaggression we have committed we welcome the support in our learning and growing process as a leader and immediately express appreciation for having made us aware, own the mistake we have made, acknowledge the impact of the harm we have caused, and engage repair through apology and the articulation of what we will do to avoid the repetition of such harm in the future.
8. If we observe one of our fellow Board Managers commit a microaggression, we Commit to calling them in by letting them know in a respectful and kind manner of the mistake that has been made.
9. We understand that many of us, as survivors of historically oppressed identities and communities, carry internalized narratives of oppression, and we can inadvertently express these oppressions against others in ways that cause harm and we Commit to the same process identified in 7 and 8 to engage repair and return to generative collaborative processes.
10. We understand that even without the history of oppression potentiating the weight of harm, expressions of prejudice and rudeness can also cause harm to our shared aims, and we Commit to the same process identified in 7 and 8 to engage repair and return to generative collaborative processes.

11. We Commit to using our Racial and Social Justice Framework (next page) for decision-making as we work together for the collective good of our communities as we eradicate health inequities and create a model healthy community.
12. We understand that we are entrusted with a vital responsibility for our communities and are accountable stewards for the time and resources available to our Board of Managers. We understand that these commitments are entered into to ensure responsible stewardship of this time and resources through generative collaborative processes to reach our vision and mission and we agree that if we do not follow any one of these commitments we welcome our Board Manager colleagues to bring this to our attention through the agreed upon process reflected here and when this occurs, we commit to immediately acknowledging the mistake and engaging in a repair and correction process as indicated in these commitments so that our work to dismantle systemic racism and resulting barriers and achieve health equity can move forward.

Be it adopted that the above agreements will be honored and acted upon by each Board Manager as of 6/30/2021 and henceforth forward as indicated by signature below.

_____ _____

Board Manager Signature Date

_____

Board Manager Printed Name

Calling In and Repairing Harm

Calling In after Harm in Groups with Shared Values and Aims Stance

Hey, this thing you said/did hurt some folks or could hurt some folks.

A) Here's why that can be hurtful or,

B) Please do some research to learn the history of why that's hurtful.

Implied message: I know you are good and are on this journey with us and we are all going to make mistakes as we unlearn things.

Calling In after Harm in Groups with Shared Values and Aims Sample Language

- I know it wasn't your intention, but what you just said minimizes the horror of _____ e.g. the history of racism, enslavement, the holocaust, etc.
- I know it wasn't your intention but what you just said has the impact of implying that _____ are not competent or as intelligent as others.
- What you just said suggests that _____people don't belong.
- That phrase has been identified as being disrespectful and painful to _____people and it's important that we not use it.
- Oh, I have also used that term, but I have now learned that when we use it we are leaving out people who_____ or we are implying that_____and the word people are learning to use now is _____.
- The term used now by people living with that identity is _____.

Repairing Harm after Microaggressions, Mistakes, and expressions of Prejudice

- Own / Name it
- Recognize the Impact
- Apologize (Do not share context or explanations)
- Make any amends that are possible
- State what you are going to do to learn and do better in the future.

Sample Language: Thank you so much for letting me know. You are right, I used this term or said that phrase and realize that it has the impact of minimizing the experience of _____ or implying that_____. I am deeply sorry and will practice learning the correct language and will research and learn more about this to ensure that I do not make this mistake and cause this harm in the future.

RACIAL and SOCIAL JUSTICE FRAMEWORK

Values and Anti-Racism/Anti-Oppression

- Is this consistent with our values?
- Are we taking steps so we cannot predict outcomes by race and other systemically disadvantaged characteristics?

Intentional and Accountable Storytelling

- What data are we using and has it been disaggregated by race? What is the source of the data? Who is it making visible and invisible? Whose experience is being centralized and whose is being marginalized in the data? Does the way we are using the data reflect the complexity of the issues and reflect the issues accurately?
- What are the stories and narratives we are telling? What is the purpose? Who is interpreting the meaning? Who's it meant for? Who's impacted and how?
- Are we refusing to be ahistorical? Are we fully considering history and the impacts of the historical context?

Power Analysis

- What are the power dynamics in this situation? What are the intersecting spheres of oppression at work in this situation?
- What are the cultural norms of white supremacy at work in this situation?
- Who would benefit and who would be harmed by this action/decision?
- Does this interrupt/disrupt or collude with/reinforce oppressive systems/power structures?
- If this is attempting a solution, where are we locating the problem?
- Does the solution/strategy we are proposing change the system or the individual?
- Who are we asking to change and why?

Relationships

- Who is in the room and who isn't and why? Who is sharing and who is not and why?
- Whose perspective is represented/who is left out? And who is doing the representing? Who do we believe, who do we find credible? Why? Why not?
- Whose experience is being centralized and whose experience is being marginalized? Who is gazing and who is being gazed upon?
- Are we boldly leading toward our racial justice aim by building a broad coalition of support?
- Are we operating from a similar/shared understanding of anti-racism work? Do we have a shared anti-racist understanding of where the problem is located and a shared anti-racist theory of change to generate a solution? Have we agreed upon a shared goal?

CENTRAL
HEALTH

BUDGET & FINANCE COMMITTEE MEETING

November 15, 2023

AGENDA ITEM 1

Approve the minutes of the October 25, 2023 Budget and Finance Committee meeting. (*Action Item*)

MINUTES OF MEETING – OCTOBER 25, 2023
CENTRAL HEALTH
BUDGET AND FINANCE COMMITTEE

On Wednesday, October 25, 2023, a meeting of the Central Health Budget and Finance Committee convened in open session at 3:21 p.m. in person at the Central Health Administrative Offices and remotely by toll-free videoconference. Clerk for the meeting was Briana Yanes.

Committee members present in person: Chair Museitif, Manager Kitchen, Manager Martin (arrived at 4:01 p.m.), and Manager Motwani

Board members present via audio and video or in person: Manager Brinson, Manager Bell, Manager Valadez, and Manager Jones

PUBLIC COMMUNICATION

Clerk's Notes: Public Communication began at 3:23 p.m. Yesenia Ramos introduced two speakers for Public Communication.

Members of the Board heard from: Mike Geeslin and Cynthia Valadez

COMMITTEE AGENDA

1. Approve the minutes of the September 6, 2023 Budget and Finance Committee meeting.

Clerk's Notes: Discussion on this item began at 3:33 p.m.

Manager Bell moved that the Committee approve the minutes of the September 6, 2023 Budget and Finance Committee meeting.

Manager Valadez seconded the motion.

Chairperson Museitif	For
Manager Kitchen	For
Manager Martin	Absent
Manager Motwani	For
Manager Brinson	For
Manager Bell	For
Manager Jones	For
Manager Valadez	For

2. Receive and discuss a presentation on CommUnityCare Health Centers' Fiscal Year 2024 budget.

Clerk's Notes: Discussion on this item began at 3:33 p.m. Mr. Jaeson Fournier, CommUnityCare President & CEO, and Ms. Joy Sloan, CommUnityCare Chief Financial Officer, presented a budget overview for October 1, 2023, through September 30, 2024. The presentation included a look at the patients served in 2023 and FY24 organizational priorities. Next, they shared a look at the budget, which included revenue, expenses, and projected operating position. Lastly, they shared a look at Central Health investments by service.

3. Receive updates on the preliminary September 2023 financial statements, including capital projects, for Central Health and the Community Care Collaborative.

Clerk's Notes: Discussion on this item began at 4:11 p.m. Mr. Jeff Knodel, Chief Financial Officer, and Ms. Patti Bethke, Controller, presented the September 2023 financial statements for Central Health and the Community Care Collaborative.

4. Discuss and take appropriate action on an update on Sendero Health Plans financials and proposed FY 2024 Central Health funding plan of certain Sendero Health Plans claims and administrative costs.

Clerk's Notes: Discussion on this item began at 4:26 p.m.

At 4:26 p.m. Chairperson Museitif announced that the Committee was convening in closed session to discuss agenda item 4 under Texas Government Code §551.071 Consultation with Attorney and Texas Government Code §551.085 Governing Board of Certain Providers of Health Care Services.

At 5:27 p.m. the Committee returned to open session.

Manager Kitchen moved that the Committee recommend that the Board authorize the Central Health President & CEO to negotiate a Financing Agreement with Sendero for calendar year 2024 and future periods of CHAP high-risk program costs.

Manager Bell seconded the motion.

Chairperson Museitif	For
Manager Kitchen	For
Manager Martin	For
Manager Motwani	For
Manager Brinson	For
Manager Bell	For
Manager Jones	Abstain
Manager Valadez	For

5. Confirm the next Budget and Finance Committee meeting date, time, and location.

Manager Valadez moved that the Committee adjourn.

Manager Brinson seconded the motion.

Chairperson Museitif	For
Manager Kitchen	For
Manager Martin	For
Manager Motwani	For
Manager Brinson	For
Manager Bell	For
Manager Jones	For
Manager Valadez	For

The meeting was adjourned at 5:31 p.m.

ATTESTED TO BY:

Maram Museitif, Chairperson
Central Health Budget and Finance Committee

Cynthia Valadez, Secretary
Central Health Board of Managers

CENTRAL
HEALTH

BUDGET & FINANCE COMMITTEE MEETING

November 15, 2023

AGENDA ITEM 2

Receive and discuss the quarterly financial and operational reports for CommUnityCare Health Centers and Sendero Health Plans. (*Informational Item*)

SENDERO HEALTH PLANS

Quarter 3 Report
July 1 – Sept 30, 2023

November 15, 2023

Central Health
Board of Managers

Reporting Agenda

- Central Health & Sendero Joint Analysis Exercises
- Operations: 2024 Open Enrollment & Outreach
- Finance: 2023 Financials Year-to-Date vs Approved Budget Projections

Central Health & Sendero Joint Analysis Exercises

A collaborative effort to assess current programs, to formulate recommendations and strategies, and to optimize our offerings to better serve our community.

Progress on Objectives:

1. Plan/Benefit Design Matrixing

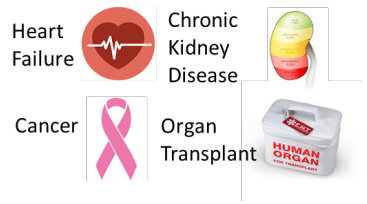
Review provider network and access, benefit and service packages, and patient financial responsibility, to fine-tune member services across offerings.

ANALYSIS OUTPUTS:

- 99%+ of MAP / MAP-Basic providers are in-network with Sendero
- Sendero's benefits offer unique access to specialty services

FACILITATED: new "MAP-to-Silver" offering going live for 2024 Open Enrollment

Priority Clinical Cohorts



2. CHAP Optimization

Assess risk score, utilization and outcome trends, to optimize enrollment opportunities, eligibility criteria, and clinical programs.

Aim 1: Optimize RE-enrollment

- **Evidence-Based Decision:** Multiple analyses supported consensus to invite all current CHAP-Expansion members to re-enroll

Aim 2: Optimize NEW enrollment

- **Evidence-Based Decision**: Continuous (year-round) and Open (Dec 15) Enrollment will proceed in a risk-score-based approach
- Articulated "value proposition" for Bone Marrow Transplant
- **NEXT STEPS** continuing analysis on value proposition for clinical-cohort-based enrollment

Aim 3: Improve understanding of appropriate outcomes

- Planning and scoping underway for "longitudinal" study

3. Financial Analysis

Assess risk score patterns and financial indicators across Sendero and Central Health collaborations, to inform shared growth strategies for the future.

