

**AMARILLO HOSPITAL DISTRICT  
BOARD OF MANAGERS  
SEPTEMBER 8, 1998**

<u>Members</u>	<u>Present</u>
Ms. Lilia Escajeda, Chairman	Yes
Mr. Steve Walton, Chairman Pro Tem	Yes
Mr. Rick Jones, Secretary	Yes
Dr. Ron Fortner	Yes
Mr. John Irwin	Yes
Mr. Lin Rodgers	Yes
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. Randy Johnson	Sears Methodist
Mr. George Buchenau	J. O. Wyatt Clinic
Mr. David Clark	Healthcare Professional Associates
Mr. Jim Mitchell	Healthcare Professional Associates
Dr. Lisa Veggeberg	J. O. Wyatt Clinic
Dr. Nathan Goldstein	Northwest Texas Healthcare System

Media Present

Ms. Carmel Snyder	Amarillo Globe News
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**ITEM 1:** Ms. Escajeda called the meeting to order at 7:35 a.m. at City Hall, 509 East 7th Street, Third Floor, Room 306, and welcomed those in attendance.

**ITEM 2:** Ms. Escajeda presented the Minutes of July 28, 1998. A correction was made to Item 13. It read that motion was seconded by Mr. Rodgers. It should have been motion was seconded by Mr. Jones. Motion was made by Mr. Jones, seconded by Mr. Rodgers, and unanimously carried, to approve the Minutes as corrected.

**ITEM 3:** Approval of Sears Methodist financing. Randy Johnson, Vice President, Management Services for Sears Methodist Retirement System, presented a brief overview of the proposed bond issuance. According to Mr. Johnson, most of the new issue will be used to retire a previous bond issue which was about \$40 million. The balance of the funds will be used for improvements at their facilities in Abilene, Odessa, and Amarillo. The Amarillo project would be to construct a 15,000 square foot senior health clinic to be located at the front entrance of the Craig Methodist Retirement Community at an estimated cost of \$1,850,000. The proposed clinic is projected to serve approximately 50 persons per day and will be staffed by 15 persons including two doctors and one nurse practitioner. Mrs. Toland asked who would be responsible for the operation of the clinic. Mr. Johnson said that the clinic would be operated by Baptist St. Anthony's Health System.

Dr. Fortner asked whether other health care organizations had been asked for proposals to operate the clinic? Mr. Johnson replied that Northwest Texas Healthcare System had also been asked if they were interested in operating the clinic. Dr. Goldstein with Northwest Texas Healthcare System confirmed that Northwest Texas Healthcare System had been approached regarding the operation of the clinic, but had declined. Mr. Nunn advised that the statute for these health bonds require the consent of the Amarillo Hospital District so they can be issued as tax free bonds. Mr. Nunn said this isn't a pass through operation, it requires the consent of the Amarillo Hospital District. Mr. Frigo asked why the bonds didn't go through the Amarillo Health Facilities Development Corporation? Mr. Nunn replied that the Abilene Health Facilities was actually the conduit. Motion was made by Mr. Irwin and seconded by Steve Walton to approve the issuance of the Sears Methodist bonds. Motion carried: Voting in favor of the issuance were Mr. Walton, Mr. Irwin, and Mr. Rodgers. Voting against the issuance were Dr. Fortner and Mr. Jones. Mrs. Toland abstained.

**ITEM 4:** Approval of Actuarial Contract. Mr. Frigo presented the Request for Proposals for Actuarial services for the pension plan. Mr. Frigo stated that the Amarillo Hospital District had received two proposals: One from John Crider and one from The Segal Company. Mr. Crider's proposal would be \$10,500 plus \$450 per benefit calculation. The proposal from Segal would be \$14,500 plus \$2,500 for statement preparation and \$450 per benefit calculation. Mr. Frigo recommended the contract be awarded to John Crider stating that both firms were well-qualified to do the work. Mr. Rogers asked if there were any issues of being able to complete the work. Mr. Frigo replied that Mr. Crider currently did the actuarial work for the Amarillo Firefighters Plan and the work had been timely. Mr. Rogers made the motion that they accept the proposal by Mr. Crider, seconded by Dr. Fortner and the motion unanimously carried.

**ITEM 5:** Presentation of indigent care committee report. Mrs. Toland reported that the Indigent Care Committee had met with the consultant and should have a report on the status of indigent care at the next board meeting in October.

**ITEM 6:** Presentation of Northwest Texas Healthcare System Indigent Care Report. All board members received copies of the Northwest Texas Healthcare System Indigent Care Report in their agenda folder. Mrs. Toland reported that the Indigent Care Committee of Northwest Texas Healthcare System went over the indigent care report. The committee asked for some additional information to be provided by Northwest Texas Healthcare System. Mrs. Toland said that the additional information should be forthcoming at the next board meeting in October.

**ITEM 7:** Appointment of Carlson Price Fass & Co., Inc. Mrs. Toland presented the proposal from Carlson Price Fass & Co., Inc. to perform a study on Healthcare Professional Associates. Mrs. Toland stated that Carlson Price Fass & Co., Inc. is the same firm that is conducting the indigent care study for the Amarillo Hospital District. Mrs. Toland said that the study was supposed to take 160 hours at a cost not to exceed \$24,000 plus out-of-pocket expenses. Mrs. Toland also stated that the study should be completed by the Amarillo Hospital District October board meeting. Motion was made by Mr. Walton to approve the consultant's study. Mr. Rodgers seconded the motion and the motion unanimously carried.

