# AMARILLO HOSPITAL DISTRICT
# REGULAR MEETING OF BOARD OF MANAGERS
# AMARILLO CITY HALL
# CITY COMMISSION CHAMBERS
# MINUTES
# JANUARY 12, 2010
# 7:30 A.M.

| Members | Present |
|---|---|
| Mr. Craig Bryan, Chairman | Yes |
| Mr. Greg Graham | Yes |
| Mr. Alphonso Vaughn | Yes |
| Dr. Paul Proffer | Yes |
| Ms. Liz Hughes | Yes |
| Ms. Nancy Kritser | Yes |
| Ms. Murielle Barnes | Yes |

| Also Present | |
|---|---|
| Mr. Jarrett Atkinson | Deputy City Manager, City of Amarillo |
| Mr. Dean Frigo | Assistant City Manager for Financial Services, City of Amarillo |
| Ms. Vicki Covey | Assistant City Manager for Public Services, City of Amarillo |
| Mr. Marcus Norris | City Attorney, City of Amarillo |
| Mr. Matt Richardson | Public Health Director, City of Amarillo |
| Ms. Andrea Rains | Recording Secretary, City of Amarillo |
| Mr. Kyle Sanders | Chief Executive Officer, Northwest Texas Healthcare System |
| Mr. Herman Shirly | Investment Officer, Herring Bank |

**ITEM 1:** Mr. Bryan established a quorum, welcomed everyone in attendance, and called the meeting to order at 7:32 am in the City Commission Chambers of City Hall.

**ITEM 2:** Mr. Bryan presented the minutes from the last Board of Directors meeting held October 26, 2009. Motion to approve the minutes as written was made by Ms. Kritser, seconded by Ms. Barnes and carried unanimously.

**ITEM 3:** Mr. Bryan presented the minutes from the special Board of Directors meeting held November 3, 2009. Ms. Kritser motioned to approve the minutes as written. Ms. Barnes seconded the motion and it unanimously carried.

**ITEM 4:** Consider a Resolution for the AHD to fund a Medicaid Upper Payment Limit. Mr. Sanders reviewed that the Finance Committee had met the previous day and discussed Items 4, 5, and 6 all in detail and recommended accordingly to the full Board. He stated that this resolution is a continuation of a program where the District continues to fund the Medicaid Upper Payment Limit (UPL) program. This resolution, he stated, would fund the UPL two additional quarters and keep the District from going over $21 million in advanced funding. Mr. Sanders noted that Items 4, 5 and 6 are typically taken into consideration together so that all agreements match in regards to dates. He reviewed that the original Indigent Care Agreement was superseded by the Healthcare Services Agreement in order to provide language in the agreement compliant with CMS and the Federal Government in funding the UPL. Mr. Sanders noted that after the April 1st funding, UHS would need to address and work on how these agreements will be affected with discussions in Washington regarding healthcare reform. Mr. Frigo added that this resolution authorizes a total payment amount of $4,007,690 and the District is buying down $5.2 million in its obligation, thus saving $1.2 million dollars. He reported that with this resolution, the District will be prepaid through August 8th, 2013. Motion to approve funding the Medicaid Upper Payment Limit, the Resolution for the Amarillo Hospital District to enter into an Amendment to the Suspension Agreement, and the Resolution for the Amarillo Hospital District to enter into an Amendment to the Healthcare Services Agreement was made my Mr. Graham, seconded by Ms. Hughes and carried unanimously.

**ITEM 5:** Consider a Resolution for the AHD to enter an Amendment to the Suspension Agreement. This Item was approved in Item 4.

**ITEM 6:** Consider a Resolution for the AHD to enter an Amendment to the Healthcare Services Agreement. This item was approved in Item 4.

