

**AMARILLO HOSPITAL DISTRICT  
BOARD OF MANAGERS  
MINUTES  
September 1, 1999**

| <u>Members</u>                     | <u>Present</u> |
|------------------------------------|----------------|
| Mr. Steve Walton, Chairman Pro Tem | Yes            |
| Mr. Rick Jones, Secretary          | Yes            |
| Mrs. Paula Toland                  | Yes            |
| Mr. John Irwin                     | Yes            |
| Dr. Ronald Fortner                 | Yes            |
| Mr. Stan Harrison                  | Yes            |
| Ms. Karen O'Hara                   | Yes            |

Also Present

|                      |                                      |
|----------------------|--------------------------------------|
| Mr. Dean Frigo       | Director of Finance-City of Amarillo |
| Ms. Debbie Close     | Recording Secretary-City of Amarillo |
| Mr. Merrill Nunn     | City Attorney-City of Amarillo       |
| Mr. David Hilgers    | Hilgers & Watkins                    |
| Dr. Nathan Goldstein | Northwest Texas Healthcare System    |
| Dr. Tribhawan Vats   | Texas Tech Health Sciences Center    |
| Dr. Shu Shum         | Amarillo Pediatrician                |
| Dr. Rolf Habersang   | Amarillo Area Healthcare Specialists |
| Mr. Mike Callahan    | Northwest Texas Healthcare System    |

**ITEM 1:** Mr. Walton called the meeting to order at 2:00 p.m. at City Hall, 509 East 7<sup>th</sup> Street, Third Floor, Commission Chambers, and welcomed those in attendance. Mr. Walton stated that the Board had received Ms. Lilia Escajeda's resignation. Mr. Walton thanked Ms. Escajeda for her diligent work for the Amarillo Hospital District.

**ITEM 2:** Mr. Walton presented the Minutes of July 27, 1999. Motion for approval was made by Dr. Fortner, seconded by Stan Harrison and unanimously carried, to approve the Minutes.

**ITEM 3:** Replacement of Chair and related officer. Mr. Irwin made the motion to elect Mr. Steve Walton to the unexpired term of Chairman, seconded by Dr. Fortner and unanimously carried. Motion was made by Mr. Irwin to elect Mr. Rick Jones to the unexpired term of Vice Chairman, seconded by Dr. Fortner and unanimously carried.

**ITEM 4:** Presentation of the Valuation of Healthcare Professional Associates (HPA) was made by Mr. David Hilgers of Hilgers and Watkins. Mr. Hilgers reported that the valuation prepared by Value Management Group showed that the break up value of HPA was greater than the on going business value of HPA. Mr. Hilgers further reported that Amarillo Area Healthcare Specialists (AAHS), an entity formed by several physicians of HPA, has agreed to purchase at the appraised value: HPA fixed assets, inventory, telephone numbers, and the HPA logo. AAHS has also agreed to assume all of the contracts of HPA to provide services, grant obligations, grant funded equipment, and HPA leases for space and equipment. Mr. Hilgers also reviewed the attached Proforma detailing the liquidated assets and liabilities. Mr. Hilgers explained that the liabilities included amounts for physician severance as well as non-physician severance. Mr. Walton asked if the valuation of HPA had been accepted by the investment committee as proposed and agreed with the dollar amount. *Mr. Irwin replied that the valuation report was accepted on behalf of the Investment Committee.*

**ITEM 5:** Consideration of Pension Plan Amendment as it Relates to the HPA Separation. Motion was made by Mr. Irwin to approve the Pension Plan Amendment as proposed by legal council, seconded by Mr. Harrison and unanimously carried.

**ITEM 6:** Consideration of Severance Arrangements for HPA Employees, Sale of HPA assets, and Assignments of HPA Contracts and Related Obligations. Mr. Hilgers stated to the Board that the approval of this item would be contingent on the awarding of the Pediatric Services Contract, but that the approval of the non-physician severance could be made as a separate decision. Mr. Harrison asked for clarification of the non-physician severance. Mr. Hilgers replied that in order to create an employee termination plan comparable to that offered to Northwest Texas Hospital employees when the hospital was sold, a severance package had been included for the non-physician personnel of HPA. He further stated that AAHS is not retaining the accounts receivable and that some of these employees may not have positions with the new entity, AAHS. Mrs. Toland stated that in the past it has been the District's policy to protect the employees of the District. Mr. Harrison stated that if an employee is employed by another entity they should not be entitled to a severance package. Mr. Jones stated that he agreed with Mr. Harrison especially in the case if the employee does not lose a job. Mr. Irwin asked if there was any information regarding the positions offered to the non-physician employees. Mr. Hilgers replied no he did not have this information. Motion was made by Mrs. Toland to approve the severance package for non-physician employees of HPA as presented, seconded by Mr. Irwin. Dr. Fortner stated that since the new entity does not have the accounts receivables, this is a fair proposal. The motion passed with six in favor and one, Mr. Harrison, voting against. Mr. Irwin made the motion for the approval of the sale of HPA assets to AAHS, the assignment of all HPA contracts, the assumption of all liabilities as presented in the report from Mr. Hilgers and authorization by the Board for Mr. Hilgers to negotiate and draft the contract with AAHS in accordance with the terms the Board has approved subject to AAHS receiving the Pediatric Services Contract, seconded by Mrs. Toland and the motion unanimously carried.

