

**AMARILLO HOSPITAL DISTRICT  
BOARD OF MANAGERS  
JULY 28, 1998**

<u>Members</u>	<u>Present</u>
Ms. Lilia Escajeda, Chairman	Yes
Mr. Steve Walton, Chairman Pro Tem	No
Mr. Rick Jones, Secretary	Yes
Dr. Ron Fortner	Yes
Mr. John Irwin	No
Mr. Lin Rodgers	No
Mrs. Paula Toland	Yes

Also Present

Mr. Dean Frigo	Director of Finance - City of Amarillo
Mr. Merrill Nunn	City Attorney - City of Amarillo
Ms. Debbie Close	Recording Secretary - City of Amarillo
Mr. George Buchenau	J. O. Wyatt Clinic
Mr. David Clark	Healthcare Professional Associates
Mr. Jim Mitchell	Healthcare Professional Associates
Dr. Rolf Habersang	Healthcare Professional Associates
Ms. Debbie Beard	Panhandle Poison Center
Dr. J. Rush Pierce	Amarillo Bi-City County Health District
Ms. Claudia Blackburn	Amarillo Bi-City County Health District
Ms. Lisa Veggeberg	J. O. Wyatt Clinic
Mr. Alan Buster	Northwest Texas Hospital
Dr. Nathan Goldstein	Northwest Texas Hospital

Media Present

Ms. Carmel Snyder	Amarillo Globe News
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**ITEM 1:** Ms. Escajeda called the meeting to order at 7:30 a.m. at City Hall, 509 East 7th Street, Third Floor, Room 306, and welcomed those in attendance.

**ITEM 2:** Ms. Escajeda stated that the Board needed to elect officers. Dr. Fortner made the motion to re-elect the current slate of officers and committee assignments for another term as follows: Lilia Escajeda-Chairman, Steve Walton-Chairman Pro Tem, Rick Jones-Secretary, and John Irwin-Treasurer. Ms. Toland would chair the Indigent Care Committee with Dr. Fortner and Mr. Walton. Mr. Irwin would chair the Investment Committee along with Mr. Rodgers and Mr. Jones. Motion was seconded by Ms. Toland, and unanimously carried, to approve the recommendation of officers as presented.

**ITEM 3:** Ms. Escajeda presented the Minutes of April 28, 1998. Motion was made by Dr. Fortner, seconded by Mr. Jones, and unanimously carried, to approve the Minutes.

**ITEM 4:** Presentation from Healthcare Financial Solutions, Inc. No one appeared on behalf of Healthcare Financial Solutions, Inc. Mr. Nunn suggested that Healthcare Financial Solutions, Inc. be put on notice that the contract would be canceled for performance reasons. Furthermore, the cancellation should be considered at the Board's next meeting.

**ITEM 5:** Approval of the Premier Healthcare Corporation contract to perform Champus payment compliance review. Motion was made by Mr. Jones that the Board approve the Premiere Healthcare Corporation contract to perform Champus payment compliance review. Dr. Fortner seconded and the motion unanimously carried.

**ITEM 6:** Approval of outlier appeal with Carlson Price Fass & Co., Inc. Motion was made by Ms. Toland to approve the outlier appeal with Carlson Price Fass & Co., Inc. Mr. Jones seconded and the motion unanimously carried.

**ITEM 7:** Ms. Debbie Beard with the Poison Control Center made a brief presentation to the Board regarding the Poison Control Center program in general. According to Ms. Beard the Poison Control Grant is one of the six in the state and covers the top 71 counties in Texas. Furthermore, the Poison Control Center in Amarillo is linked to the other poison control centers in the state through a common telephone system so no caller has to wait more than 30 seconds. The program is funded by the State of Texas and is operated at Northwest Texas Hospital. The Amarillo Hospital District is a conduit for funding of the Poison Control Center. Motion for approval of the fiscal year 1999 Panhandle Poison Center Grant Application was made by Ms. Toland, seconded by Dr. Fortner and the motion unanimously carried.

**ITEM 8:** Ms. Escajeda asked Mr. Frigo to review the quarterly financial statements with the Board. Mr. Frigo gave an overview of the financial statements through June 30, 1998. Mr. Frigo reported that the Amarillo Hospital District had approximately \$17 million in cash and cash equivalents and about \$184 million in investments. The Amarillo Hospital District has about \$500,000 current liabilities for self-insurance costs and \$2.1 million for long-term self-insurance costs for claims arising before the sale of the hospital. Gross investment income through June was almost \$13 million; however, \$3,226,000 of the income was from unrealized portfolio gains. Total revenue amounted to \$13.1 million compared to \$6.6 million in expenses for net income of \$6.5 million; however, \$3,226,000 of the reported net income was from unrealized portfolio gains. Compared to budget, investment income including unrealized portfolio gains would exceed the budgeted amount of \$12,033,000. Without the unrealized gains the investment income would be \$9,750,000 or about 81% of budget. The largest single expenditure is for indigent care which was at \$6 million compared to a budget of \$8 million. The expanded children's treatment facility is budgeted at \$1.3 million for the 1997/98 year and \$1,078,000 was budgeted for a pension fund contribution. Based on the latest actuarial study, the Amarillo Hospital District will not have to make a pension contribution in the current year.