- Financial analyses have, and will continue, to factor significantly into all decisions and recommendations

Five Factors

- Risk Score
- Risk Adjustment Received
- Premium
- Utilization
- Case Management engagement

Operations: 2024 Open Enrollment & Outreach

- Started on November 1 and ends December 15, 2023
- Extended Call Center/Sales Hours
- Sendero Turkey Fest on November 17, 2023
  - Sendero will give away 1,000 turkeys
- 2024 Highest Rated Exchange Plan in Texas

2023 Financials Year-to-Date vs Approved Budget Projections

SENDERO HEALTH PLANS 2022-23 APPROVED BUDGET UPDATE

	2023 Approved CY BUDGET thru Dec 31, 2023 Approved Sept 2022	2023 BUDGET thru June 30, 2023	2023 ACTUALS thru Sept 30, 2023	Variance	
Total Revenue	$74,712,568	$37,356,284	$38,450,923	103%	Decrease in projected membership
Risk Adjustment	$42,475,099	$21,237,550	$4,028,428	19%	Includes to-date CMS's 2022 Risk Adjustment Haircut
Total Revenue After Risk Adjustment	$117,187,667	$58,593,834	$42,479,351	72%	
Total Medical Expenses	$91,791,609	$45,895,805	$36,203,339	79%	Decrease in projected membership
Contribution to Overhead	$25,396,058	$12,698,029	$6,276,012	49%	
Total Administrative Expenses	$23,555,630	$11,777,815	$10,387,594	88%	Includes AXA risk and financing charges
Net Income (loss)	$1,840,428	$920,214	($4,111,582)	-447%	Risk Adjustment Haircut
Check Total					
Average Membership	**10,800**	**10,800**	**6,670**	62%	
Member Months	**129,600**	**64,800**	**40,021**	62%	
Admin as % of Revenues After Risk Adj	**20%**	**20%**	**24%**		
Premium PMPM	**$904.23**	**$904.23**	**$1,061.43**	117%	
Claims PMPM	**$708.27**	**$708.27**	**$904.61**	128%	
Admin PMPM	**$181.76**	**$181.76**	**$259.55**	143%	Decrease of total revenues due to Risk Adjustment Haircut
Net Income/Loss PMPM	**$14.20**	**$14.20**	**-$102.74**	-723%	

Quarterly Report

July 1st – September 30th, 2023

Provided to Central Health Board of Managers
On
November 15th, 2023

Provided by
Dr. Jaeson T. Fournier, President and CEO
Tara Trower, Chief Strategy Officer

SUMMARY OF ORGANIZATIONAL PRIORITIES AND INITIATIVES

Aligned with CommUnityCare's Board-approved strategic priorities as shown to the right, our efforts during the fourth quarter of fiscal year 2022 – 2023 (July 1, 2023, to September 30, 2023) have included:

1. **Enhanced Patient Accessibility:** In the recent quarter, there were 115,207 face-to-face encounters*, benefiting 67,742 distinct patients. This quarter also marked the conclusion of CommUnityCare's fiscal year, which spanned from October 1, 2022, to September 30, 2023. During this year, CommUnityCare reached a record high by serving 130,530 unique patients, the most in any 12-month period. On average, these patients had 3.43 encounters each, totaling 447,661 encounters*. Notably, from October 1, 2022, to September 30, 2023, 79% of the 130,530 patients were residents of Travis County. Additionally, over 97% of the patients who disclosed their income reported household incomes below 200% of the federal poverty level and 60.2% were best served in a language other than English.

2. **Enhanced Access through New Health Center:** The quarter saw improved healthcare access following the launch of CommUnityCare's Chalmers Health Center, a joint initiative with the Housing Authority of the City of Austin and supported by Central Health. This center, CommUnityCare's first within a public housing development, represents a novel approach to healthcare delivery. Richard Monocchio from the US Housing and Urban Development acknowledged the center's significance during its grand opening. He highlighted it as a prime example of successful collaboration between different organizations to benefit the health of public housing residents. This initiative also demonstrates CommUnityCare's dedication, in partnership with Central Health, to strategically realign clinical resources to better serve current and future community needs. As demographics continue to evolve in East Austin, this new health center is strategically positioned to provide convenient and centralized healthcare access to residents of Chalmers Courts, Rosewood, and Santa Rita developments, targeting those in greatest need.

3. **Collaborative Outreach for Medicaid Redetermination:** In partnership with Foundation Communities and Central Health, we focused on supporting families impacted by the state's ongoing Medicaid redetermination process. As highlighted in CommUnityCare's 3rd Quarter report to the Board of Managers, our concerted efforts aimed to lessen the effects of Medicaid disenrollment. This particularly affected women who maintained continuous coverage post-pregnancy during the COVID-19 pandemic, and individuals who aged out while under continuous coverage.

   Starting in July, CommUnityCare redirected its attention from the initially disenrolled group to a new cohort, predominantly pediatric patients. These children generally qualify for

Medicaid, except in rare cases where their family's financial situation has change rendering them ineligible. To aid families in the redetermination process, we have joined forces with Foundation Communities and Central Health. Our goal is to facilitate continued Medicaid eligibility where possible and guide those who no longer qualify towards alternative coverage options, such as Central Health's indigent care programs (e.g., Medical Assistance Program / MAP Basic), CommUnityCare's Sliding Fee Scale Program and the Affordable Care Act Marketplace.

4. **Improved Call Center Efficiency:** We achieved a significant reduction in call center hold times, reaching the lowest levels since the onset of the pandemic. In the first quarter of the year, the average hold time was close to 5 minutes. However, by the fourth quarter, we managed to decrease this to under one minute. This improvement was accomplished despite a 28% rise in call volume, which included integrating our Carousel Pediatrics operations call functions into CommUnityCare 's Patient Navigation center.

   The key to this success was increasing the number of service representatives, particularly those fluent in Spanish. This enhancement allowed for more efficient handling of calls in the patient's preferred language, reducing the need for third-party interpreters. The marked improvement in hold times is also a testament to our effective hiring strategies, ensuring quicker and more responsive service to our callers.

5. **Reduced Appointment Wait Times in Family Medicine and Dental:** CommUnityCare successfully decreased the average lead time for scheduling appointments in both family medicine and dental services. This achievement mirrors the positive outcomes of the improved hiring environment for healthcare providers and clinical support staff. However, it's worth noting a slight increase in pediatric appointment lead times, a typical trend that aligns with the usual surge in demand at the beginning of the school year.

6. **CommUnityCare Board Endorses Joining the Texas Association of Community Health Centers (TACHC) Community Health Centers CIN**: The CommUnityCare Board of Directors has endorsed our participation in the TACHC Clinically Integrated Network (CIN), alongside 48 other health centers. This CIN represents a collaborative healthcare model where providers work together under unified governance and legal structures. Such a setup facilitates the collective management and sharing of patient information across the entire care continuum, promoting seamless care across diverse healthcare settings.

   A key benefit of being part of a CIN is its compliance with antitrust laws. Ordinarily, these laws restrict independent healthcare providers from engaging in joint contract negotiations. CINs, however, are permitted under these laws to conduct collective negotiations with health plans. This exception creates a lawful avenue for cooperative contracting discussions. As a result, the TACHC CIN provides Texas community health centers, including CommUnityCare, with a legal framework to jointly engage in initiatives aimed at value-based

care contracting, enhancing the overall efficacy and quality of healthcare services. The TACHC CIN is already the largest health center value-based care collaborative in the nation and following an election by peer health centers, CommUnityCare's President and CEO, Dr. Jaeson Fournier, is serving as the Chairperson for the Board of Managers and its Executive Committee.

7. **Expanded Social Justice and Equity Training within CommUnityCare Teams:** With the support of a grant from the Episcopal Health Foundation, CommUnityCare has partnered with consultants at Cardea to conduct an organizational assessment and create a specialized training program. This initiative aims to enhance awareness and understanding of social justice and equity issues among our teams, specifically tailored to the health center setting. The program is designed to integrate seamlessly into the clinical environment, ensuring it does not impede patient access. After a successful pilot in Q4, we are excited to implement this training across the entire organization in Fiscal Year 23.

8. **Secured a CDC Collaborative Agreement for STI Prevention:** CommUnityCare has been awarded a significant 5-year grant of $2.5 million by the Centers for Disease Control and Prevention (CDC) to combat sexually transmitted infections (STIs) in Central Texas. This funding is part of the Enhancing STI and Sexual Health Clinic Infrastructure (ESSHCI) initiative, itself a crucial component of the nationwide campaign, Ending the HIV Epidemic in the U.S. CommUnityCare stands among the 26 recipients across the country to receive this essential ESSHCI funding, reflecting our commitment to and capability in addressing critical health care and STI challenges.

9. **Implementing Enhanced Health Center Security:** In the previous year, CommUnityCare initiated a comprehensive safety audit of its health centers. Based on the recommendations provided by the consultants, efforts were focused on standardizing safety features across our facilities including those owned by Central Health. The initial phase of implementing these security enhancements commenced during this quarter and included installation of distress and auto lock buttons at entrance reception. Further improvements are also underway including additional and aligned training for security personnel to ensure the safest environment for both staff and patients.

10. **Strategic Consolidation of Ben White Dental Clinic:** CommUnityCare's board authorized the closure of our Ben White dental-only clinic, alongside the strategic relocation of its team members to our new and existing multi-disciplinary sites (i.e., medical / dental / behavioral sites). This move is aimed at achieving greater efficiencies and enhancing dental service availability in areas with higher demand. The decision was informed by data showing that the Ben White Dental Clinic, situated in zip code 78704, served only 113 patients from zip code 78704in 2022, indicating a reduced local need for services. While zip code 78704was once a high demand area for dental services, recent trends suggest a shift in demand patterns. We are confident that the needs of these patients previously served at the Ben White Dental Clinic can be effectively met at our South Austin Health Center, also located in zip code 78704, or at one of our other integrated medical and dental facilities.

Financial Performance From October 1st, 2022 to September 30th, 2023					
REVENUES	**Actual**	**Budget**	**Variance**	**Variance %**	**Last Year Actual**
Sliding Fee Scale/ Self Pay Patients	2,349,191	3,575,447	(1,226,256)	-34.30%	2,635,242
Commercial	5,017,437	4,052,054	965,383	23.82%	3,687,864
Medicare	3,482,521	3,105,387	377,134	12.14%	2,848,086
Medicaid	43,406,678	53,611,761	(10,205,083)	-19.04%	42,653,170
CHIP	4,602,521	5,437,842	(835,321)	-15.36%	4,533,522
Family Planning	938,410	1,002,355	(63,945)	-6.38%	767,268
Central Health Primary Care/Specialty Care Fee-For-Sevice	43,813,988	40,646,303	3,167,685	7.79%	39,153,689
Total Patient Services Revenue	103,610,746	111,431,149	(7,820,403)	-7.02%	96,278,841
Other Pat Service Revenue	1,758,982	782,730	976,252	124.72%	2,083,626
Bad Debt	(4,129,837)	(3,085,907)	(1,043,930)	33.83%	(2,383,737)
Third Party Revenue	101,239,891	109,127,972	(7,888,081)	-7.23%	95,978,730
Pharmacy Revenue	54,641,596	45,100,740	9,540,856	21.15%	47,157,053
Net Patient Revenue	155,881,487	154,228,712	1,652,775	1.07%	143,135,783
Total Grant Revenue	27,622,144	32,419,780	(4,797,636)	-14.80%	21,666,288
Delivery System Reform Payments Earned	-	-	-	0.00%	4,723,623
Central Health Non-Contract Revenue	16,108,863	18,678,001	(2,569,138)	-13.75%	17,393,654
TOTAL OPERATING REVENUE	**199,612,494**	**205,326,493**	**(5,713,999)**	**-2.78%**	**186,919,348**
EXPENSES	**Actual**	**Budget**	**Variance**	**Variance %**	**Last Year Actual**
Wages	97,173,458	108,048,320	(10,874,862)	-10.06%	84,857,208
Benefits	26,133,760	27,322,715	(1,188,955)	-4.35%	22,204,772
Total Wages And Benefits	123,307,218	135,371,035	(12,063,817)	-8.91%	107,061,980
Contract Labor	8,942,849	6,705,404	2,237,445	33.37%	7,064,815
Direct Care Expenses	44,172,411	39,415,566	4,756,845	12.07%	37,171,331
Total Indirect Expense	12,519,141	12,814,237	(295,096)	-2.30%	14,256,643
Total Occupancy Expense	9,173,492	9,059,158	114,334	1.26%	8,522,836
Depreciation Expense	376,640	315,000	61,640	19.57%	316,415
Total Expenses	198,491,751	203,680,400	(5,188,649)	-2.55%	174,394,020
Total Non-Operating Revenue/Expense	4,457,687	(78,659)	4,536,346	-5767.10%	73,286
Net Surplus/(Deficit)	**5,578,430**	**1,567,434**	**4,010,996**	**255.90%**	**12,598,614**

