

**AMARILLO HOSPITAL DISTRICT
REGULAR MEETING OF BOARD OF MANAGERS
AMARILLO CITY HALL
COMMISSION CHAMBERS
MINUTES
MAY 6, 2003
7:30 A.M.**

<u>Members</u>	<u>Present</u>
Mr. Ernie Boyd, Chair	Yes
Mr. Dave Taylor, Vice-Chair	Yes
Ms. Karen O'Hara, Secretary	Yes
Ms. Nancy Seliger	Yes
Dr. Constantine Saadeh	Yes
Mr. Sam Spradlin	Yes
Mr. John Turner	Yes

Also Present

Mr. Marcus Norris	City Attorney, City of Amarillo
Mr. Dean Frigo	Finance Director, City of Amarillo
Ms. Claudia Blackburn	Public Health Director, City of Amarillo
Ms. Debbie Close	Recording Secretary, City of Amarillo
Mr. Andy Ray	Clifton Gunderson
Mr. Kyle Sanders	Northwest Texas Healthcare System CFO
Mr. Moody Chisholm	Northwest Texas Healthcare System CEO
Ms. Charlyn Snow	NWTHS Human Resource Director
Mr. Larry Burnside	Texas Municipal League Intergovernmental Risk Pool
Mr. Grant Smith	PIA Insurance Agency
Dr. Arthur Nelson	School Of Pharmacy, Texas Tech University
Dr. Shu Shum	Medical Director for the Texas Panhandle Poison Center
Ms. Amy McKinley	American Cancer Society

ITEM I: Mr. Boyd called the meeting to order at 7:30 a.m. at City Hall, 509 East 7th Street, Third Floor, Commission Chambers, and welcomed those in attendance.

ITEM II: Mr. Boyd presented the Minutes of the January 28, 2003 meeting. Mr. Boyd mentioned that there was one change. Dr. Rebecca Robinson was shown as being on the Funding Priorities Committee. It should be changed to Evaluator for American Cancer Society Tobacco Free Amarillo. Motion for approval with the change was made by Ms. Seliger, seconded by Mr. Turner and unanimously carried.

ITEM III: Executive Session to Discuss Pending Litigation. The Board convened into Closed Session at 7:34 a.m. The Board reconvened into Open Session at 7:45 a.m.

ITEM IV: Consideration of Transferring the Poison Control Center Operation to Texas Tech University Health Sciences Center in Amarillo and Authorizing the Chair to Execute the Contracts for the Transfer. Mr. Frigo presented the contract with Texas Tech Health Center for the operation of the Poison Control Center in Amarillo. Dr. Nelson stated that Texas Tech

University Health Science Center and the Pharmacy School are pleased with the opportunity to continue the fine work that has been done by the Center and continue its growth and development into the future. Mr. Chisholm explained that Universal is requesting to move the Poison Control Center in an effort to reduce the complexity for the organization. Mr. Boyd stated that any Memorandums of Understanding would reflect that Northwest has chosen not to operate the Center for various reasons and that there are no other issues involved. Dr. Shum stated that he had some concerns as to how much independence the Poison Center will be able to offer under the future scenario. Dr. Shum said one of his biggest concerns is whether that would enhance the development of the Poison Center. Motion for approval to authorize the Chairman to execute the contracts for the transfer of Poison Control Center Operations to Texas Tech University Health Sciences Center in Amarillo, was made by Mr. Turner and seconded by Mr. Taylor. Ms. Seliger asked if Dr. Shum was comfortable with this transfer. Dr. Shum replied yes. The motion carried unanimously.

ITEM V: Consider Pension Plan Amendment for NWTTHS Employees Transferred to Masterplan. Ms. Charlyn Snow explained that Masterplan has replaced GE and two former AHD employees will now be working for Masterplan. NWTTHS is requesting that the service with the new employer (Masterplan) also be included in accruing benefits under the AHD plan. Mr. Spradlin asked if this type of request had ever been denied by the Board. Mr. Frigo replied that the requests had always been approved. Motion for approval of Pension Plan amendment was made by Karen O'Hara, seconded by Mr. Spradlin, and unanimously carried.

ITEM VI: Presentation of Annual Report on Services Provided by Northwest Texas Healthcare System. Mr. Sanders presented the NWTTHS annual report required by the Indigent Care Agreement. Mr. Sanders explained that in the past NWTTHS had used the Medicare costs to prepare the report. Because of Medicare changes, the reports have been delayed. Mr. Sanders presented the 2000 and 2001 information to the Board.

ITEM VII: Presentation of Dental Clinic Video/brochure. Mr. Boyd presented a brief video on the Community Dental Clinic sponsored by AHD. The video included interviews with Dental Clinic employees and patients.

ITEM VIII: Presentation of Tobacco Agreed Upon Procedures Report. Mr. Ray with Clifton Gunderson presented the Agreed Upon Procedures Report on the submission of AHD's Tobacco Cost Report. Mr. Ray explained that during 1998 the State settled with tobacco manufacturers. This money is distributed based on total unreimbursed health care expenditures. Mr. Ray said that AHD is able to report the actual charges related to indigent health care provided by NWTTHS. He stated that there are severe penalties if the wrong amounts are submitted unless the Board can show due diligence. Clifton Gunderson has been retained to test the amounts reported as indigent health care cost by NWTTHS. Mr. Ray stated that they did not find any problems with the calculation of indigent care costs.