**ITEM 7:** Consideration of Selling Remaining HPA assets, if any, by Sealed Bid. This item was struck.

**ITEM 8:** Award of Request for Qualifications (RFQ) for Pediatric Services Contract was presented by Mrs. Toland. Mrs. Toland stated that the Indigent Care Committee reviewed two proposals for pediatric services, one from AAHS and one from Texas Tech University Health Science Center Pediatric Department. Mrs. Toland further stated that the RFQ's were evaluated based on the criteria set fourth in the requesting document and that particular attention was paid to the clinical capabilities of the agency, provider relationships, case management, capabilities, and quality improvement activities that generate outcome information with respect to patient care. Mrs. Toland reported that it is the recommendation of the Indigent Care Committee that AAHS be awarded the contract for the provision of healthcare services to pediatric populations demonstrating special healthcare needs. Dr. Vats of Texas Tech stated that the Board was not obligated to select only one provider and that the entities should work together to provide services for the community. Dr. Vats also stated that the RFQ was based around physically handicapped kids and did not include certain specialities that Texas Tech has to offer. Dr. Shu Shum questioned the wisdom of awarding the contract to a new entity. Mrs. Toland made a motion that based on the recommendation of the Indigent Care Committee, the Board award the Pediatric Service Contract to AAHS in the amount of \$1,058,000 for the fiscal year beginning October 1, 1999 subject to budgetary appropriation, and in the amount of \$1,110,900 for the fiscal year beginning October 1, 2000 subject to budgetary appropriation, and authorize Mr. Hilgers to negotiate and draft a contract in accordance with the provisions of the RFQ and return the contract to the Board for approval, seconded by Mr. Jones and unanimously carried.

**ITEM 9:** Presentation of Indigent Care Report by Universal Health Services was made by Dr. Goldstein of Northwest Texas Healthcare System. Dr. Goldstein reported that the average number of indigents for the 1999 reporting period is 7,417. Dr. Goldstein also reported that total 1999 hospital costs for the Indigent Care Program was \$10,965,783 compared to \$10,898,440 for 1998. Total 1999 hospital costs includes \$3,942,525 for inpatient costs and \$7,023,258 for outpatient costs. Dr. Goldstein also stated that this year the report included the average length of stay by DRG as requested by the Indigent Care Committee.

**ITEM 10:** Consent for Northwest Texas Hospital to Lease Property to Developers was presented by Mr. Callahan of Northwest Texas Healthcare System. Mr. Callahan stated that Northwest is in the process of negotiating with two physician groups to lease property. The lenders are asking for a non disturbance of tenants agreement to be approved by the Board. Mr. Nunn reported to the Board that there are several problems that need to be discussed before this agreement can be approved by the Board. Mr. Harrison made the motion to table this item until Mr. Nunn has negotiated with the requesting parties, seconded by Mr. Jones and unanimously carried.

**ITEM 11:** Consideration of Contributions to the Retirement Plan for Employees of Northwest Texas Healthcare System. Mr. Frigo recommended that the Board fund the minimum funding requirements calculated by the actuary in the amount of \$1,029,293. The Board has previously approved \$966,390 in funding contributions in the current fiscal year. Mrs. Toland made the motion that the Board approve additional contributions in the amount \$62,903 to the Retirement Plan for Employees of Northwest Texas Healthcare System, seconded by Dr. Fortner and unanimously carried.


**ITEM 12:** Executive Session to Discuss Pending Litigation. Mr. Nunn reported to the Board that he has an update on pending litigation as requested. Mrs. Toland asked that because of the shortness of time, Mr. Nunn report to the Board at the next meeting.

**ITEM 13:** Public Comments. Dr. Habersang, AAHS, thanked the Board for the fairness and compassion in working with HPA in the dissolution process.

**ITEM 14:** There being no further business, Mr. Jones made the motion for adjournment at 4:05 p.m. This meeting was recorded and all comments are on file in the City Finance Department.

  
\_\_\_\_\_  
Steve Walton, Chairman

**ATTEST:**

  
\_\_\_\_\_  
Rick Jones, Secretary