Note: For the fiscal year ending on September 30, 2023, CommUnityCare reported a financial surplus totaling $5,578,430. This surplus comprises $1,120,742 from operational activities and $4,457,688 in non-operating revenue. The fiscal year's total revenue reached $199,612,494, which was $5,713,999 less than the projected budget. A significant factor contributing to this revenue shortfall was the higher-than-expected number of provider vacancies, leading to fewer patient encounters than anticipated. Additionally, patient revenue was impacted by the 2½-day shutdown during January and February caused by Winter Storm Mara. In terms of expenditures, total expenses amounted to $198,491,751, which was $5,188,649 lower than budgeted. This included a substantial saving in wages and benefits, which were $12,063,817 below the budget. However, other expense categories surpassed the budget by $6,875,168, primarily due to elevated costs in contract labor and pharmaceuticals. The non-operating revenue encompasses income from investment earnings, capital grants, and includes reimbursement from Central Health for expenses incurred in relation to the development of new facilities.

KEY SERVICE DELIVERY METRICS

Overall Service Delivery	10/01/2022 - 12/31/2022	01/01/2023 - 03/31/2023	04/01/2023 – 06/30/2023	07/01/2023 – 09/30/2023	10/01/2022 – 09/30/2023
Unduplicated Patients Served	62,991	63,464	65,941	67,742	130,530
Face-to-Face Provider HRSA Countable Visits	109,109	109,050	114,071	115,207	447,661

Unduplicated Patients Served by Race + Ethnicity Number of Patients Served and % of Total Patients	10/01/2022 - 12/31/2022		01/01/2023 - 03/31/2023		04/01/2023 – 06/30/2023		07/01/2023 – 09/30/2023		10/01/2022 – 09/30/2023	
Black / African American including Latinos/Hispanics	5,378	8.5%	5,432	8.6%	5,597	8.5%	5,865	8.7%	11,622	8.9%
Asian / Pacific Islander including Latinos/Hispanics	1,720	2.7%	1,711	2.7%	1,725	2.6%	1,687	2.5%	3,396	2.6%
More than One Race including Latinos/Hispanics	400	0.6%	421	0.7%	465	0.7%	490	0.7%	911	0.7%
Native American including Latinos/Hispanics	151	0.2%	148	0.2%	163	0.2%	196	0.3%	337	0.3%
White, Hispanic / Latino	40,831	64.8%	40,282	63.5%	41,589	63.1%	42,498	62.7%	80,385	61.6%
White, Non-Hispanic / Non-Latino	6,439	10.2%	7,258	11.4%	7,619	11.6%	7,750	11.4%	15,167	11.6%
Unreported Race	8,072	12.8%	8,212	12.9%	8,783	13.3%	9,256	13.7%	18,712	14.3%

Unduplicated Patients Served by Ethnicity + Race Number of Patients Served and % of Total Patients	10/01/2022 - 12/31/2022		01/01/2023 - 03/31/2023		04/01/2023 – 06/30/2023		07/01/2023 – 09/30/2023		10/01/2022 – 09/30/2023	
Hispanic / Latino, All Races	45,537	72.3%	45,090	71.0%	46,860	71.1%	48,180	71.1%	91,105	69.8%
Hispanic / Latino, Non-White	588	0.9%	596	0.9%	652	1.0%	679	1.0%	1,322	1.0%
Hispanic / Latino, White Only	40,831	64.8%	40,282	63.5%	41,589	63.1%	42,498	62.7%	80,385	61.6%
Hispanic / Latino, Unreported Race	4,118	6.5%	4,212	6.6%	4,619	7.0%	5,003	7.4%	9,398	7.2%
Non-Hispanic / Non-Latino, Non-White	7,061	11.2%	7,116	11.2%	7,298	11.1%	7,559	11.2%	14,944	11.4%
Non-Hispanic / Non-Latino, White Only	6,439	10.2%	7,258	11.4%	7,619	11.6%	7,750	11.4%	15,167	11.6%
Non-Hispanic / Non-Latino, Unreported Race	904	1.4%	937	1.5%	1,016	1.5%	1,110	1.6%	2,146	1.6%
Unreported Ethnicity	3,050	4.8%	3,063	4.8%	3,148	4.8%	3,143	4.6%	7,168	5.5%

Unduplicated Patients Served by Sex Assigned at Birth and % of Total Patients	10/01/2022 - 12/31/2022		01/01/2023 - 03/31/2023		04/01/2023 – 06/30/2023		07/01/2023 – 09/30/2023		10/01/2022 – 09/30/2023	
Female	35,950	57.1%	36,241	57.1%	37,702	57.2%	38,634	57.0%	72,406	55.5%
Male	27,041	42.9%	27,223	42.9%	28,239	42.8%	29,108	43.0%	58,141	44.5%

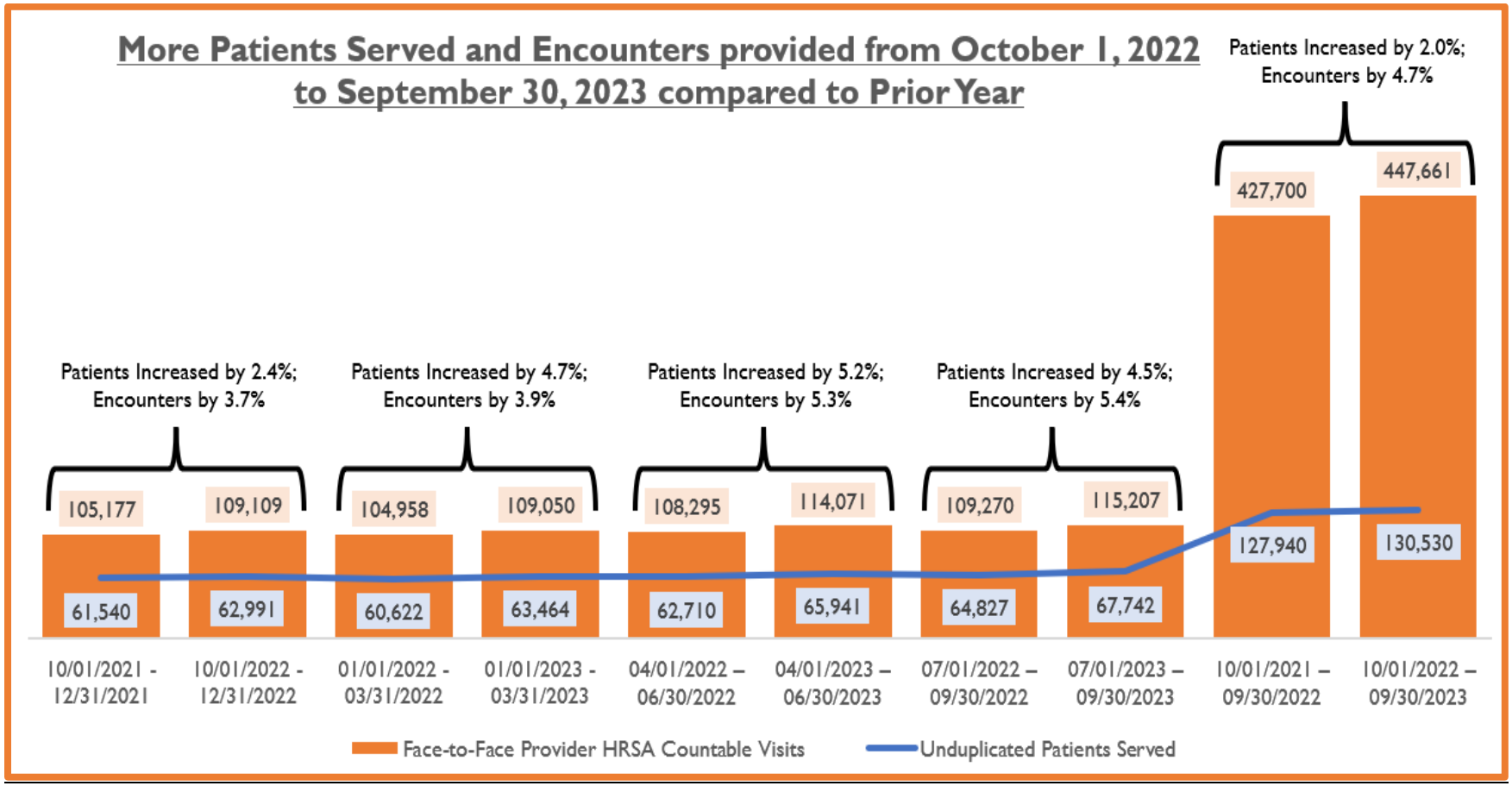
Travis County Unduplicated Patients Served by Sex Assigned at Birth and % of Total Patients	10/01/2022 - 12/31/2022		01/01/2023 - 03/31/2023		04/01/2023 – 06/30/2023		07/01/2023 – 09/30/2023		10/01/2022 – 09/30/2023	
Female	29,651	57.0%	29,925	57.1%	31,099	57.1%	30,855	56.9%	57,204	55.3%
Male	22,328	43.0%	22,475	42.9%	23,404	42.9%	23,377	43.1%	46,233	44.7%
Unduplicated Patients Served by Age Group and % of Total Patients	**10/01/2022 - 12/31/2022**		**01/01/2023 - 03/31/2023**		**04/01/2023 – 06/30/2023**		**07/01/2023 – 09/30/2023**		**10/01/2022 – 09/30/2023**	
Under 18 Years Old	24,745	39.3%	23,576	37.1%	24,030	36.4%	25,229	37.2%	51,129	39.2%
18 to 64 Years of Age	34,159	54.2%	35,221	55.5%	37,107	56.3%	37,837	55.9%	71,538	54.8%
65 and Older	4,088	6.5%	4,667	7.4%	4,804	7.3%	4,676	6.9%	7,863	6.0%
Under 18 Years Old: Travis County Resident	18,591	29.5%	18,669	29.4%	19,070	28.9%	19,067	28.1%	38,453	29.5%
18 to 64 Years of Age: Travis County Resident	28,844	45.8%	29,679	46.8%	31,262	47.4%	31,158	46.0%	58,289	44.7%
65 and Older: Travis County Resident	3,492	5.5%	4,052	6.4%	4,171	6.3%	4,007	5.9%	6,645	5.1%
Unduplicated Patients Served by Insurance Status and % of Total Patients	**10/01/2022 - 12/31/2022**		**01/01/2023 - 03/31/2023**		**04/01/2023 – 06/30/2023**		**07/01/2023 – 09/30/2023**		**10/01/2022 – 09/30/2023**	
Uninsured	30,353	48.2%	31,021	48.9%	32,952	50.0%	34,967	51.6%	64,117	49.1%
Uninsured: Low Income Travis County Residents	21,922	34.8%	23,399	36.9%	25,134	38.1%	26,533	39.2%	46,837	35.9%
Uninsured: Travis County Resident (Includes MAP/MAP Basic)	25,407	40.3%	26,251	41.4%	27,618	41.9%	29,266	43.2%	53,263	40.8%
MAP / MAP Basic	21,391	34.0%	21,107	33.3%	24,340	36.9%	26,303	38.8%	46,134	35.3%
Medicare including Dual Eligibles	3,141	5.0%	3,478	5.5%	3,536	5.4%	3,408	5.0%	5,876	4.5%
Medicaid	24,961	39.6%	23,813	37.5%	24,023	36.4%	23,810	35.1%	48,905	37.5%
Private Insurance	4,537	7.2%	5,152	8.1%	5,429	8.2%	5,557	8.2%	11,632	8.9%
Unduplicated Patients Served by Income Level and % of Total Patients	**10/01/2022 - 12/31/2022**		**01/01/2023 - 03/31/2023**		**04/01/2023 – 06/30/2023**		**07/01/2023 – 09/30/2023**		**10/01/2022 – 09/30/2023**	
Below 200% of Federal Poverty	46,071	73.1%	50,193	79.1%	53,369	80.9%	55,924	82.6%	101,078	77.4
Above 200% of Federal Poverty	1,182	1.9%	1,142	1.8%	1,236	1.9%	1,263	1.9%	2,495	1.9%
Income Level Not Reported / Unknown	15,738	25.0%	12,129	19.1%	11,336	17.2%	10,555	15.6%	26,957	20.7

