

**AMARILLO HOSPITAL DISTRICT
BOARD OF MANAGERS
February 8, 1996**

Members

Mr. John Ben Blanchard	Yes
Mr. Mitch Contreras	Yes
Dr. Michael Guttenplan	No
Mrs. Judy Sell	Yes
Mr. James H. Simms	Yes
Mr. Don Taylor	Yes
Mrs. Connie Tommerup	Yes

City Commission

Mr. Kel Seliger, Mayor	Ms. Dianne Bosch
Mr. Robert Keys	Mr. Trent Sisemore

I. CALL TO ORDER

The meeting was called to order at 3:30 PM by Mr. Jim Simms, Board Chairman, in the NWTB Dining Room I.

II. PURPOSE OF EMERGENCY MEETING

Mr. Simms explained that this Emergency Session of the Board was called for the necessity of clarifying procedures required to order the sale of the assets of the Amarillo Hospital District. He said even though posted in the notice of meeting, an executive session would not be necessary.

III. DISCUSSION

Mr. Simms said the Board in regular session on Tuesday, February 6, 1996, took action approving an Asset Purchase Agreement for sale of the assets of the Amarillo Hospital District to Universal Health Services. This action was the culmination of several months of intense study, due diligence and negotiations. The Board took this action based on its belief that such sale would be in the best interest of the citizens of Amarillo and would best position Northwest Texas Healthcare System for a viable future. It was never the intent of the Board to circumvent the voice of the Amarillo City Commission or the people of Amarillo in this matter.

Mr. Blanchard explained that there are conflicting statutes relating to who has the authority to sell assets of the Amarillo Hospital District.

H.B. 70 is the enabling legislation which led to a change of the Texas Constitution establishing the Amarillo Hospital District.

This legislation which was enacted in 1959 specifies that the Amarillo City Commission appoints the hospital Board of Managers which is to manage, control and administer the hospital of the Hospital District and to promulgate rules and regulations for the operation of the hospital. The City Commission has the power to prescribe the method and manner of making purchases and expenditures or may delegate these powers to the Board of Managers. The legislation gave the Hospital District the right and power of eminent domain and "to take by purchase or lease lands within or without the district as may be required for its purpose; and it may sell or lease any lands owned by it at public or private sale; provided, however, that no real estate may be sold or leased until after there has been a determination by the governing body of the City of Amarillo that either the lands are no longer required for the purposes of the district or that the grantee or lessee will use the property for hospital purposes or purposes incidental and necessary to hospital purposes."

A 1988 opinion from the Attorney General of Texas noted that subsequent legislation contained in Section 285 of the Texas Health and Safety Code, authorizes the hospital district's board of managers to sell, lease, or close a hospital after a finding that such action is in the best interest of the district's residents. The voters of the district may petition for an election on the issue of selling or closing a hospital. The Attorney General did reiterate that if the hospital is sold, leased or closed, the Amarillo Hospital District continues to be legally responsible for providing medical care pursuant to the Indigent Health Care and Treatment Act.

Mr. Blanchard said that state legislation seems to indicate that final authority for sale, lease or closure of Northwest Texas Healthcare System vests in the Board of Managers. However, the hospital's local legal counsel opined that the AG opinion was ill reasoned and that both the City Commission and the Board have authority in this matter. In order to clear this confusion, the Board sought legal opinion from the Vinson & Elkins law firm in Houston. Vinson & Elkins rendered a letter that the Hospital District Board could not delegate authority to the City Commission that state legislation had delegated to the Hospital District Board. In its action on Tuesday, the Board of Managers presumed that it was acting responsibly, legally and morally within the laws delegated to the Board. The Board did not in any way intend to circumvent the City Commission or the people of the Amarillo Hospital District in this matter and believed that 10 percent of the qualified voters in the District could petition for a referendum on the proposed sale.

As a good faith gesture to assist the Board in clarifying this confusion, Universal Health Services tendered a letter dated February 8, 1996, to the Hospital Board offering to postpone transaction closing as set forth in the Asset Purchase Agreement so that a non-binding referendum of qualified Amarillo Hospital

District voters can be held and subsequent approval can be obtained from the Amarillo City Commission by May 7, 1996. (See Attachment I.)

MOTION WAS MADE by Mr. Blanchard, seconded by Mr. Contreras and unanimously approved, that the letter from Universal Health Services dated February 8, 1996, be accepted; that Section 10 of the Asset Purchase Agreement be amended by changing the referenced date of April 30, 1996 to May 30, 1996; and that all other terms and provision of Section 10 shall remain the same. In addition, Section 7 of the Asset Purchase Agreement is hereby amended by adding the following section thereto:

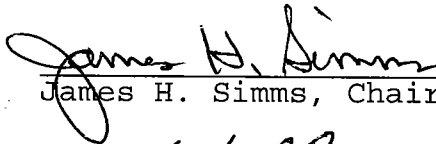
"7.10. Approval of City Commission. The City Commission of the City of Amarillo shall have taken formal action affirmatively approving the transactions contemplated by this Agreement on or before May 7, 1996."


Mr. Simms expressed appreciation to Mr. Dick Wright, Vice President of Development for Universal Health Services, for his efforts to assist the Board in this matter and stated that now the focus can be on the transaction rather than the process. He recognized Mayor Kel Seliger and members of the City Commission who were present to witness these proceedings.

IV. ADJOURNMENT

There being no further business, the meeting was adjourned at 4:10 PM and followed by a brief press conference to further explain and answer questions about these proceedings.

2-27-96
Date Approved


James H. Simms, Chairman


William Webster, Secretary

February 8, 1996

Board of Managers
Amarillo Hospital District
c/o Northwest Texas Healthcare System
1501 Coulter Road
P. O. Box 1110
Amarillo, TX 79175

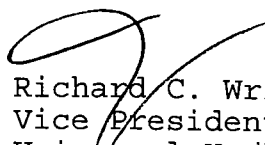
Ladies and Gentlemen:

Universal Health Services, Inc., and UHS of Amarillo, Inc. (collectively, "Universal") desire the affirmative approval of the City Commission of the City of Amarillo to the transactions contemplated by the Asset Purchase Agreement dated February 6, 1996, between Universal and you and the Exhibits thereto (the "Purchase and Indigent Care Documents"). Accordingly, Universal will not close the transactions contemplated by Purchase and Indigent Care Documents without the affirmative approval of such transactions by formal action of the City Commission, provided that (i) a non-binding referendum is called by the City Commission not later than February 15, 1996, to be held not later than May 4, 1996, or a binding referendum is held pursuant to a duly executed petition as provided for in Section 285.052 of the Texas Health & Safety Code, (ii) formal action approving or disapproving such transactions is taken by the City Commission on or before May 7, 1996, and (iii) you agree to waive noncompliance by Universal with the Purchase and Indigent Care Documents as a result of the failure by the City Commission to approve such transactions. If the City Commission neither approves nor disapproves the transactions by May 7, 1996, this letter shall be null and void.

Universal understands that whether or not the City Commission approves the transactions, the transactions are subject to the petition and referendum provisions as set forth in Section 285.052 of the Texas Health & Safety Code.

Our prior letter to the Board dated February 7, 1996, is hereby withdrawn.

Sincerely,



Richard C. Wright
Vice President
Universal Health Services, Inc.
UHS of Amarillo, Inc.