

**AMARILLO HOSPITAL DISTRICT
FINANCE COMMITTEE MEETING
AMARILLO CITY HALL
ROOM 306
AUGUST 7, 2009
8:00 A.M.**

<u>Members</u>	Present
Mr. Craig Bryan, Chairman	Yes
Mr. Greg Graham	Yes
Ms. Murielle Barnes	Yes

Also Present

Mr. Dean Frigo	Finance Director, City of Amarillo
Ms. Andrea Rains	Recording Secretary, City of Amarillo
Mr. Matt Richardson	Public Health Director, City of Amarillo
Mr. Ray Grenier	Chief Financial Officer, Northwest Texas Healthcare System
Mr. Matt Ramsey	Investment Officer, Amarillo National Bank
Dr. Richard M. Jordan	Regional Dean, TTUHSC
Dr. Bonna G. Benjamin	Regional Chair, Department of Pediatrics, TTUHSC
Ms. Deborah Cain	Assistant Dean of Finance & Admin, TTUHSC School of Medicine
Mr. David Watson	Assistant Dean of Finance & Admin, TTUHSC School of Pharmacy
Ms. Meg Williams	Director, Tobacco Free Amarillo
Mr. Fred Eaves	Sr. Clinical Department Administrator, TTUHSC
Mr. David Pittman	Health Reporter, Amarillo Globe News

ITEM 1. Mr. Bryan established a quorum, welcomed everyone in attendance and called the meeting to order at 8:00 am.

ITEM 2. Mr. Bryan presented the minutes of the last finance committee meeting held June 4, 2009. There were no questions or comments. Motion to approve the minutes as written was made by Mr. Graham, seconded by Ms. Barnes, and carried unanimously.

ITEM 3. Consider proposal from UHS for Pediatric and Dental Services and Tobacco Free Amarillo. Mr. Grenier presented UHS' proposal to continue to contract for pediatric services, dental services, and Tobacco Free Amarillo. He reviewed the accomplishments and challenges of the Pediatric Department at TTUHSC. Mr. Grenier reported that the current contract between NWTHS and TTUHSC for pediatric services is \$1,365,646 and that TTUHSC is requesting a 10% increase plus an additional \$60 thousand to compensate for subspecialties for a total contract proposal of \$1,562,210. He reviewed accomplishments and challenges of the dental services provided by RHN and stated that the current contract between NWTHS and RHN is \$100 thousand and that estimated actual expenditures were \$104 thousand. Mr. Grenier further stated that RHN is requesting an increase to \$156 thousand for fiscal year 2010. He noted that the increase was mostly based on anticipating a full year of staffing. Reviewing the accomplishments and challenges of Tobacco Free Amarillo, he noted that the contract between NWTHS and ACS (Amarillo Clinical Services) is \$272,500 and that Tobacco Free Amarillo is not requesting an increase for FY 2010. In summary, Mr. Grenier reviewed total provider contracts of \$1,990,659 and a total contract proposal between AHD and NWTHS of \$1,820,867 for savings to the District in the amount of \$169,792. Ms. Williams reviewed how funding from the District leverages other money for TFA. Dr. Benjamin explained that TTUHSC's request for a 10% increase was to offset growing losses and that the additional \$60,000 request was for reinstatement of Neurology support. Mr. Bryan expressed his concerns regarding the AHD funding services that could be outside its boundaries and pointed out that even if funding for all three services were kept at their current budget levels, the District would still have a budget deficit. He proposed that the District meet again in 6 months to revisit Tech's budget increase request. Mr. Frigo stated that he would need to speak with Kyle Sanders to true up numbers; but estimated that the contract between UHS and the AHD should be approximately \$1,643,959. Mr. Bryan moved to continue funding Pediatric Services and Tobacco Free Amarillo at the same budget levels as the prior year and to

recommend the dental services budget as presented with the provision that it will true up with the District at the end of contract period should it not obtain full staffing. Mr. Graham seconded the motion and it carried unanimously.

ITEM 4. Consider funding remodeling proposal from Texas Tech. Dr. Benjamin presented a proposal to the Amarillo Hospital District in support of the Department of Pediatrics Consolidation Project. She stated that currently, there are two separate locations of Texas Tech's Department of Pediatrics and that with this proposal, Tech is hoping to consolidate the two locations into one. Dr. Benjamin noted that consolidation of both locations would provide a home for special needs children, better care and patient safety through improved communication, and allow better access to specialty care for special needs children. Additional advantages of consolidation, she reviewed, would provide coordinated scheduling, an economy of scale in staffing and other support personnel, improve education for residents and medical students that may be future healthcare providers in the Texas Panhandle, and also save on rented space. Dr. Benjamin reported that the estimated construction costs of this project totaled \$845,788.41 and stated that Tech is submitting this one-time request of support from the Amarillo Hospital District because the cost savings from the economy of scale will allow for future expansion in 3 to 5 years. She noted that the Department is also pursuing other funding and submitting requests to private corporations as well as for state funds through the Lubbock HSC. Should Tech be able to acquire other granted monies, Dr. Benjamin stated that those monies would be taken from the amount requested from the District. Mr. Frigo noted that the money requested from TTUHSC Department of Pediatrics had been added to the District's proposed budget per recommendation of the AHD Indigent Care and Funding Priorities Committee. Mr. Graham pointed out that with the contribution to Tech, the District is projecting a shortfall of \$1,025,740; that even without the contribution, the District projects a budget deficit. Mr. Bryan stated that, although Tech's request was related to indigent care, he was having a hard time finding a way to justify the District funding 100% of capital improvement to another individual's building. Ms. Cain stated that if Tech could achieve a partner in the project, it would help obtain funding from other sources. Dr. Benjamin announced that 100% of the project cost would need to be secured before Tech would even allow for construction to begin. Ms. Barnes expressed her concerns regarding Tech being able to achieve funding for the project should the AHD reject their request. As an act of good faith, Mr. Graham motioned to recommend funding in the amount of \$250 thousand towards the remodeling project of Texas Tech's Department of Pediatrics. Ms. Barnes seconded the motion and it unanimously carried.