**ITEM 7:** Update on the Public Health Building. Mr. Richardson reviewed the progress of the new building for the Department of Public Health and stated that in one week, the Department would be moving into the new facility. He informed that an "open house" and dedication would be held on Wednesday, February 3rd, 2010, from 3:00 pm to 6:00 pm. Mr. Richardson pointed out that the new building continues to represent an increase in space and capacity for the public health system in the community as well as consolidated staff. He reminded the Board that the new building is located at 1000 Martin Road, which is in the area of the community that public health needs to focus on. Mr. Richardson thanked the Board for their support of the new building.

**ITEM 8:** Consider Investment Policy. Mr. Shirly expressed his concerns regarding interest earnings in the present economic conditions under the Fund's current Investment Policy allocation. He reported having about $4 or $5 million in cash that could only be put into T-bills or money markets that are currently yielding about a 10th of 1% or less. Mr. Shirly requested an allocation increase in government agencies, which are currently earning a return of approximately 2 or 3%. Mr. Frigo presented a revised investment policy and noted that Mr. Shrily's request was approved by Mr. Ramsey at Amarillo National Bank, Roy Browning at Wachovia Securities, and Scott McIntyre at First Southwest. Allowable investments in agencies, he pointed out, would increase from 85% to 95%. Mr. Frigo stated another change that he recommended was to change the rating requirement in taxable munis to AA-; noting that currently, the Policy is limited to AA or AAA insured. Mr. Bryan reported that the Finance Committee had reviewed and recommended the requested changes and noted that both changes were compliant with the Public Funds Investment Act. Mr. Graham motioned to approve the requested changes to the Investment Policy. Mr. Vaughn seconded the motion and it unanimously carried.

**ITEM 9:** Presentation and Discussion on Ambulance Service. Mr. Atkinson introduced himself to the Board and reviewed that the ambulances in Amarillo are regulated by the City's Municipal Code Chapter 16-4 and stated that in short, the Code requires an ambulance be permitted through the City Commission. The existing permit in Amarillo, he reported, was permitted in 1996 to AMS (Amarillo Medical Services). Mr. Atkinson reviewed that AMS is a private business that can be bought and sold, but the permit associated with operating within the corporate limits cannot be transferred. Due to that fact, he reported, the AMR (American Medical Response) Corporation applied for a new permit on October 22, 2009. Mr. Atkinson announced that a permit addendum had been negotiated between AMR and City Staff to help protect and enhance ambulance service in Amarillo. He reviewed key provisions of the current permit versus the proposed permit as well as permit and addendum highlights. Of those highlights, Mr. Atkinson discussed that a Medical Director would be retained by the City to assure the development of a pre-hospital system that incorporates both the ambulance service and the implementation of Advanced Life Support (ALS) capabilities for Amarillo Fire Department first responders. AMR will cover one-half of the cost of the Medical Director for the system, and will also cover the cost of the permit administrator that the City will employ. He explained that an Emergency Care Advisory Board would also be established and consist of one City Commissioner, one member from the AHD Board, one member from the Amarillo Public Health Authority or Deputy, one ER doctor from each of the two receiving hospitals, one AMR representative, and one AFD employee. Mr. Atkinson reviewed that the permit requires immediate implementation of ALS at the Airport Fire Station (Station 10) and that AMR will provide equipment and supplies at this station and contribute up to $10 thousand for training and credentialing. This implementation, he stated, will provide for the best first response and ambulance response possible and also serve as a model for the future Amarillo Fire Department ALS plan. Mr. Atkinson noted that this permit was structured to not have a public subsidy to the EMS system, furthermore putting a rate-lock on the permit. He further noted that most of the publically-operated EMS systems in Texas have a significant public subsidy associated with the system either through a city, county, hospital district, or emergency services district. Public models, he reported, typically have a public subsidy and that the older, privately operated models often also have a subsidy, which is how an

