

**AMARILLO HOSPITAL DISTRICT
FINANCE COMMITTEE MEETING
AMARILLO CITY HALL
ROOM 303, COMMISSION CONFERENCE ROOM
MINUTES
JULY 25, 2011
4:00 P.M.**

<u>Members</u>	Present
Mr. Greg Graham	Yes
Ms. Murielle Barnes	Yes
Mr. Chuck Speed	Yes

Also Present

Mr. Dean Frigo	Assistant City Manager for Financial Services, City of Amarillo
Ms. Andrea Rains	Recording Secretary, City of Amarillo
Mr. Matt Richardson	Director of Public Health, City of Amarillo
Ms. Meg Williams	Director, Tobacco Free Amarillo
Mr. Kyle Sanders	Chief Executive Officer, Northwest Texas Healthcare System
Ms. Sharon Oxendale	Chief Operating Officer, Northwest Texas Healthcare System
Dr. Todd Bell	Asst. Professor, Departments of Internal Medicine & Pediatrics, TTUHSC
Dr. Richard M. Jordan	Regional Dean, TTUHSC
Dr. Bonna Benjamin	Regional Chair, Department of Pediatrics, TTUHSC
Mr. Fred Eaves	Sr. Clinical Department Administrator, TTUHSC

ITEM 1. Mr. Graham established a quorum and called the meeting to order at 4:05 p.m. at City Hall, 509 East 7th Street, Third Floor, Room 303.

ITEM 2. Mr. Graham presented the minutes from the last AHD Finance Committee meeting held April 25, 2011. There were no questions or comments. Motion was made by Mr. Speed, seconded by Ms. Barnes, and carried unanimously to approve the minutes as written.

ITEM 3. Discussion and Recommendation on Indigent Care Agreement and Healthcare Services Agreement. Review and Consider Resolutions Regarding Suspension Agreement and Amendment to Healthcare Services Agreement. Mr. Frigo explained that the documents in Item 3 would suspend the Indigent Care Agreement an additional quarter through August 8th, 2014. He noted that the District would continue to hold the same collateral as in the past. This item was motioned for recommendation to the Full Board in Item 4.

ITEM 4. Discussion and Recommendation on Upper Payment Limit Program. Mr. Frigo reported that by funding the Upper Payment Limit (UPL) Program, the District would authorize a payment of \$1,360,956 versus the quarterly amount of \$1,735,385; for a savings of approximately \$375 thousand or 8%. He stated that all of the documents in Items 3 and 4 had been reviewed by the City Attorney, Marcus Norris, and were in order. Ms. Barnes motioned to recommend approval of Items 3 and 4 to the full Board. Mr. Speed seconded the motion and it carried unanimously.

ITEM 5. Consider Technology Grant Request for Amarillo Independent School District. Ms. Williams reported that Tobacco Free Amarillo (TFA) had purchased approximately \$46 thousand in netbooks for all 5th grade classes in the Amarillo Independent School District. She reviewed that the netbooks would be used instead of curriculum and would only be accessible to the ASPIRE program through MD Anderson. Ms. Williams explained that last year's (2010-2011) grant money was used to purchase the netbooks and that no additional funding was being requested; TFA only wanted to make the District aware of the purchase.

ITEM 6. Consider Proposal from UHS for Pediatric and Dental Services and Tobacco Free Amarillo. Mr. Sanders and Ms. Oxendale presented UHS' Proposal for Pediatric Subspecialty Services and Tobacco Free Amarillo. It was noted that the District no longer contracts for dental services. Ms. Oxendale reviewed that the total AHD Funding request for October 2011 through September 2012 was \$1,643,789 and that of that amount; \$1,371,289 was for Texas Tech University Pediatric Subspecialty Services and \$272,500 was for Tobacco Free Amarillo. She reported that the proposed contract for these services between the Hospital District and Northwest Texas Hospital would be \$1,479,410; at a savings of \$164,379 to the District. Dr. Bell, Dr. Jordan, Dr. Benjamin and Mr. Eaves all spoke regarding the funding request and budget of the Department of Pediatrics at Texas Tech. Mr. Speed motioned to recommend approval to the full Board of UHS' proposal in the amount of \$1,479,410. The motion was seconded by Ms. Barnes and unanimously carried.