ITEM 5. Consider 2009-2010 AHD Budget. Mr. Frigo presented the Hospital District's proposed budget for fiscal year 2009-2010. He reported projected earnings of \$9,889,587 for the Operating Fund with estimated total expenditures of \$10,915,327. Of those expenditures, Mr. Frigo reviewed estimates of \$134,322 in operating expenses, \$87,037 in personal services, \$5,910,280 for the Indigent Care Contract, \$2,103,169 towards the pension contribution, \$18,100 in prior claims, and \$917,384 for the Public Health Contract. Mr. Richardson noted that some changes were made in Public Health's budget that was not reflected in Mr. Frigo's spreadsheet, that Public Health's proposed budget request with the District was \$937,429. Mr. Frigo noted that the \$250 thousand donation recommended by the Committee would be placed under "other community projects." Reviewing the 2009-2010 budget for the Tobacco Fund, Mr. Frigo reported that the District would project ½ the amount it received from the tobacco distribution this year as recommended by the State: \$501,499. He reviewed that the \$1,820,867 amount found in professional services under expenditures was the Northwest Texas Hospital Contract for dental, pediatric, and Tobacco Free Amarillo services. Mr. Richardson reviewed services provided by the Department of Public Health, and stated that the 3% budget increase over last year's budget for Public Health was mainly due to the implementation of a 3-year Community Health Assessment study. He noted that the study was needed to compete for stimulus dollars. Mr. Richardson further noted that the increase was also needed to help with the utilities of the new building and reminded the Committee that Public Health uses the Amarillo Hospital District as the payer of last resort. Mr. Frigo pointed out that no City employee raises are reflected in Public Health's budget. Mr. Graham motioned for approval of the proposed budget as presented with the correction to the Public Health Contract to reflect the correct amount of \$937,429. Ms. Barnes seconded the motion and it carried unanimously.

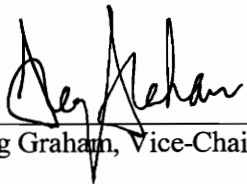
ITEM 6. Presentation of Quarterly Financial Statements. Mr. Frigo presented the Quarterly Financial Statements of the District for the period ending June 30, 2009. He reported total assets of \$233,521,705

versus total current liabilities of \$5,637,700 and a total Fund balance of \$227,599,086. Mr. Frigo reviewed the income statement of the General Fund and stated total revenue for the quarter was \$11,075,666 and total expenses were \$9,012,535. He reported an operating income of \$2,063,132 and noted that with subtracting the unrealized gain, the District would maintain an operating income of approximately \$717 thousand. Reviewing budget versus actual of the District's Operating Fund, Mr. Frigo reported that realized investment income was right on target at 75.93% or \$8,114,667 actual versus \$10,687,000. He reviewed operating expenses and noted that the Indigent Care Contract was at 75.79% for the quarter and that Public Health was at 56.27% realized or \$511,657 actual versus \$909,278 budgeted. Mr. Frigo reported that the Retirement Trust was at 100% realized because the District had made its contribution to the Plan. He reviewed an actual amount of \$8,128,249 in total revenue versus \$7,343,133 in total expenses resulting in \$785,116 cash from operations and noted that this amount was ahead of its budgeted amount. Mr. Frigo stated that total revenue was \$967,229 versus total expenses of \$1,046,723 in the Tobacco Fund budget versus actual report. He reviewed that the Poison Control Grant would be moving to Texas Tech beginning September 1, 2009. In closing, Mr. Frigo stated that the District's financial statements looked good for the nine months into its fiscal year.


ITEM 7. Quarterly Investment Report from Investment Officer. Mr. Graham reported that per the Quarterly Investment Report at June 30, 2009, the District was in compliance with its Investment Policy and stated that he would read the full report in detail at the next Board of Managers meeting scheduled for August 10, 2009.

ITEM 8. Public Comments. Dr. Jordan stated that he appreciated working with the Amarillo Hospital District in making indigent care available and thanked the Finance Committee for being a catalyst with their recommendation of the donation to the Texas Tech Department of Pediatrics Consolidation Project. Mr. Watson suggested that, as a tool, the District consider slowing down the advanced funding of its pension plan.

ITEM 9. Adjournment. There, being no further business, Mr. Bryan adjourned the meeting at 10:20 a.m. This meeting has been recorded and all comments are on file in the City Finance Department.



Greg Graham, Vice-Chairman



Craig Bryan, Chairman