**ITEM 9:** Ms. Escajeda asked Mr. Frigo to present the quarterly investment report. Mr. Frigo stated that the portfolio was in compliance with state law and the Amarillo Hospital District's Investment Policy. At the end of June, 1998, the Portfolio was at 103% of book value.

**ITEM 10:** Mr. Frigo gave a presentation prepared by First Southwest reviewing the portfolio managers. First Southwest reviewed the Portfolios of all three money managers and the Hospital District's Investment Policy. Based on their review, First Southwest concluded that the combined Portfolio is in compliance with the stated policy and has taken full advantage of investment options to safely maximize return within policy restrictions. The Portfolio is also in full compliance with the Public Funds Investment Act. The weighted average maturity of the consolidated Portfolio is 5.3 years. The overall Portfolio risk assessment was as follows: in safety, the Portfolio was rated excellent; in liquidity, the Portfolio was rated good, and in yield, the Portfolio was rated good. First Southwest was concerned with the classification of GNMA mortgage backed securities being classified as direct government obligations as opposed to Federal Agency Securities. While GNMA's are not a problem on a consolidated basis, there needs to be a restriction limiting their inclusion to a smaller percentage of the Portfolio. First Southwest also made other recommendations to add additional clarity to the Investment Policy.

**ITEM 11.** Mr. Frigo presented the revised Investment Policy. Mr. Frigo stated that the revised Investment Policy incorporates the recommendations made by First Southwest. Ms. Escajeda asked if the Investment Policy would be broad enough to include additional monies received by the Amarillo Hospital District such as potential funds from the tobacco lawsuit. Dr. Fortner made the motion to approve the revised Investment Policy including expanding the scope of the Investment Policy to include other funds received by the Amarillo Hospital District. Ms. Toland seconded and the motion unanimously carried.

**ITEM 12:** Motion was made by Ms. Toland to pursue Request for Proposals for actuarial services for the Amarillo Hospital District pension plan, seconded by Mr. Jones, and unanimously carried.

**ITEM 13:** Mr. Frigo presented the proposed budget. In the proposed budget, 1998/99 revenue is estimated at \$12.9 million. The budget provides for the Indigent Care Contract. Also the budget provides \$1,060,000 for the pension plan contribution, \$470,000 for self-insurance claims, \$198,000 for public health, \$360,000 for operating expenses, \$5.2 million for expanded children's treatment facilities as provided by the sales agreement, and \$268,000 for pediatric support services. Mr. David Clark appeared on behalf of Healthcare Professional Associates. Mr. Clark requested the pediatric support services be raised to \$1.2 million. Mr. Clark further proposed that the funding to Healthcare Professional Associates would be reduced by other resources and would probably not need the full level of funding. Dr. Fortner moved that the budget be approved as presented and additional funding requests could be considered at their September meeting before the budget is adopted by the City Commission. Mr. Jones seconded and the motion unanimously carried.

**ITEM 14:** Claudia Blackburn presented a funding request from the Department of Public Health. The proposed new position would be in addition to the Amarillo Hospital District's current level of participation in the Department of Public Health. Ms. Blackburn said that the new position would be used in the overall public health mission of the Public Health Department including

communicable disease control and education, wellness programs including cardiovascular disease and cancer prevention, and sexually transmitted diseases. Ms. Toland moved approval of the additional full-time nurse for the Health Department, Dr. Fortner seconded, and the motion unanimously carried.

**ITEM 15:** Consideration of funding request from the Coffee Memorial Blood Center. Mr. Jones made the motion that the Board table this until our grant guidelines are available in September and we have received more information. Dr. Fortner seconded, and the motion unanimously carried.

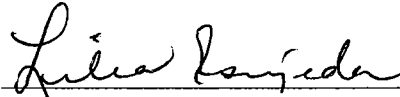
**ITEM 16:** Motion was made by Dr. Fortner, seconded by Ms. Toland, and unanimously carried to approve investment training conducted by LOGIC. Those attending were Mr. Frigo and Mr. Irwin.

**ITEM 17:** Ms. Toland reported on the status of the Indigent Care Study. Ms. Toland said that she had received most of the information requested, and it was estimated that the study would be completed in September.

**ITEM 18:** Ms. Toland moved that a committee be appointed to develop grant guidelines. Mr. Nunn asked if he could be an ex-official member of the committee. Motion was seconded by Mr. Jones, and unanimously carried.

**ITEM 19:** Mr. Nunn said there were no matters that needed to be discussed in Executive Session.

**ITEM 20:** There being no further business, Ms. Escajeda asked for a motion to adjourn. Motion was made by Dr. Fortner, seconded by Mr. Jones, and unanimously carried, to adjourn at 10:00 a.m.

  
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Lilia Escajeda, Chairman