ITEM IX: Presentation of American Cancer Society Audit. Amy McKinley with the American Cancer Society, presented an audit report on the expenditures relating to Tobacco Free Amarillo. Ms. McKinley reported that the Auditor's opinion stated that the financial statements present fairly the expenditures for the Agreement. Ms. McKinley also reported that the expenditures were under budget. Ms. Seliger asked if the \$40,000 evaluation fee was a one-time cost. Ms. McKinley stated that the evaluation will be done annually. Mr. Boyd explained that included in that line item were also the costs to establish the evaluation procedures and to

establish the benchmark for the program. Mr. Boyd indicated that future evaluation costs should not be as significant.

ITEM X: Discussion of Actuarial Report on the Pension Plan. Mr. Frigo presented the actuarial evaluation of the AHD's pension plan for former employees. Mr. Frigo stated that the evaluation showed that there are 1,030 former employees receiving benefits. Mr. Frigo explained that the total actuarial accrued liability is \$27 million compared to the actuarial value of assets of \$21.1 million, leaving an unfunded actuarial accrued liability of \$5.9 million. Mr. Frigo stated that the liability can fluctuate from year to year based on the performance of the investments and because of this the Board would not want to fund the full liability but use one of the funding alternatives in the evaluation: 30 year funding \$1,009,768, 20 year funding \$1,152,924, or the 10 year funding \$1,366,640.

ITEM XI: Consideration of Funding Recommendation on the Pension Plan. Mr. Frigo said that AHD budgeted \$1,122,560 to provide funding for the pension plan. Mr. Taylor stated that the Finance Committee recommends funding the pension plan in the amount of \$1,122,560, which is the amount budgeted for the 2002/2003 fiscal year. The Board unanimously approved this recommendation.

ITEM XII: Presentation of 2003 Tobacco Settlement Cost Report. Mr. Frigo presented the Tobacco Settlement Proceeds calculation for the 2002 year. Mr. Frigo explained that the Amarillo Hospital District in conjunction with Potter County, receives tobacco settlement proceeds based on an expenditure report. The District will receive \$228,367.20 in tobacco settlement funds. The report submitted is a joint report with Potter County. Total expenditures submitted in the report were \$16,159,103 of which \$399,823 were from Potter County. Accordingly, Potter County's portion would be \$5,650.47 and the District's portion would be \$222,716.73. The District budgeted \$200,000 for this revenue.

ITEM XIII: Award of Directors' and Officers' Liability Insurance. Mr. Frigo explained that AHD's Directors and Officers Liability insurance expires May 7th, 2003. The Finance Committee has reviewed proposals from PIA Insurance Agency (PIA), Neely, Craig and Walton, and Texas Municipal League Intergovernmental Risk Pool (TML). Mr. Taylor stated that the Finance Committee recommends awarding the insurance to Royal, which was submitted by PIA. Mr. Burnside with TML explained that the bidding process had been above board and that TML's bid in the amount of \$5,000 was for public officials liability and did not include fiduciary liability. Mr. Smith with PIA, stated that their bid in the amount of \$25,000 included both public officials liability and fiduciary liability. The motion awarding the insurance to Royal carried unanimously.

ITEM XIV: Approval of High Bidders on Tax Sale Properties for Potter County. Mr. Frigo said that neither Randall County nor Potter County had sales property.

ITEM XV: Presentation of Quarterly Financial Statements. Mr. Frigo presented the quarterly financial statements for March 31, 2003. Mr. Frigo gave an overview of the AHD financial statements for the period ending March 31, 2003. Mr. Frigo reviewed the Total Assets of \$237 million, which includes \$225 million of investments that are reported at market value. He also reminded the Board that included in the liability section are accruals for the indigent care contract, estimated self-insurance, and estimated third party settlements. Mr. Frigo reported that the Income Statement reflects \$459,847 net income, which includes an unrealized loss on

investments of \$6.5 million. Mr. Frigo also reviewed the Budget versus Actual Report, which reflects total revenue receipts at 90% of budgeted revenue and total expenditures of 35% of budgeted expenditures. Mr. Frigo explained that the expenditure percent of budget is low because included in the budget is \$1.7 million for expanded children's treatment, \$1.1 million for retirement trust contributions and \$6.8 million for indigent care

ITEM XVI: Quarterly Investment Report from Investment Officer. Mr. Taylor reported that for the quarter ending March 31, 2003, as the memo to the Board states, the Investment Portfolio was in compliance with state law and the AHD's Investment Policy.

ITEM XVII: Committee Reports. Mr. Boyd asked if there were any Committee Reports. There were no further committee reports at this time.

ITEM XVIII: Public Comments. There were no public comments.

ITEM XIX: There being no further business, Ms. Seliger made the motion for adjournment at 9:10a.m. This meeting was recorded and all comments are on file in the City Finance Department.


Ernie Boyd, Chair


Karen O'Hara, Secretary