operator makes up the difference between what is being received and what the cost is to operate the system. Mr. Atkinson reviewed that ongoing training (not initial training) and consumables will be provided for by AMR in the permit. All upgrades to fire stations, he stated, will be at the City's expense. In conclusion, Mr. Atkinson reviewed that AMR's permit provides accountability and defined standards and allows for development of a pre-hospital EMS system that when completed, will be the first comprehensive pre-hospital EMS system in Amarillo. Mr. Bryan announced that the City has asked the Hospital District to contribute the City's portion of funding for the Medical Director, which would be approximately $50 to $60 thousand a year. Mr. Graham stated that he felt this was a great plan; however, expressed his concerns regarding District's ability to justify funding the Medical Director on behalf of the City under the District's current budget situation. Mr. Frigo noted that the City is basically looking for a partnership; that ultimately the majority of the cost with this service is of the City's. Mr. Vaughn stated that he applauded the City and City Manager's office for their negotiations with AMR, further stating that he felt this is one of the best services Amarillo could have. Mr. Richardson reported that although Public Health usually comes in under budget each year; this year, unforeseen costs with operating a new facility has caused the Department to be right on target within its construction budget. He reviewed that Public Health's operations budget had also incurred some indirect costs associated with the new building; however, he predicted that he may be able to commit a $15 or $20 thousand return to the District.

**ITEM 10:** Consider Pension Plan Amendment for American Medical Response (AMR) Employees. Mr. Bryan reported that the Plan's attorneys were still working on this amendment and announced that the Board would table this item until the next AHD Board of Managers meeting.

**ITEM 11:** Consider Partial Funding of a Medical Director. Dr. Proffer questioned the City's terms of partially funding the medical director as well as the terms of the District's commitment. Mr. Atkinson suggested limiting the District's initial commitment for one year and look at any future years in the District's upcoming budget process. Mr. Graham expressed his concerns about funding indigent care once the contract between the AHD and UHS expires and stated that he supported funding a medical director on the City's behalf. Ms. Barnes commented that she also supported funding on behalf of the City this year with the City's understanding that the District may not be able to financially support the City's portion each year. She commended the City on their negotiation with AMR in keeping the City's expenses at a minimum. Ms. Barnes moved to fund the expenses of a Medical Director on behalf of the City for an amount up to $60 thousand and for a one-year period beginning February 1st, 2010. Mr. Vaughn seconded the motion and it carried unanimously.

**ITEM 12:** Election of Officers and Other Appointments. Motion for Mr. Bryan to remain as Chairman of the AHD Board of Managers was made by Mr. Graham, seconded by Mr. Vaughn, and carried unanimously. Mr. Vaughn motioned for Mr. Graham to remain as the Board's Vice-Chairman. Ms. Barnes seconded the motion and it carried unanimously. Motion for Ms. Barnes to remain as Secretary of the Board was made by Mr. Graham, seconded by Ms. Hughes, and unanimously carried. Mr. Vaughn motioned for Mr. Graham to remain the Board's Investment Officer. Dr. Proffer seconded the motion and it carried unanimously. Mr. Bryan motioned that Dr. Proffer remain as TIRZ representative for the AHD Board of Directors. Mr. Vaughn seconded the motion and it unanimously carried.

**ITEM 13:** Presentation and Discussion of Re-Instituting a Property Tax. Mr. Norris reviewed that the question regarding the Amarillo Hospital District re-instituting a property tax had been brought up most recently during the context of the ambulance service discussion. He emphasized that this was a staff-level research project for future due diligence; that no one is suggesting re-instituting a property tax at this time. Mr. Norris presented a memo to the Board and reviewed his research. He reported that the AHD may levy a property tax even thought it no longer owns a hospital because the District's mandate is to provide indigent medical care, not to own a hospital. He further reviewed that the AHD may also levy a tax to fund EMS service for citizens of Amarillo and Potter County, referencing the AHD's enabling legislation (Sec. 1001.111) which states that the District may contract with a county or municipality for care and treatment of a sick or injured person of that county or municipality. Mr. Norris reported that the process for setting a tax rate after several years of not doing so is unclear and will require an A.G. opinion, litigation, or special legislation when the Legislature meets in 2011. Mr. Bryan stated that he

thought it was a good idea for the District to start looking into this now rather than later and thanked Mr. Norris for his work.