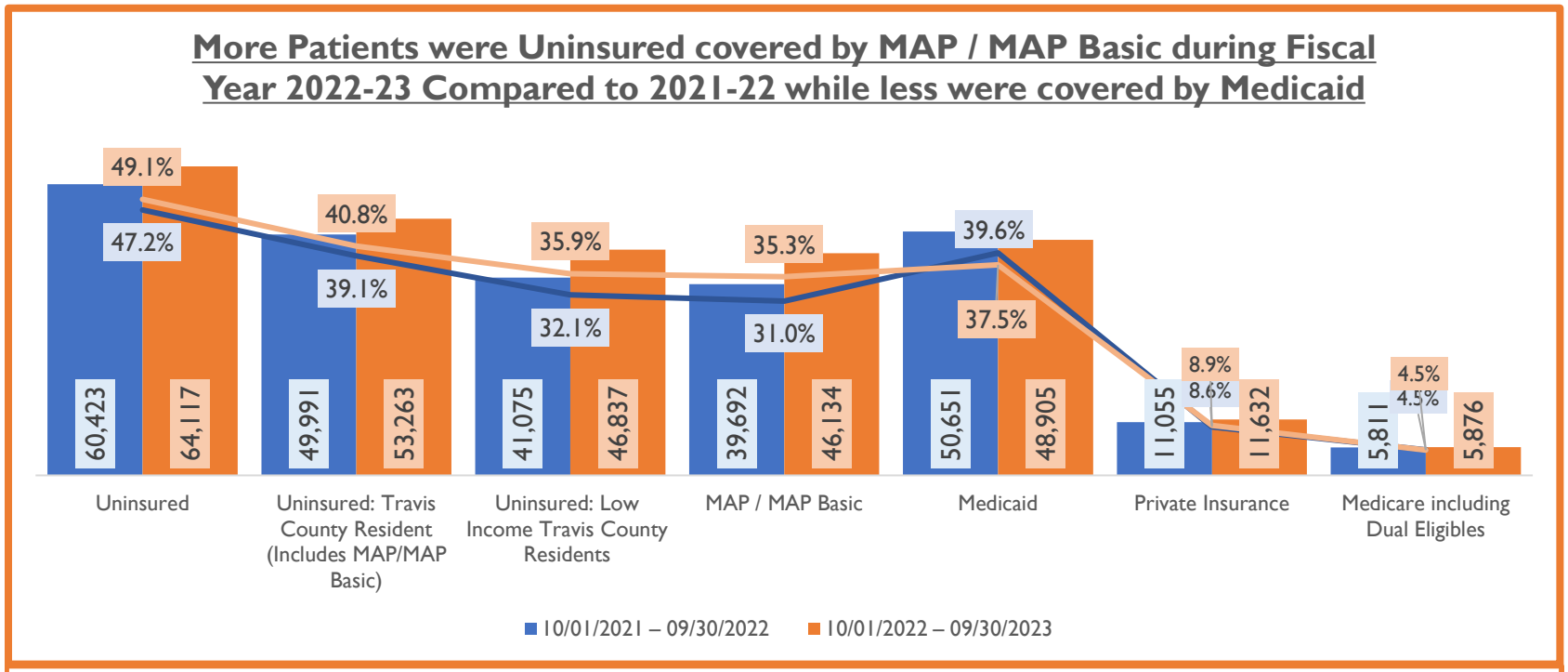
Unduplicated Patients Served by Language Best Served In and % of Total Patients	10/01/2022 - 12/31/2022		01/01/2023 - 03/31/2023		04/01/2023 – 06/30/2023		07/01/2023 – 09/30/2023		10/01/2022 – 09/30/2023	
Best Served in Language Other than English	38,753	61.5%	39,244	61.8%	41,276	62.6%	42,471	62.7%	78,557	60.2%
Unduplicated Patients Served by Top 5 Languages and % of Total Patients	**10/01/2022 - 12/31/2022**		**01/01/2023 - 03/31/2023**		**04/01/2023 – 06/30/2023**		**07/01/2023 – 09/30/2023**		**10/01/2022 – 09/30/2023**	
Spanish Language Preferred	36,785	58.4%	37,266	58.7%	39,268	59.6%	40,429	59.7%	74,530	57.1%
English Language Preferred	24,265	38.5%	24,220	38.2%	24,665	37.4%	25,270	37.3%	51,977	39.8%
Arabic Language Preferred	344	0.5%	334	0.5%	328	0.5%	368	0.5%	658	0.5%
Pashto Language Preferred	184	0.3%	241	0.4%	253	0.4%	263	0.4%	529	0.4%
Burmese Language Preferred	229	0.4%	172	0.3%	171	0.3%	142	0.2%	310	0.2%
Unduplicated Homeless Patients by Housing Status and % of Total Patients	**10/01/2022 - 12/31/2022**		**01/01/2023 - 03/31/2023**		**04/01/2023 – 06/30/2023**		**07/01/2023 – 09/30/2023**		**10/01/2022 – 09/30/2023**	
Patients Reporting as Homeless	1,279	2.0%	1,534	2.4%	1,623	2.5%	2,024	3.0%	3,319	2.5%
Patients Reporting as: Living in a Shelter	205	0.3%	144	0.2%	142	0.2%	137	0.2%	433	0.3%
Patients Reporting as Homeless: Living on Street of Other	1,074	1.7%	448	0.7%	600	0.9%	1,159	1.7%	2,255	1.7%
Face-to-Face HRSA Countable Visits - Homeless	2,874	2.6%	3,473	2.9%	3,621	3.2%	4,456	3.9%	11,750	2.6%

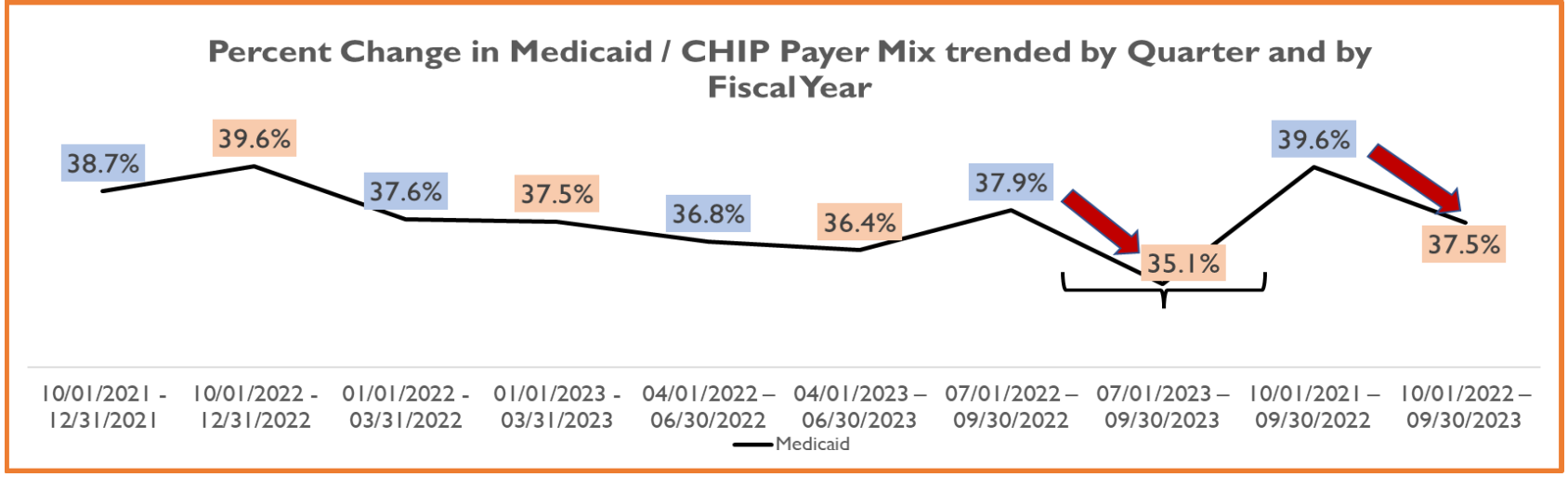
KEY PATIENT ACCESS METRICS

Call Center Hold Time and Call Volume	10/01/2022 - 12/31/2022	01/01/2023 - 03/31/2023	04/01/2023 – 06/30/2023	07/01/2023 – 09/30/2023	10/01/2022 – 09/30/2023
Call Center: Avg Hold Time in Seconds	293	144	97	56	131
Call Center: Avg Monthly Call Volume	43,957	46,106	52,802	56,083	50,388
Patient Appointment Access Measures	**10/01/2022 - 12/31/2022**	**01/01/2023 - 03/31/2023**	**04/01/2023 – 06/30/2023**	**07/01/2023 – 09/30/2023**	**10/01/2022 – 09/30/2023**
Average 3rd Next Available - Behavioral Health in Days	0.49	0.46	1.94	1.30	1.57
Average 3rd Next Available - Dental in Days	8.79	5.40	5.45	3.61	3.81
Average 3rd Next Available - Family Medicine in Days	0.48	0.45	1.44	1.81	1.85
Average 3rd Next Available - Internal Medicine in Days	0.44	0.43	5.79	5.79	5.29
Average 3rd Next Available - OB/GYN in Days	4.84	3.58	2.40	1.51	1.48
Average 3rd Next Available - Pediatrics in Days	0.22	0.19	1.25	1.40	1.38
Average 3rd Next Available - Specialty in Days	13.75	13.00	17.78	17.11	16.44
Average Lead - Pediatrics - New Patients in Days	17.38	17.73	14.13	15.07	15.98
Average Lead - Pediatrics - Established Patients in Days	23.72	23.48	16.09	18.80	16.73
Average Lead - Family Medicine - New Patients in Days	62.56	68.58	82.29	66.91	70.69
Average Lead - Family Medicine - Established Patients in Days	48.04	49.08	29.78	26.07	29.36
Average Lead - Internal Medicine - New Patients in Days	15.70	15.56	16.81	15.21	15.67
Average Lead - Internal Medicine - Established Patients in Days	31.02	31.28	24.85	25.91	24.31
Average Lead - OB/GYN - New Patients in Days	42.54	39.58	34.01	36.46	36.94
Average Lead - OB/GYN - Established Patients in Days	48.21	44.24	38.69	38.69	39.52
Average Lead - Dental - New Patients in Days	32.13	33.43	40.38	34.78	36.72
Average Lead - Dental - Established Patients in Days	57.54	59.33	43.64	39.94	43.55
Average Lead - Specialty - New Patients in Days	56.80	66.44	63.78	78.38	64.51
Average Lead - Specialty - Established Patients in Days	65.58	67.16	36.70	45.59	40.24
Average Lead -Mental Health- New Patients in Days	6.34	7.39	4.90	3.51	5.83
Average Lead - Mental Health - Established Patients in Days	15.32	14.75	10.99	9.49	9.82

