

**AMARILLO HOSPITAL DISTRICT
BOARD OF MANAGERS
MINUTES
February 23, 1999**

Members	Present
Ms. Lilia Escajeda, Chairman	Yes
Mr. Steve Walton, Chairman Pro Tem	Yes
Mr. Rick Jones, Secretary	Yes
Dr. Ron Fortner	Yes
Mrs. Paula Toland	Yes
Mr. John Irwin	Yes

Also Present

Mr. Merrill Nunn	City Attorney
Mr. Dean Frigo	Director of Finance - City of Amarillo
Ms. Debbie Close	Recording Secretary - City of Amarillo
Mr. Andy Ray	Clifton Gunderson P.L.L.C.
Mr. Jerry McMillon	Clifton Gunderson P.L.L.C.
Mr. David Hilgers	Hilgers & Watkins
Ms. Sharron Swann	Hilgers & Watkins

ITEM 1: Ms. Escajeda called the meeting to order at 1:30 p.m. at City Hall, 509 East 7th Street, Third Floor, Commission Chambers, and welcomed those in attendance.

ITEM 2: Ms. Escajeda presented the Minutes of January 15, 1999. Motion was made by Dr. Fortner, seconded by Mr. Jones, and unanimously carried, to approve the Minutes.

ITEM 3: Presentation of September 30, 1998 Audit Report was made by Andy Ray of Clifton Gunderson. Mr. Ray stated that the General Purpose Financial Statements were issued an unqualified audit opinion. Mr. Ray further stated that the combining balance sheet included General Funds, Donor-Restricted Funds, and Fiduciary Funds. Healthcare Professional Associates (HPA) is a blended component unit of these financials. Total assets for all funds was approximately \$240 million, including \$19 million in cash and cash equivalents and \$215 million in investments. The tobacco settlement receivable was booked at approximately \$2.9 million. Fund balances included \$214 million Unrestricted, \$267,405 Donor-Restricted and approximately \$22.7 million Fiduciary Funds. The combined statement of revenue and expenses shows an excess of revenue over expenses of approximately \$19 million for the General Fund and a deficiency of revenue over expenses of \$428,822 for the Fiduciary Fund. Reported as a revenue item for the General Fund is a net increase in the fair value of investments of approximately \$10 million. At this time Mr. Ray also presented a management letter concerning the year 2000 dating problem.

ITEM 4: Healthcare Professional Associates (HPA) Funding Legal Opinion was presented by Mr. David Hilgers of Hilgers and Watkins. Mr. Hilgers stated that his firm was hired to answer the question of whether AHD can fund specialized pediatric services for the needy and indigent in

Amarillo that HPA is providing. Mr. Hilgers stated that the answer to this question is yes. Mr. Hilgers further stated that AHD has an obligation to provide medical care to the needy and indigent. While the contract with the Universal Health Services (UHS) provides medical care to the indigent, UHS is not required to provide the level of care HPA currently provides in this community. Mr. Hilgers recommended that AHD send out Request for Qualifications for professional services. Ms. Escajeda asked what kind of time frame would be involved in the RFQ process. Mr. Hilgers replied that the process could be completed in 30 days. Ms. Escajeda also asked if the RFQ could be used as a standard for future funding requests. Mr. Hilgers responded that this would be a good process to best serve the community.

Mr. Walton requested that Mr. Hilgers explain the legal relationship between HPA and AHD, as well as what this relationship should be. Mr. Hilgers explained that there are interlocking directors between the two entities but not a subsidiary relationship. Mr. Hilgers further stated that if the goal is to be a funder of services and not a deliverer of services, in his opinion it would make sense for AHD not to be associated with a deliverer of services. Mr. Walton also questioned if AHD's relationship with HPA would present a conflict when awarding the RFQ. Mr. Hilgers replied that this process would be better than not having prepared an RFQ.

ITEM 5: Approval of Medicaid Recovery Contract with Certus. Motion was made by Mr. Walton, seconded by Dr. Fortner, and unanimously carried, to approve the Medicaid Recovery Contract with Certus Corporation.

ITEM 6: Proposal for Community Health Issues. Mr. Jim Allison, Amarillo Area Foundation (Foundation), presented the proposal for community health issues. Mr. Allison explained that the Foundation will form a Community Health Issues Committee to research and develop recommendations regarding various community health issues. He also stated that community health issues could include public health, special population health care, alcohol and drug treatment, and high risk neighborhood. Motion was made by Mr. Jones, seconded by Ms. Toland, and unanimously carried, to approve the Memorandum of Understanding with Amarillo Area Foundation.

ITEM 7: Mr. Nunn said there was no pending litigation that needed to be discussed in Executive Session.

ITEM 8: Public Comments: Ms. Escajeda welcomed any comments.

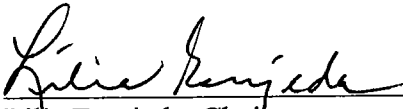
Dr. Richard Archer expressed concerns regarding what legally could be done with the AHD funds. Mr. Hilgers replied that AHD is obligated to provide healthcare services for the needy and indigent; after that it can do anything it wants to do. Ms. Escajeda stated that AHD is in the process of obtaining an actuarial study to determine how much money is available to fund projects. Based on the actuarial study the Board will decide how much money it can give to fund other projects.

Ms. Mary Alice Brittain appeared questioning how the RFQ process will affect HPA. Ms. Toland responded that AHD has approved funding HPA contingent on approval by the attorneys and if HPA is the successful bidder for pediatric services, HPA will be awarded the funding. Ms. Brittain

demanded to know when the debt to HPA would be paid. Ms. Escajeda answered that it would be done through the RFQ. Ms. Toland added that the contract would be retroactive. Ms. Brittain opined that the City Commission is looking for ways to delay payment to HPA, and that Texas Tech is to blame for the politics. Ms. Brittan returned to the podium and asked if the disposition of HPA would affect its non profit status. Mr. Hilgers answered that the answer would depend on the disposition of HPA. He will work with HPA to achieve the best solution.

Mr. John Edwards questioned what time period would be involved in the HPA funding request. Mr. Hilgers stated that if HPA is the successful bidder, funding will be retroactive for the fiscal year beginning October 1, 1998 and ending September 30, 1999. Mr. Edwards also questioned whether the outstanding liability for the pension plan was known at the time of the sale. Mr. Frigo responded that the liability is calculated annually by an actuary and is affected by employment changes. Mr. Edwards opined that he did not want the \$200 million to be spent—he wants it to stay in place. Mr. Edwards asked if the RFQ will cover the past six months. Ms. Escajeda responded that if HPA is the successful responder the contract will be retroactive for the past six months.

ITEM 9: There being no further business, Mr. Jones made the motion for adjournment at 3:00 p.m.



Lilia Escajeda, Chairman