**ITEM 14:** Presentation of Quarterly Financial Statements. Mr. Frigo presented the Amarillo Hospital District's Financial Statements at December 31st, 2009 and reviewed the balance sheet of the General Fund. He reported the Fund held over $207 million in cash and equivalents and approximately $15.7 million in prepaid expenses, which were payments made to the UPL. He noted $51,018,300 in securities lending collateral with an equal amount listed in liabilities for when the securities are returned. Mr. Frigo reviewed total assets of $278,616,646 versus total current liabilities of $51,172,462 and a total Fund balance of $227,159,265. Reviewing the income statement, Mr. Frigo reported delinquent tax income of $246 and noted that the District has not levied a tax since the sale of the hospital in 1996. He further reported realized investment income of $2,057,871 and unrealized investment income of -$2,802,549. Mr. Frigo reviewed the operating expenses of the Fund and stated that indigent care was the largest expense in the amount of $1,503,536 followed by professional services, which is the contract with NWTH to fund the Dental, Pediatric and Tobacco Free Amarillo services, in the amount of $431,284; and Public Health in the amount of $135,388. He reviewed total revenue of -$722,133 versus total expenses of $2,125,939 for an operating loss of approximately $2.8 million for the quarter. Reviewing the budget versus actual report, Mr. Frigo reported actual total revenue of $2,057,980 versus a budgeted amount of $8,990,340 and noted that total revenue was approximately 23% realized. He reviewed $1,700,196 in total actual expenses and $357,784 cash from operations. Mr. Frigo reported realized investment income in the Tobacco Fund of $1,014. He noted that these funds are placed in the money market which is currently earning less than one percent. Mr. Frigo reported the Tobacco Fund had expenses of $409,802 in professional services; which funds the dental, pediatric and Tobacco Free contract.

**ITEM 15:** Quarterly Investment Report from Investment Officer. Mr. Graham reported that for the quarter ending December 31, 2009, the Investment Portfolio was in compliance with the Amarillo Hospital District Investment Policy as amended on April 28, 2009 and the Public Funds Investment Act. He reviewed that agency securities, including mortgage-backed securities, represent 79.97% of the total Portfolio, which is below the 85% Agency limit. Mortgage backed securities, he stated, represent 12.70% of the total Portfolio, which is below the 30% limit, and obligations of state or local governments represent 5.75% of the total Portfolio, which is below the 10% limit. He reported that treasuries and full faith and credit obligations comprise 5.59% of the total Portfolio and cash balances, including Money Market funds, comprise about 8.70%. Investments with maturities greater than 10 years represent 10.90% of the total Portfolio, which is under the 50% restriction in the Policy. Mr. Graham reported that there are no securities with a maturity of greater than 30 years. He stated that the market value of the Portfolio is 100.38% of the book value, with a market value of $207,385,038 and a book value of $206,605,477. Mr. Graham reviewed that in the current year, the AHD Budget called for $9,006,000 in realized investment income and the current investment earnings through December 31, 2009 were $2,057,871.

**ITEM 16:** Committee Reports. There were no Committee Reports at this time.

**ITEM 17:** Public Comments. There were no public comments.

**ITEM 18:** Executive Session to Confer with Attorney on Pending or Contemplated Litigation, and to Obtain Attorney-Client Privileged Legal Advice Concerning a Real Estate Dispute. Mr. Norris announced that the AHD Board of Managers would convene into Executive Session, under Section 551.071 of the Texas Open meetings Law, at 9:07 am. At 9:19 am, Mr. Norris announced that the AHD Board of Managers had completed its Executive Session.

**ITEM 19:** Adjournment. There, being no further business, the meeting adjourned at 9:20 am. This meeting was recorded and all comments are on file in the City Finance Department.

Craig Bryan, Chairman

Murielle Barnes, Secretary