KEY TRENDING GRAPHICS



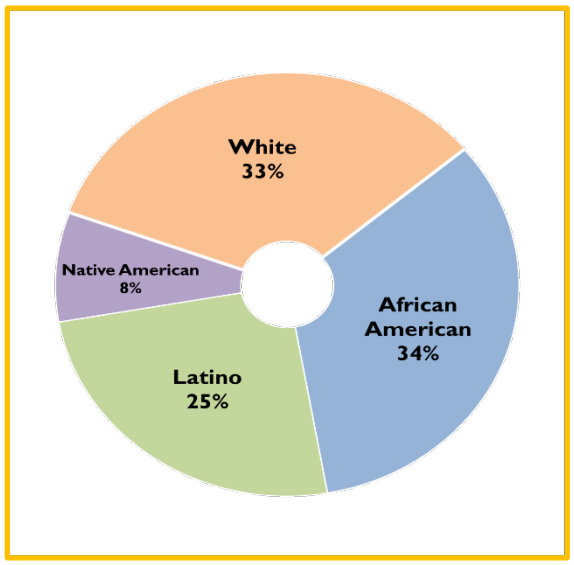

More Patients were Uninsured covered by MAP / MAP Basic during Fiscal Year 2022-23 Compared to 2021-22 while less were covered by Medicaid
49.1%
47.2%
60,423
64,117
40.8%
39.1%
49,991
53,263
35.9%
32.1%
41,075
46,837
35.3%
31.0%
39,692
46,134
39.6%
37.5%
50,651
48,905
8.9%
8.6%
11,055
11,632
4.5%
4.5%
5,811
5,876
Uninsured
Uninsured: Travis County Resident (Includes MAP/MAP Basic)
Uninsured: Low Income Travis County Residents
MAP / MAP Basic
Medicaid
Private Insurance
Medicare including Dual Eligibles
10/01/2021 – 09/30/2022
10/01/2022 – 09/30/2023


Percent Change in Medicaid / CHIP Payer Mix trended by Quarter and by Fiscal Year
38.7%
39.6%
37.6%
37.5%
36.8%
36.4%
37.9%
35.1%
39.6%
37.5%
10/01/2021 - 12/31/2021
10/01/2022 - 12/31/2022
01/01/2022 - 03/31/2022
01/01/2023 - 03/31/2023
04/01/2022 – 06/30/2022
04/01/2023 – 06/30/2023
07/01/2022 – 09/30/2022
07/01/2023 – 09/30/2023
10/01/2021 – 09/30/2022
10/01/2022 – 09/30/2023
Medicaid

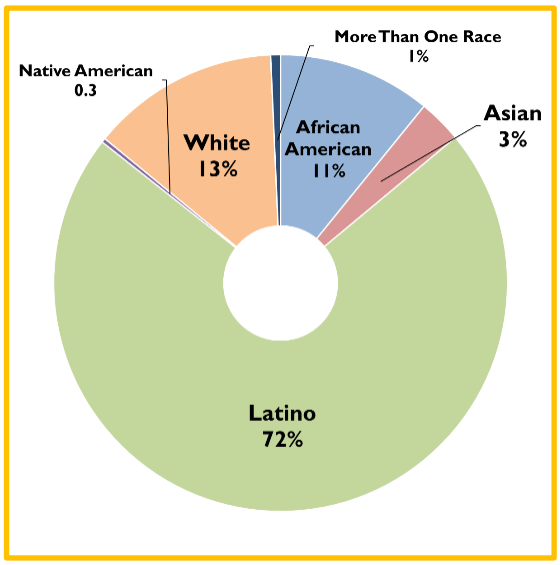
CommUnityCare Board of Directors Composition as of September 30, 2023

Attribute	African American	Asian	Latino	"Native	African American	Asian	Latino
Race / Ethnicity	4	0	3	1	0	4	12
Consumers	3	0	2	1	0	2	8
Non-Consumers	1	0	1	0	0	2	4
Non-Consumers with Health Care Income	0	0	0	0	0	0	0
Female	4	0	1	1	0	0	6
Male	0	0	2	0	0	4	6
Proportion of Consumer Board Members							66.67%
Proportion of Non-Consumer Board Members							33.33%
Proportion of Non-Consumer Board Members that derive 10% or more income from health care*							0.00%

Racial / Ethnic Composition of Board as of September 30th, 2023



Racial / Ethnic Composition of Patient Population as of December 31st, 2022



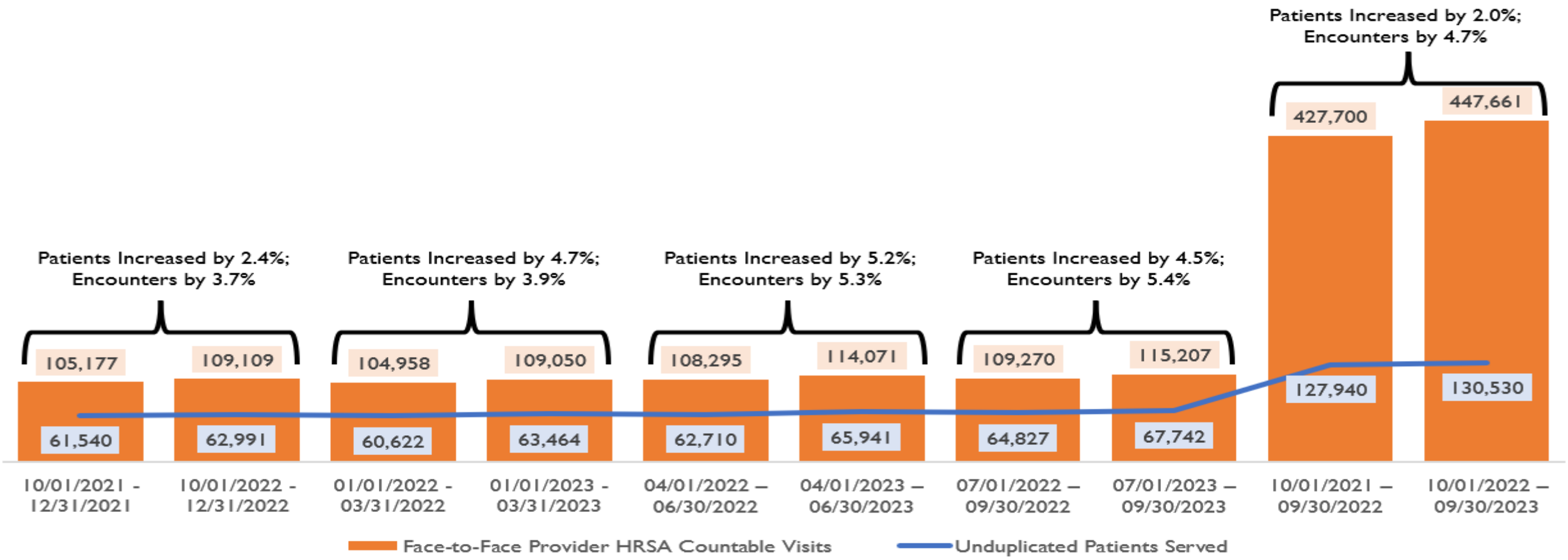
Central Texas Community Health Center dba CommUnityCare Board of Directors as of June 30, 2023										
Name	Consumer	Race and/or Ethnicity	Gender	Occupation & or Experience	TCHD Appointee	Special Population Represented	Position Held	Live in Service Area	Work in Service Area	Home Zip Code
Barbara Brooks-Shirley	Yes	African American	Female	Minister/Mentor	No	Homeless	Member	Yes	Yes	78758
Dr. Thomas Coopwood	Yes	White	Male	General Surgey Administration	Yes	N/A	Chair	Yes	Yes	78731
Steven Garrett	No	White	Male	Attorney	No	N/A	Member	Yes	Yes	78704
Carlos Gomez	Yes	Latino	Male	Executive Director	No	N/A	Member	Yes	Yes	78728
Sedora Jefferson	No	African American	Female	Attorney	Yes	N/A	Member	No	Yes	78613
Kimberly Johnson	Yes	African American	Female	Retired	No	N/A	Secretary	Yes	Yes	78723
Debra Locklear	Yes	Native American	Female	Massage Therapy.	No	N/A	Member	Yes	Yes	78723
Dr. Bradley Price	No	White	Male	Women's Health	No	N/A	Treasure	Yes	Yes	78705
Isaac Sanchez	Yes	Latino	Male	Retired - Hotel Mgmt.	No	N/A	Member	Yes	Yes	78741
Karen Siles	No	Latino	Female	IT	No	N/A	Member	Yes	Yes	78729
Guy Swenson	Yes	White	Male	Retired	No	HIV/AIDS	Vice-Chair	Yes	Yes	78758
Claudia Williams	Yes	African American	Female	Sub. Teacher	No	N/A	Member	Yes	Yes	78767

