

**AMARILLO HOSPITAL DISTRICT
FINANCE COMMITTEE MEETING
AMARILLO CITY HALL
Room 306
October 20, 2008
4:00 P.M.**

Members

Mr. Craig Bryan, Chairman
Mr. Greg Graham
Ms. Murielle Barnes

Present

Yes
Yes
Yes

Also Present

Mr. Dean Frigo	Finance Director, City of Amarillo
Mr. Marcus Norris	City Attorney, City of Amarillo
Ms. Andrea Rains	Recording Secretary, City of Amarillo
Mr. Kyle Sanders	Chief Operational Officer, Northwest Texas Healthcare System

ITEM 1. Mr. Bryan established a quorum and called the meeting to order at 4:02 pm. He greeted everyone in attendance and introduced Ms. Murielle Barnes, welcoming her to the Committee.

ITEM 2. Mr. Bryan presented the minutes of the last finance committee meeting held July 23, 2008. There were no questions or comments. Motion to approve the minutes as written was made by Mr. Graham, seconded by Mr. Bryan, and carried unanimously.

ITEM 3. Consider Administrative Services Contract for the Pension Plan. Mr. Frigo explained that Northwest Texas Hospital (NWTH) currently provides certain administrative services regarding recordkeeping of former AHD, now current NWTH, employees. He further explained that Northwest has been maintaining these records for several years now and should probably have a written agreement with the Hospital District in place. Mr. Frigo stated that Mark Miller, of Fulbright & Jaworski LLP, had created the Retirement Plan Services Agreement for the District and that it had been forwarded to UHS (Universal Health Services) for their review. He noted that the agreement would also serve another purpose, calling for a direct-pay letter of credit to the Amarillo Hospital District. Mr. Frigo reported that the letter of credit would provide for \$25 million, which should be sufficient for any obligation arising from the retirement plan, and would be available to cover any other obligation that UHS might have towards the District. Mr. Sanders stated that a letter of credit for a \$25 million asset plan is very expensive, between \$300-400 thousand per year. He reported that UHS had created a counter proposal; in lieu of a letter of credit, UHS would spend the same amount of money it would cost to obtain a letter of credit in the community, rather than to a bank. Mr. Sanders noted that the community benefit did not have to be directly to the District, it could be to the City, in the form of additional services, or some type of a donation. He stated that UHS would rather see the money used in some manner back directly into the community than be used to simply secure a set of assets that are sitting in a trust. Mr. Sanders noted that UHS absolutely cannot collateralize the \$13 million in the advance of the future funds; that CMS (Centers for Medicare and Medicaid Services) and the Federal Government would consider that a violation of their law. He further noted that the letter of credit and the UPL advance are not linked and not intended to be tied together. Mr. Sanders reviewed that from UHS' standpoint, if they are going to spend over \$300 thousand on an annual basis, they would rather see the money go to the benefit of the citizens of Amarillo rather than just continuing to provide some level of collateral that UHS feels is unnecessary. However, he stated that UHS is willing to provide the letter of credit if the Board feels that it is something they must have.

Mr. Norris announced that the AHD Finance Committee would convene into Executive Session, under

Section 551.071 of the Texas Open meetings Law, at 4:29 pm. At 5:26 pm, Mr. Norris announced that the AHD Finance Committee had completed its Executive Session.

Mr. Bryan stated that the Committee had reviewed and discussed the various options of the contract. Mr. Graham moved that the Committee not consider the retirement plan services agreement and direct the staff to draft and negotiate an agreement with UHS that documents the existing retirement plan management services in place at this time, without the letter of credit. Ms. Barnes seconded the motion and it carried unanimously.

ITEM 4. Public Comments. There were no public comments.

ITEM 5. Adjournment. There, being no further business, Mr. Bryan adjourned the meeting at 5:29 p.m. This meeting has been recorded and all comments are on file in the City Finance Department.



Greg Graham, Vice-Chairman



Craig Bryan, Chairman