**ITEM 8:** Contract for Review of Pension Plan. Mr. Frigo presented a proposal from Prudential Bache Securities to perform a review of the Amarillo Hospital District's pension plan. Mr. Rodgers asked if there were any local firms that did this type of work? Ms. Escajeda replied that all the firms that did similar work for Amarillo National were out of town. Motion was made by Mr. Jones, seconded by Dr. Fortner to approve the contract for review of the pension plan. Motion unanimously carried.

**ITEM 9:** Update on Consideration of new funding. Mrs. Toland reported that she, Ms. Escajeda, and Mr. Nunn had met with Evelyn Solonyka of Amarillo Area Foundation to discuss criteria for funding requests. Mrs. Toland said this is a work in progress document and is not ready for board approval at this time. Ms. Escajeda feels it is important to have some guidelines as to what type of funding requests can be considered by AHD, especially considering funds from the proposed tobacco settlement suit. Mr. Irwin asked if these guidelines would only be applicable to the tobacco settlement suit? Ms. Escajeda said that the guidelines would cover all funding requests. At this time we have no guidelines other than the indigent care law and most people are not familiar with the law.

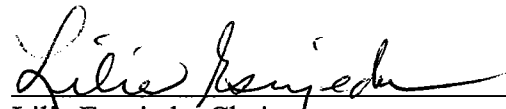
**ITEM 10.** Consideration of Funding Request from Healthcare Professional Associates (HPA). Mrs. Toland said that HPA is a service that was established by the Amarillo Hospital District when Kevin Gross was a CEO of the hospital. Through the sale of the business entity, it was set aside and remained in the Amarillo Hospital District so that AHD does have responsibility for the organization. Last year AHD, Universal Health Services, and Amarillo Area Foundation agreed to fund \$268,000 for the first year of HPA operations. Ms. Escajeda posed a question to Mr. Nunn, City Attorney, as to why after a year, HPA's status has become such an important issue. Mr. Rodgers expressed concern that the required HPA funding would likely increase over time and at some point AHD may not be able to support HPA. Dr. Fortner agreed. Mr. Rodgers also asked whether AHD would need to have some type of formal contract with HPA and what kind of service would be expected for the funds expended? Mr. Nunn said we need a contract with them in order to be able to spend the funds because otherwise it is a gift or grant. Mr. Nunn added that HPA is a separate corporation. While HPA is a legal entity, the problem with HPA is that the Chair of the Hospital Board is also the only corporate member of HPA which makes an arms length transaction difficult. David Clark with HPA said that HPA was structured with the Chair of the Board being the only corporate member to give the Amarillo Hospital District control over HPA. Mr. Walton said that we cannot arrive at a decision since we don't have all the issues resolved. Mr. Walton recommended we leave the budget the same until the matter can be reviewed at the next meeting. He further stated that after the board is able to obtain more information about HPA, the board could recommend an amendment to the budget, then it would go to the City Commission for approval. Mr. Jones said the problem is that last year we had three organizations providing funding and now we only have one. Mr. Rodgers said I think we should increase the funding to reflect the higher amount. Mr. Walton said that he didn't feel comfortable in increasing funding until the legal questions were resolved and we have more information on the amount of funding we need to provide. Mr. Walton said that within 60 days we will have a much clearer idea of what is our responsibility and it would be much easier for us to arrive at the proper figure. Mr. Irwin asked if

HPA felt the AHD funding was a permanent arrangement and since HPA had their 501 (c) (3) status, could they pursue other funding options? Mr. Clark replied that the HPA's long-term goal was to create a community endowment, but for now they cannot operate without AHD. Mr. Walton acknowledged that the HPA funding request was \$1.2 million and we have a budget amount of \$268,000 and recommend we table action of the HPA funding request. Mrs. Toland stated that there needed to be a statement from this board that we support HPA. Mr. Walton said we believe in the mission of HPA, but funding should remain at the current level until the board could obtain more information. Mr. Walton made the motion that the HPA funding remain at the same level pending the outcome of study of legal relationship and consultant's study. The motion was seconded by John Irwin and unanimously carried.

**ITEM 11:** Consideration of funding request from Coffee Memorial. Ms. Escajeda stated that while AHD has not currently developed any guidelines for funding, this proposal would not meet the anticipated guidelines. Mr. Walton moved that the proposal be rejected in light of the project having already been completed. Motion was seconded by Rick Jones and motion unanimously carried.

**ITEM 12:** Approval of Budget. Mr. Frigo presented the proposed AHD budget as revised in the July 28, 1998 meeting. Mr. Frigo stated that the Amarillo Hospital District received a payment from Universal Health Systems for \$550,000. The payment was the Amarillo Hospital District's share (15 percent) of the 1998 revenue in excess of \$24 million. Because these funds were recently received, the UHS payment is not included in the revised estimate of the Amarillo Hospital District budget. Mr. Walton moved that the budget be approved as submitted with a footnote on the pediatric supports services line item. Mr. Walton said the footnote should note that the level of funding for pediatrics support services is currently under review and could change pending the results of the consultant study. However, no funds would be expended until a contract was approved by the AHD board. Motion was seconded by Mrs. Toland and motion unanimously carried.

**ITEM 13:** There being no further business, Ms. Escajeda asked for a motion to adjourn. Motion was made by Mr. Rodgers, seconded by Dr. Fortner, and unanimously carried, to adjourn at 9:00 a.m.

  
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Lilia Escajeda, Chairman