ITEM 7. Consider 2011-2012 AHD Budget. Mr. Frigo presented the Amarillo Hospital District's proposed budget for fiscal year 2011-2012. He reported from the proposed budget, projected revenue of \$6,449,496 versus total estimated expenditures of \$10,081,770. Of those expenditures, Mr. Frigo reviewed \$1,328,215 in Professional Services; \$5,286,869 for the Indigent Care Contract; \$929,557 for the Public Health Contract; and \$2,382,712 for the Pension Plan contribution. Regarding the Tobacco Fund's proposed budget, Mr. Frigo reported estimated revenue of \$245,250 with a corresponding expenditure of \$245,250 in professional services. Mr. Frigo explained that professional services of the Tobacco Fund would support Tobacco Free Amarillo and that Specialized Pediatric Services would have to be transferred to the District's Operating Fund. He reported that Tobacco's surplus funds in the current budget year had been depleted and that an estimated loss of \$768,129 at year-end would be moved to the Operating Fund. Mr. Frigo stated that the overall budget picture was bleak and expressed there was no method to balance the District's budget. He explained that even if the District chose not to fund professional services, the budget would still not balance. Mr. Graham pointed out that the District will be dipping into its Corpus and stated that the Board would need to be fully mindful. Mr. Frigo suggested the District might want to consider funding the Pension Plan at \$2 million, which would save the District approximately \$385 thousand. He noted this amount would be about the actuary's ten-year number, and would still fall within required funding levels. Motion was made by Mr. Speed, seconded by Ms. Barnes, and carried unanimously to recommend approval to the full Board of the District's proposed budget for fiscal year 2011-2012 with altering the pension contribution amount to \$2 million.

ITEM 8. Presentation of Quarterly Financial Statements. Mr. Frigo presented the Quarterly Financial Statements of the Amarillo Hospital District at June 30, 2011 and reported total current assets in the amount of \$225,959,305. He reviewed of that amount, assets in cash and equivalents were approximately \$205 million and prepaid expenses were \$15.2 million. Mr. Frigo noted other assets of \$97,362; the dental clinic, and \$4,284,585; the net pension asset. He stated a total of approximately \$436 thousand in current and long-term liabilities and a total Fund balance of \$225,522,773. Reviewing the Income Statement of the General Fund, Mr. Frigo reported total revenue of approximately \$2.1 million versus total expenses of about \$8.5 million. He reviewed the Fund's largest expense was Indigent Care at \$4,145,209; followed by \$2,231,091 in Personal Services. He noted an Operating Income Loss of \$6,472,390 and pointed out that even without the unrealized investment loss; the Fund would still have an Operating Income Loss of approximately \$3.6 million. From the Budget versus Actual Report of the Operating Fund, Mr. Frigo reported a budgeted realized investment income amount of \$9,167,000 versus actual amount of \$4,617,250 received at June 30th, 2011. He explained that the realized investment income amount was behind budget by approximately 25% and reviewed that the Fund's operating expenses regarding Fiduciary Fees, Professional Services, and Public Health were all on track at about 75% realized. Mr. Frigo reported an actual cash from operations loss of \$2,814,735.

ITEM 9. Quarterly Investment Report from Investment Officer. Mr. Graham reported that the District's Portfolio was in compliance with its Investment Policy. He stated that he would present the entire Quarterly Investment Report the following morning at the Board of Managers meeting.

ITEM 10. Legislative Briefing. Mr. Frigo stated that the legislature was no longer in session.

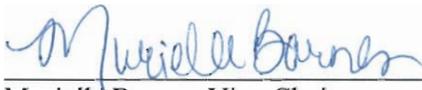
ITEM 11. Public Comments. There were no public comments at this time.

ITEM 12. Adjournment. There, being no further business, Mr. Graham adjourned the meeting at 5:00 p.m. This meeting has been recorded and all comments are on file in the City Finance Department.



Greg Graham, Chairman

ATTEST:



Murielle Barnes, Vice-Chairman