QUARTERLY REPORT

JULY 1ST – SEPTEMBER 30TH, 2023

DR. JAESON T. FOURNIER, PRESIDENT AND CEO
TARA TROWER, CHIEF STRATEGY OFFICER

MORE PATIENTS SERVED AND ENCOUNTERS PROVIDED FROM OCTOBER 1, 2022 TO SEPTEMBER 30, 2023 COMPARED TO PRIOR YEAR



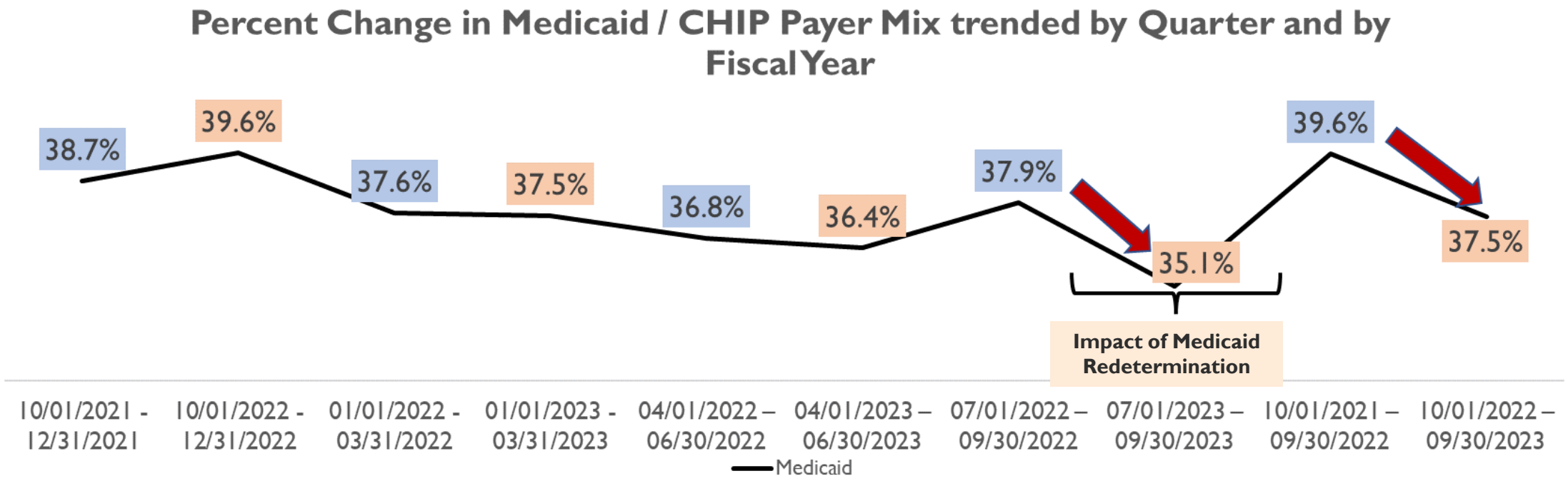
EFFORTS DURING THE FOURTH QUARTER

- **Enhanced Patient Accessibility:** 115,207 face-to-face encounters*, benefiting 67,742 distinct patients. This quarter also marked the conclusion of CommUnityCare's fiscal year with a record high of 130,530 unique patients served.
- **Enhanced Access through New Health Center:** The quarter saw improved healthcare access following the launch of CommUnityCare's Chalmers Health Center, a joint initiative with the Housing Authority of the City of Austin and supported by Central Health.
- **Improved Call Center Efficiency:** We achieved a significant reduction in call center hold times, reaching the lowest levels since the onset of the pandemic.
- **Reduced Appointment Wait Times in Family Medicine and Dental:** CommUnityCare successfully decreased the average lead time for scheduling appointments in both family medicine and dental services.

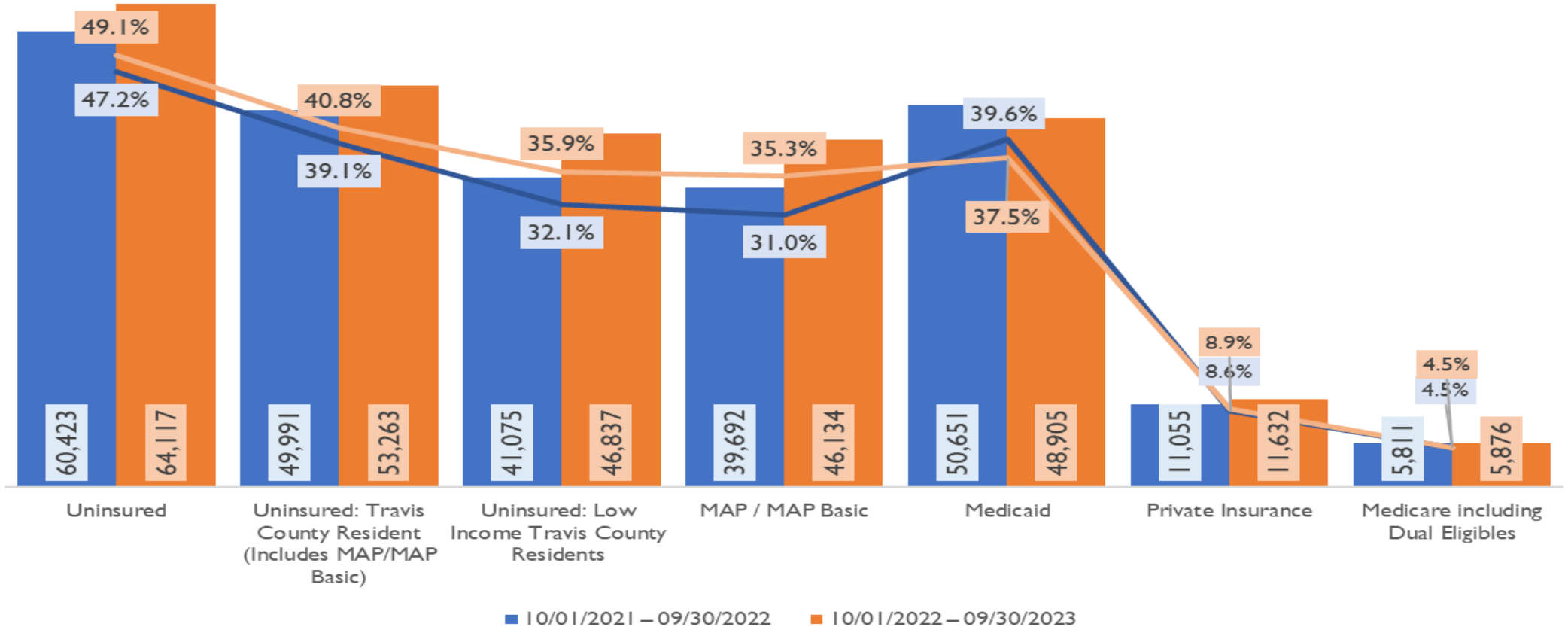
EFFORTS DURING THE FOURTH QUARTER

- **CommUnityCare Joins the newly formed Texas Association of Community Health Centers (TACHC) Community Health Centers Clinically Integrated Network (CIN)**: Alongside 48 other health centers and TACHC, CommUnityCare worked to establish the nation's largest Health Center led CIN.
- **Expanded Social Justice and Equity Training within CommUnityCare Teams**
- **Secured a 5-Year $2.5 million CDC Collaborative Agreement for STI Prevention**
- **Consolidated Ben White Dental Clinic**
- **Collaborative Outreach for Medicaid Redetermination:** In partnership with Foundation Communities and Central Health, we focused on supporting families impacted by the state's ongoing Medicaid redetermination process.

PERCENT CHANGE IN MEDICAID / CHIP PAYER MIX TRENDED BY QUARTER AND BY FISCAL YEAR



MORE PATIENTS WERE UNINSURED COVERED BY MAP / MAP BASIC DURING FISCAL YEAR 2022-23 COMPARED TO 2021-22 WHILE LESS WERE COVERED BY MEDICAID



FINANCIAL PERFORMANCE FROM OCTOBER 1ST, 2022 TO SEPTEMBER 30TH, 2023

- For the fiscal year ending on September 30, 2023, CommUnityCare yielded a surplus of $1,120,742 from operational activities and $4,457,688 in non-operating revenue.
- The fiscal year's total revenue reached $199,612,494, which was $5,713,999 less than the projected budget. A significant factor contributing to this revenue shortfall was the higher-than-expected number of provider vacancies, leading to fewer patient encounters than anticipated. Additionally, patient revenue was impacted by the 2½-day shutdown during January and February caused by Winter Storm Mara.
- In terms of expenditures, total expenses amounted to $198,491,751, which was $5,188,649 lower than budgeted. This included a substantial saving in wages and benefits, which were $12,063,817 below the budget. However, other expense categories surpassed the budget by $6,875,168, primarily due to elevated costs in contract labor and pharmaceuticals.
- The non-operating revenue encompasses income from investment earnings, capital grants, and includes reimbursement from Central Health for expenses incurred in relation to the development of new facilities.

QUESTIONS

CommUnityCare Mission:

To strengthen the health and well-being of the communities we serve.

CommUnityCare Vision:

Striving to achieve health equity for all by: (1) being the health care home of choice; (2) being a teaching center of excellence; and, (3) providing the right care, at the right time, at the right place.

CENTRAL
HEALTH

BUDGET & FINANCE COMMITTEE MEETING

November 15, 2023

AGENDA ITEM 3

Receive an update on Sendero Health Plans draft budget for Calendar Year 2024. (*Informational Item*) [3, 4]

CENTRAL HEALTH

AGENDA ITEM SUBMISSION FORM

This form is to provide a general overview of the agenda item in advance of posting for the Board meeting. Proposed motion language is a recommendation only and not final until the meeting and may be changed by the Board Manager making the motion. All information in this form is subject to the Public Information Act.

Agenda Item Meeting Date	November 15, 2023 (B&F Committee)
Who will present the agenda item? (Name, Title)	Sharon Alvis, Sendero President & CEO, and Eli Barreneche, Sendero CFO
General Item Description	Receive an update on Sendero's draft budget for Calendar Year 2024.
Is this an informational or action item?	Informational
Fiscal Impact	TBD
Recommended Motion (if needed – action item)	N/A

Key takeaways about agenda item, and/or feedback sought from the Board of Managers:

1) Central Health created Sendero Health Plans and is the sole member of the organization. Pursuant to the Sendero Bylaws, the Central Health Board of Managers approve Sendero's annual budget.
2) Sendero leadership will present a preliminary draft Calendar Year 2024 budget at the November 15 board meeting and return at the December board meeting to seek approval of the budget.
3)

What backup will be provided, or will this be a verbal update? (Backup is due one week before the meeting.)	Presentation
Estimated time needed for presentation & questions?	10 minutes
Is closed session recommended? (Consult with attorneys.)	Possible closed session
Form Prepared By/Date Submitted:	Perla Cavazos 11/8/23

CENTRAL
HEALTH

BUDGET & FINANCE COMMITTEE MEETING

November 15, 2023

AGENDA ITEM 4

Discuss and take appropriate action on an update on the proposed FY 2024 Central Health funding plan for certain Sendero Health Plan claims and administrative costs.[3, 4] (*Action Item*)

CENTRAL HEALTH

AGENDA ITEM SUBMISSION FORM

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Agenda Item Meeting Date	November 15, 2023 (B&F Committee)
Who will present the agenda item? (Name, Title)	Sharon Alvis, Sendero President & CEO, and Eli Barreneche, Sendero CFO
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Is this an informational or action item?	Informational
Fiscal Impact	TBD
Recommended Motion (if needed – action item)	N/A

Key takeaways about agenda item, and/or feedback sought from the Board of Managers:

1) Central Health created Sendero Health Plans and is the sole member of the organization. Pursuant to the Sendero Bylaws, the Central Health Board of Managers approve Sendero's annual budget.
2) Sendero leadership will present a preliminary draft Calendar Year 2024 budget at the November 15 board meeting and return at the December board meeting to seek approval of the budget.
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What backup will be provided, or will this be a verbal update? (Backup is due one week before the meeting.)	Presentation
Estimated time needed for presentation & questions?	10 minutes
Is closed session recommended? (Consult with attorneys.)	Possible closed session
Form Prepared By/Date Submitted:	Perla Cavazos 11/8/23

Central Health
Sendero Financing Agreement

Budget & Finance Committee

November 15,2023

Open Session Presentation

FINANCING UPDATE FOR 2024

- Sendero currently (2023) utilizes third-party financing to provide funding for CHAP claims and related administrative costs
- Third-party entity is not an option in 2024
- Sendero has evaluated other third-party options but due to changing financial market conditions, financing costs are significant.
- Best option for Central Health to finance

CENTRAL HEALTH

PROPOSED FINANCING TERMS

- Central Health to fund Sendero CHAP claims and related administrative costs beginning January 2024
- Both parties to agree to funding amounts, frequency of funding draws and financing costs
- Anticipate CY 2024 financing range of $30 – $36M
- Repayment to be due on September 30 of subsequent year – anticipate sufficient capital levels adequate for repayment due to CMS risk-adjustment payment
- Central Health will finance as a balance sheet transaction – will not impact Central Health FY 2024 Budget
- Financing for CY 2024 and option for CY 2025

CENTRAL HEALTH

REQUESTED ACTION

To Authorize Central Health CEO and President to continue to negotiate and execute a Financing Agreement with Sendero for the CY 2024 CHAP claims and related administrative costs with an option for CY 2025

CENTRAL HEALTH

CENTRAL
HEALTH

BUDGET & FINANCE COMMITTEE MEETING

November 15, 2023

AGENDA ITEM 5

Discuss and take appropriate action on Central Health owned or occupied real property and potential property for acquisition, lease, or development in Travis County, including pending issues and next steps in the redevelopment of the Central Health Downtown Campus, administrative offices of Central Health Enterprise partners, and new developments in Eastern Travis County.[4, 5] (*Informational Item*)

CENTRAL HEALTH

AGENDA ITEM SUBMISSION FORM

This form is to provide a general overview of the agenda item in advance of posting for the Board meeting. Proposed motion language is a recommendation only and not final until the meeting and may be changed by the Board Manager making the motion. All information in this form is subject to the Public Information Act.

