

STATE OF TEXAS
COUNTIES OF POTTER
AND RANDALL
CITY OF AMARILLO

On the 11th day of July 2018, the Amarillo Hospital District Finance Committee met at 12:00 p.m. in regular session in Room 306, located on the third floor of City Hall at 509 S.E. 7th Avenue, Amarillo, Texas.

VOTING MEMBERS	PRESENT	NO. OF MEETINGS HELD SINCE APPOINTMENT	NO. OF MEETINGS ATTENDED SINCE APPOINTMENT
DUSTY CLAYTON	Yes	2	2
SAM LOVELADY	Yes	13	11
DEAN FRIGO	Yes	9	8

Also in attendance were the following:

MICHELLE BONNER, DEPUTY CITY MANAGER, CITY OF AMARILLO
LAURA STORRS, FINANCE DIRECTOR
FRANCES HIBBS, RECORDING SECRETARY, CITY OF AMARILLO
LESLIE SCHMIDT, SENIOR ASSISTANT CITY ATTORNEY
MARCUS W. NORRIS, LEGAL COUNSEL, UNDERWOOD LAW FIRM, P.C.

Mr. Lovelady established a quorum, called the meeting to order at 12:00 p.m., and the following items of business were conducted:

ITEM 1: Consider Changes to the Health Care Provider Participation Program Rules and Procedures Amendment. Mr. Lovelady pointed out a typographical error in Rule 2A (should be 'uses' instead of 'sues'). Motion was made by Mr. Frigo to approve the amendment as corrected, seconded by Mr. Clayton. Motion was passed by a 3:0 vote.

ITEM 2: Update and Discussion of the Local Provider Participation Fund (LPPF). This item was presented by Michelle Bonner. Mr. Norris stated the need to keep in mind the broad picture of LPPFs. He stated there were no guiding opinions from the Attorney General or the courts, and there was no litigation to-date. He stated his initial memo pointed out concerns regarding the authority to enter into agreement, which resulted in a second memo establishing authority. The legal questions are whether to take action to approve the expanded affiliation agreements or deny their approval. This policy decision is not dictated by a legal opinion. Mr. Lovelady stated the lack of clarity, and inquired if there has been any input from our own Legislators on what the intent was and expanding their affiliations. Mr. Norris replied he has not had any conversations with them, and some may argue that the expansion of the agreements has a state-wide impact and it is not just a local matter. Carlos Zaffirini, AHCV, stated his consulting firm works with the two local hospitals. He stated the LPPFs are a successfully program with 60%

intergovernmental transfers in the entire state. He stated from the public policy perspective, and considering all the ambiguities across the state, the challenge has been that the data moves constantly. The state has been doing these types of IGTs for 30-years. This is not a new concept. It looks different from the public policy perspective, but it is clearly the right answer. He further stated in the past this was a backup plan, and now it is a priority to Nwth. BSA understands the initiatives of expanding the affiliation. Mr. Clayton inquired how the percentages are allocated. Mr. Zaffirini replied the measure was determined by the level of uncompensated care for a hospital. The uncompensated intergovernmental transfer of funds is about 40%. Mr. Frigo inquired as to who kept track of who owes funds. Mr. Zaffirini responded that his company does. He further stated there were no geographical boundaries. Mr. Clayton inquired if it was based on a per case basis. Ms. Bonner replied that approved amendments to the affiliation agreement would be sent to the state. Mr. Norris stated the initial agreement with the local hospitals, brother and sister corporations around the state, corporate relationships and interrelationship with the federal and state government, if there is a need. It flows in the other direction, too. It is a cash flow and timing issue. Mr. Ellis inquired about the definition of affiliation. Mr. Zaffirini replied that affiliation under the state rules, under waiver have to have an indigent rule affiliation agreement, contracted to do something. There is a list of a number of things you can do, but there was no financial commitment. Most situations have legal significance, lose document, and check the box with the state. Mr. Norris explained it identifies with the state, authorized IGT and what it can be used for. Mr. Ellis inquired if they increase their affiliation does it automatically get approved or come back to the Board. Mr. Norris stated it would need to be amended to include the affiliation. The two affiliation agreements for the two local hospitals are asking to add their corporate brothers and sisters. Mr. Norris further stated if it is found to be invalid, there would be refunding and unwinding to address the political concerns. He inquired if the Board would like to direct staff to make contact with Senator Seliger. Ms. Bonner stated she would schedule another meeting for July 23 of the Finance Committee to decide if they would like to move forward after speaking to our Legislators. Mr. Lovelady stated the need to let Senator Seliger's office know about this issue in advance and him not read about it in the newspaper. Mr. Frigo inquired if Mr. Zaffirini had spoken to Senator Seliger. Mr. Zaffirini replied he had not, but they could schedule a meeting. Mr. Norris inquired if it was the consensus of the board that they may be in favor of supporting this issue after communications with Senator Seliger's office. Mr. Lovelady stated they would table this issue pending a conversation with Senator Seliger.

ITEM 3: Consideration of Request Received from Baptist St. Anthony's Hospital and Northwest Texas Healthcare System to Amend the Affiliation Agreements. This item was also tabled until the next meeting.

ITEM 4: Consideration of Resolution Setting Amount or Rate of LPPF Mandatory Payment and Uses of such revenue fro the State fiscal year ending August 31, 2018. Ms. Bonner stated the Resolution recommendation would be set at the July 24 meeting. Mr. Zaffirini stated he would verify that the 2018 rate and invoices could go out in October. Mr. Lovelady stated this item would be tabled as well. Ms. Bonner stated a notice of public hearing and publication about the next meeting would be published next week and notices would be sent to the hospitals.

ITEM 5: Consider Amarillo Hospital District Budget. Ms. Bonner reviewed the current year's budget, revised budget and proposed budgets. Ms. Bonner stated \$25,000 needed to be added to the operating account for the reimbursement of administrative costs in operating the LPPF. Ms. Bonner stated they would also discuss the actuary study on July 24. She further stated there was a need to include a note pertaining to the property tax rate projection in 2036. Mr. Ellis inquired when that conversation would need to begin on setting a tax rate. Mr. Norris stated they ought to begin talking to legislators and introducing bills, four to five years out. Ms. Bonner stated they would incorporate that information in their orientation books and include a write-up from Legal. She further stated there was hesitation in moving forward to allow tax legislation when they currently have \$200 million. Mr. Norris stated adding a footnote around 2029 for the substantial review of the law and the tax start up process, and the need to project what property values will be in the future. Ms. Bonner stated unfortunately, they would not know what the indigent care amount would be then either. Mr. Lovelady stated he was appreciative of the long-term look into the future. He stated it was foreseeing down the road and sketchy at this point, but it was better to be prepared. Motion was made by Mr. Clayton to approve the Amarillo Hospital District Budget to the full AHD Board as presented with the inclusion of \$25,000 for the reimbursement of the administrative costs for the LPPF, seconded by Mr. Frigo. Motion passed by a 3:0 vote.

ITEM 6: Public Form. There were no public comments.

There, being no further business, Mr. Lovelady made a motion to adjourn the meeting and the meeting adjourned. This meeting was recorded and all comments are on file with the City Secretary.

ATTEST:


Dusty Clayton


Sam Lovelady