Agenda Item Meeting Date	November 15, 2023 Budget and Finance Meeting
Who will present the agenda item? (Name, Title)	Stephanie Lee McDonald, VP Enterprise Alignment & Coordination
General Item Description	Discuss Central Health owned or occupied real property and potential property for acquisition, lease, or development in Travis County, including pending issues and next steps in the redevelopment of the Central Health Downtown Campus, administrative offices of Central Health Enterprise partners, and new developments in Eastern Travis County.
Is this an informational or action item?	INFORMATIONAL ITEM – CLOSED SESSION PRESENTATION
Fiscal Impact	
Recommended Motion (if needed – action item)	NA

Key takeaways about agenda item, and/or feedback sought from the Board of Managers:

1) Closed session.
2)

Estimated time needed for presentation & questions?	25 min -- closed session
Is closed session recommended? (Consult with attorneys.)	Yes
Form Prepared By/Date Submitted:	Stephanie Lee McDonald 11/9/2023

The Guiding Principles and Planning Parameters

The Master Plan is guided by three, over-arching guiding principles developed and adopted by Central Health's Board of Managers at the outset of the planning process. These principles have been used to evaluate different scenarios for developing a "complete community" that could feature medical uses, housing needs, recreation and retail. The principles have also been used to formulate the 33 planning parameters listed on the following pages. The guiding principles are:

M MISSION

Advance Central Health's efforts to provide access to health care to those who need it most, and promote Travis County as a model healthy community.

S STEWARDSHIP

Promote uses and programs at the Central Health downtown campus that support the short- and long-term fiscal stability of Central Health and deliver returns for the citizens and taxpayers of Travis County.

P PARTNERSHIP

Strengthen and expand relationships with health and wellness providers, collaborate with other public-sector entities, and help advance the goals of the larger community.

The recommended planning parameters of the Master Plan are organized under each of the three foundational principles, and are labeled with a prefix of "M," "S" or "P" as appropriate. The text shown in bold denotes the Board-adopted language.

Attendees review the guiding principles at the Brackenridge Campus Open House – October 2015

MISSION: Advance Central Health's efforts to provide access to health care to those who need it most, and promote Travis County as a model healthy community.

M-1: HEALTH CARE USES
Consider programs and uses for existing and new buildings that advance Central Health's Strategic Plan and that make the best use of its downtown location.

M-1.1: Develop the Brackenridge Campus as a major, community oriented space that supports Central Health's mission to provide for access to health care that will improve health outcomes and overall community health.

M-1.2: Increase health equity and reduce health disparities for Central Health's constituency through thoughtful building and site design that organizes a synergistic mix of uses, throughout the Brackenridge Campus.

M-1.3: Provide opportunities for early term redevelopment by deconstructing certain buildings, such as the Professional Office Building (POB), the Helipad, the Hospital Tower and its South Wing. Relocate any medical office and clinical uses to remain on the Brackenridge Campus from the POB to the Clinical Education Center (CEC), or to facilities located within the UT Medical District or other locations, as appropriate.

M-1.4: In partnership with public, non-profit and/or private entities, develop a permanent, public market focused on healthy food and activities as a major community gathering space promoting healthy lifestyles for all in the Central Texas region.

M-2: CENTRAL HEALTH PRIORITIES
Sustain Central Health's commitment to enhance outpatient specialty care, cancer care, behavioral health services and women's health services throughout Travis County in the most appropriate locations.

M-2.1: In keeping with transforming best practices in health care delivery, distribute health care services in appropriate facilities and settings throughout Travis County that promote appropriate public access.

M-2.2: Focus any on-campus medical uses along East 15th Street, to take advantage of the proximity to the new Dell Seton Medical Center, the Dell Medical School and supporting facilities in the UT Medical District.

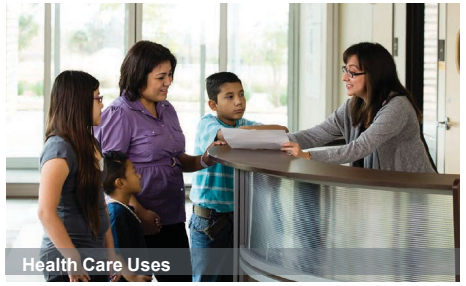
M-2.3: At the outset of more detailed planning for Phase 2 redevelopment (Block 166, 167 and the Original Hospital Block), conduct a programming process with health care providers and other Central Health partners to better determine such medical and health care uses prior to Phase 2 implementation. At this time, consider including a range of medical, health care and/or wellness-related uses that could be developed within mixed-use buildings.

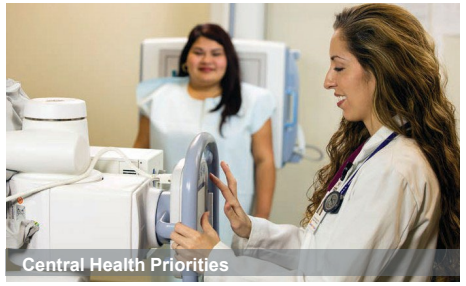
M-2.4: Consider including uses that support and/or enhance health care and medical uses.

M-3: HEALTHY COMMUNITIES
Promote physical activity and improve health with comfortable and safe access to, within and through the site for people of all abilities – whether walking, biking, using transit or driving.

M-3.1: Realign Red River Street and generally reinstate the historic Waller Plan's grid. Develop streets in concert with the City of Austin, Capital Metro and others as "complete streets." These new streets and pathways will be walkable, bikeable and shaded streets that strive to reduce auto-dependency and to offer "active transportation" connections to adjacent areas – including downtown, the Capitol Complex, UT, Waller Creek and East Austin.

M-3.2: Participate in efforts to be led by the City of Austin and the Downtown Austin Alliance to create an area-wide, multi-modal transportation and parking management plan to provide employees, patients, residents and visitors convenient mobility choices, while helping reduce vehicle trips and improving air and water quality.


Health Care Uses


Central Health Priorities


Healthy Communities

STEWARDSHIP: Promote uses and programs at the Central Health Brackenridge campus that support the short-and long-term fiscal stability of Central Health and deliver returns for the citizens and taxpayers of Travis County.


Fiscal Responsibility


Meeting Community Needs


Sustainability

S-1: FISCAL RESPONSIBILITY
Optimize cash flow to Central Health, make wise and effective use of taxpayer dollars, and attract new revenue to support Central Health's mission.

S-1.1: Maintain maximum flexibility in both the zoning and the development itself to take advantage of unforeseen opportunities, as well to be better able to address unforeseen challenges – such as changing capital market dynamics and changing models of health care delivery.

S-1.2: Balanced with Central Health's mission, maximize the revenue-generating potential of each of the six redevelopment blocks to support Central Health's mission throughout Travis County, including that from existing buildings to remain on the campus during the first phase of redevelopment.

S-1.3: Keep the existing Main Parking Garage for the foreseeable future to maintain this revenue source to Central Health and to provide parking for the Dell Seton Medical Center. Enhance the Main Garage by constructing a new "liner" building on its west, Waterloo Park-facing façade that provides ground-floor, pedestrian-oriented uses with leaseable space above. Keep the existing CEC Building and the CEC Parking Garage during Phase 1 of the project, given their high functionality and their lease revenue.

S-1.4: Expedite the first phase of deconstruction and infrastructure construction to advance the redevelopment of the three Phase 1 blocks so that these buildings may begin generating lease revenue as soon as possible.

S-1.5: Pursue all forms of public, non-profit and private funding, financing and reimbursement for deconstruction, design, construction and maintenance of public streets, open spaces and infrastructure.

S-2: MEETING COMMUNITY NEEDS
Leverage Central Health's property assets to support ongoing efforts to address community health needs, close gaps in service delivery and achieve Central Health's priorities.

S-2.1: Collaborate with health care partners and the community to promote those uses to be developed in and around the Brackenridge Campus that can most benefit from their physical proximity to the new Dell Seton Medical Center and the Dell Medical School at The University of Texas at Austin.

S-2.2: Encourage opportunities for combining wellness and health care uses and programs along with other uses that can be located in mixed-use buildings, within and around the Brackenridge Campus.

S-2.3: Recognizing that healthy eating is essential to well-being, provide ground floor uses that feature healthy, affordable and local food within and outside the public market building and adjacent spaces.

S-2.4: Through partnerships with affordable housing providers, the development community and other stakeholders, consider a range of housing types in and around the proposed Innovation Zone, UT and/or the Brackenridge Campus.

S-3: SUSTAINABILITY
Promote efficient use of resources, energy and water; reduce auto dependency; and improve the natural and built environment at and around Central Health's downtown site.

S-3.1: Require best practices related to green building and natural resource protection – at both the overall campus or district-level and the individual block or building-level of development.

S-3.2: Coordinate the campus' watershed protection and water management efforts with the City of Austin, State, UT, Travis County, TxDOT, the Waller Creek Conservancy and others.

S-3.3: Develop the campus to maximize climate protection and resilience, leveraging the unique opportunity to plan at a district scale of 14 acres. Promote the use of district-scale systems to supply green energy, chilled and hot water, reclaimed water, solar energy, geothermal energy, etc.

S-3.4: Design the campus streets and public spaces to maximize the delivery of "ecosystem services," such as stormwater management, heat island mitigation, water conservation and reuse, soil and landscape restoration, wildlife habitat, as well as those that improve human health and happiness through contact with nature.

PARTNERSHIP: Strengthen and expand relationships with health and wellness providers, collaborate with other public-sector entities, and help advance the goals of the larger community.

P-1: STAKEHOLDERS
Ensure that the low-income, uninsured and underinsured individuals and communities whom Central Health serves continue to receive access to quality health care.

P-1.1: Continue with ongoing community engagement activities that keep neighbors, partners and elected officials informed about the ongoing planning and implementation of the Brackenridge Campus project.

P-1.2: Maintain and expand Central Health's partnerships with health care providers to ensure access to high-quality wellness and health care services, programs and education.

P-2: NEIGHBORS
Confer with East Austin residents and support downtown initiatives, including the University of Texas Medical District, the IH-35 Corridor Improvement Project, the Waller Creek and Waterloo Park projects, the proposed Innovation Zone, the State Capitol Complex Master Plan, and others.

P-2.1: Maximize accessibility – physically, socially and economically – to this new neighborhood, through building a community defined by landscaped, walkable streets and a central gathering space and a public market. Develop design guidelines to ensure that buildings and streetscapes are inviting, hospitable and beautiful.

P-2.2: Identify positive benefits that should be maximized during the Brackenridge Campus redevelopment – such as contributing to healthy air quality, clean water, active lifestyle, healthy food, low carbon, etc. – mitigate environmental and human health stressors associated with conventional development practices.

P-2.3: Work with TxDOT to enhance multi-modal connectivity across I-35 to East Austin, and to create frontage roads that look and feel like "urban boulevards" – with street side trees and wide sidewalks – consistent with the City of Austin's Downtown Great Streets Program and Complete Streets Policy.

P-2.4: Create a complementary and compatible edge along Waterloo Park that creates vital open space connections between Waller Creek and the Brackenridge Campus.

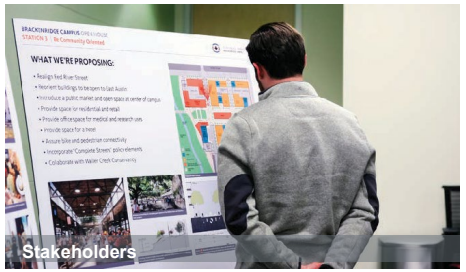
P-2.5: Promote a mix of uses that nurtures local economic development, enhances creativity and innovation, promotes a "culture of health," and creates a vibrant sense of place.

P-3: COLLABORATORS
Work with the Seton Healthcare Family, Dell Medical School, health care entities, wellness advocates, business partners and civic and public entities, including Travis County and the City of Austin.

P-3.1: Collaborate with the public, non-profit, and private sectors to attract, finance, and operate supportive and complementary uses within the Brackenridge Campus.

P-3.2: Collaborate with public, non-profit and private partners to support the proposed Innovation Zone by creating the kind of place that nurtures innovation focused on wellness and health care. Explore ways in which the uses in and around the public market can support wellness innovation.

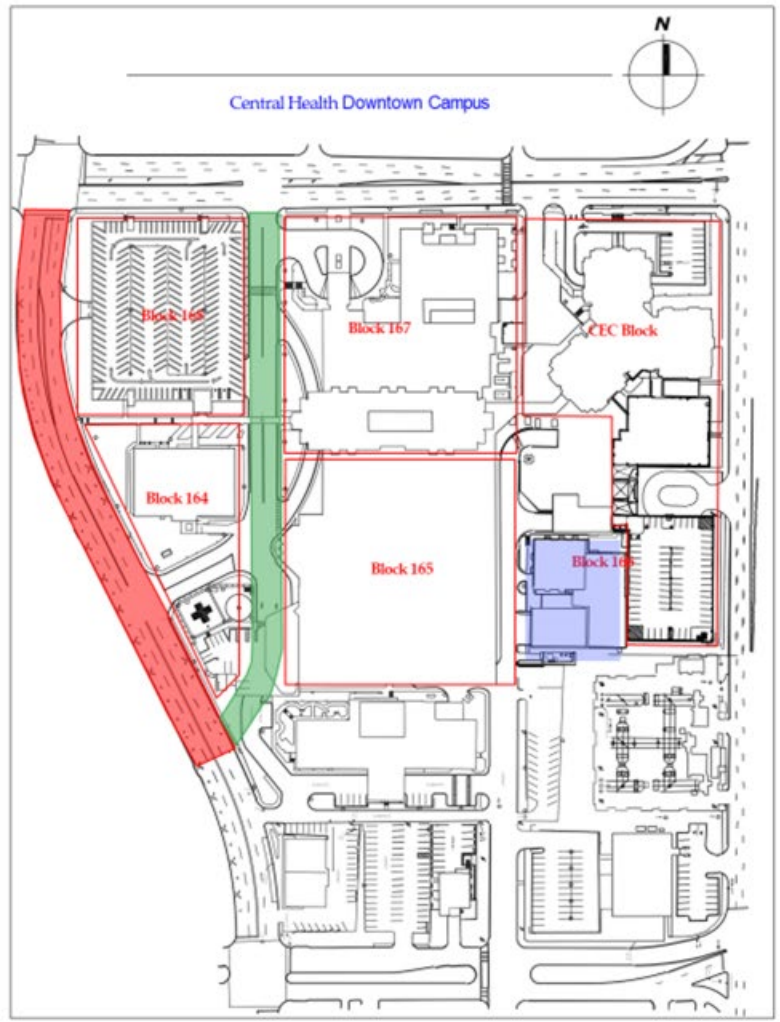
P-3.3: Collaborate with the private sector to implement the Brackenridge Campus Master Plan by launching a developer solicitation(s) that articulates Central Health's vision for the property, its goals, its "must-haves," and respective roles and responsibilities in what will become a public-private partnership.



Stakeholders


Neighbors


Collaborators


N
Central Health Downtown Campus
Block 168
Block 167
CEC Block
Block 164
Block 165
Block 166

Commercial Real Estate Key Terms

Biotech Space: Highly specialized laboratory or research and development space. The space is uniquely configured and is typically developed to the needs of the biotech tenant. It may require significant retrofit should the tenant vacate the space. The space is often characterized by robust mechanical, electrical and plumbing systems, as well as by sophisticated ventilation systems to accommodate the highly specialized and complex activities that occur inside and that involve the handling of chemicals, drugs and biological matter.

Broker: A person who represents another person or a company during a buying or selling process.

Build-to-Suit: A property developed specifically for a certain tenant to occupy, with structural features, systems, or improvement work designed specifically for the needs of that tenant.

Cap Rate: Short for "capitalization rate," the cap rate refers to the ratio of Net Operating Income (NOI) to property asset value. (e.g. A building with a NOI of $10,000 valued at a 5% Cap is worth: 10,000/0.5 = $200,000)

CBD: Central Business District

Class A Building: A classification used to describe an office building with rents in the top 30 to 40 percent of the marketplace. Class A buildings are well-located in major employment centers and typically have good transit, vehicular and pedestrian access. Additionally, they are located adjacent to or in proximity to a high number of retail establishments and business-oriented or fast casual restaurants. Building services are characterized by above-average upkeep and management.

Delivery/Delivery Date: The time when a building completes construction and receives a certificate of occupancy.

Floor Area Ratio (FAR): FAR is the relationship between the total square footage of a building and the total square footage of the parcel on which the building is located. It is typically calculated by dividing the total square footage of the building by the land area in square feet. For example, if a 20,000-square-foot building is built on a 10,000-square-foot lot, the FAR is 2.0.

Ground Lease: A lease agreement (contract) whereby the landowner (lessor) agrees to lease a parcel of land for a set period of time to a third party (lessee). Depending on the agreement, the lessor can stipulate what the lessee can or cannot do with the property or build on the property. The lease term is typically 20 years or more, but many extend to 99 years. Upon expiration of the lease agreement, the lessor typically gains control and ownership of whatever is constructed on the land, unless the lease is renewed or an exception is created in the lease.

Innovation Center or District: Geographic areas with concentrations of innovative firms and entrepreneurial activity that focus on strengthening and growing new businesses and commercializing their products or services or both.

Joint Venture: A joint venture in real estate is when two or more investors combine their resources for a property development or investment. Despite working together, each party maintains their own unique business identity while working together on a deal. Therefore, even though a joint venture sounds like a partnership, it's a little bit different.

1. **Partnership –** Multiple people form one entity in which to conduct business alongside each other.
2. **Joint Venture (JV) –** Each party works under its own entity. JV partners only work together on a specific deal or project.

Who does what in a joint venture is decided on a project-by-project basis. Furthermore, the share of the profits is also agreed upon by the parties involved.

Leased Space: Space under contract between a landlord and a tenant or between a tenant and a subtenant. Leasehold A leasehold is an ownership structure in which a temporary right to use land has been granted by the landowner to another party. (See ground lease.) Although the tenants do not own the land, they are able to improve the land and operate it as stipulated in the ground lease for the term of the lease.

LOI: Letter of Intent

Mixed-use Development: The grouping of multiple significant uses within a single site or building such as retail, office, residential or lodging facilities. Examples include office buildings that contain ground-level retail and housing, plus projects that have separate office, retail and multifamily properties. Clustering of at least three different uses such as office, retail, residential and/or hotel adjacent to or in close walkable proximity to one another. Uses can be contained in the same building or dispersed in different buildings that are adjacent to or close to one another.

Multitenant Office Building: A building that is not owner occupied and space that is leased to two or more tenants.

Office Building: A structure providing environments that are conducive to the performance of management and administrative activities, accounting, marketing, information processing, consulting, human resources management, financial and insurance services, educational and medical services, and other professional services. At least 75 percent of the interior space is finished to accommodate office users, but the rest of the space can include other uses such as retail, restaurant or fitness. Office Building Types and Sizes Low-rise: Fewer than 7 stories above ground level Mid-rise: Between 7 and 25 stories above ground level High-rise: More than 25 stories above ground level Office Condo Short for “office condominium,” this term refers to the ownership structure of an office property in which individual units housed in one structure are sold to independent owners. Typically, there are covenants that govern the activities that can be carried out in and improvements that can be made to each unit. Such covenants also stipulate the distribution of costs related to the maintenance and operations of common elements in the building such as the roof and the elevators.

Preleased Space: Space that has been leased to a tenant and announced for future development but is not yet under construction.

PM: Property Manager. An individual who oversees all operational aspects of a building. Once a tenant signs a lease, it is the Property Manager who will assist the tenant with any questions, the build-out of the space, and any on-going issues once they have moved in.

PSF: Per Square Foot

RFP: Request for Proposal

Return on Investment (ROI) A measure of the value created by a real estate investment. It is the difference between the net gains from investing in the property less the net cost from investing in the property divided by the purchase price of the property. Usually, it is reported as a percentage.

RSF: Rentable Square Feet

Shell Space: A building space that has an unfinished interior and requires improvements.

Speculative: A building developed and constructed without any preleasing in place. Construction commences without a prelease when the developer believes there is so much demand for that type of building in that market or submarket that a lease commitment is bound to come through.

Sublease/Sublet Space: Space that has been leased by a tenant and is being offered for lease back to the market by that tenant.

Tenant: A person, business, or group that pays rent to an owner or landlord for the right to use/occupy a property or space.

Tenant Representation: When a broker represents a tenant in a typical lease transaction between a tenant and an owner/landlord.

Trophy Building: A landmark property that is located in a highly desirable submarket, is designed by a recognized architect, and features high-end finishes and modern or efficient systems. This building commands among the highest rents in the market and is more than 80 percent occupied by the market's premier tenants. It is highly sought after by institutional investors such as pension funds and insurance companies as well as by foreign investors. These properties are more desirable than Class A buildings.

Direct Investment

Investors can use direct investments where they become landlords through the ownership of the physical property. People best suited for direct investment in commercial real estate are those who either have a considerable amount of knowledge about the industry or who can employ firms who do. Commercial properties are a high-risk, high-reward real estate investment. Such an investor is likely to be a high-net-worth individual since CRE investing requires a considerable amount of capital.

The ideal property is in an area with low CRE supply and high demand, which will give favorable rental rates. The strength of the area's local economy also affects the value of the CRE purchase.

Indirect Investment

Alternatively, investors may invest in the commercial market indirectly through the ownership of various market securities, such as real estate investment trusts (REITs) or exchange traded funds (ETFs) that invest in commercial property-related stocks, or by investing in companies that cater to the commercial real estate market, such as banks and realtors.

Sources: CCIM Institute, National Association of Realtors, NAIOP Research Foundation

CENTRAL
HEALTH

BUDGET & FINANCE COMMITTEE MEETING

November 15, 2023

AGENDA ITEM 6

Confirm the next Budget and Finance Committee meeting date, time, and location. (*Informational Item*)