

**AMARILLO HOSPITAL DISTRICT  
COMBINED INDIGENT CARE & FUNDING PRIORITIES  
AND FINANCE COMMITTEE MEETING  
AMARILLO CITY HALL, ROOM 306  
MINUTES  
JULY 30, 2012  
4:00 P.M.**

Members

	<u>Present</u>
Mr. Greg Graham, Chairman – Finance Committee	Yes
Ms. Murielle Barnes, Vice-Chair – Finance Committee	Yes
Mr. Rodney Ruthart – Finance Committee	Yes
Mr. Bob Stafford, MD – Indigent Care & Funding Priorities Committee	Yes
Ms. Liz Hughes, Secretary – Indigent Care & Funding Priorities Committee	Yes
Ms. Claudette Dove – Indigent Care & Funding Priorities Committee	Yes
Mr. Chuck Speed – Indigent Care & Funding Priorities Committee	Yes

Also Present

Mr. Dean Frigo	Assistant City Manager for Financial Services, City of Amarillo
Dr. Matt Richardson	Director of Public Health, City of Amarillo
Mr. Hector Mendoza	Assistant Director of Public Health, City of Amarillo
Ms. Andrea Rains	Recording Secretary, City of Amarillo
Mr. John M. Crider, Jr.	Consulting Actuary
Dr. Todd E. Bell	Assistant Professor, Dept. of Pediatrics & Internal Medicine, TTUHSC
Ms. Meg Williams	Director, Tobacco Free Amarillo

**ITEM 1:** Mr. Graham established a quorum for both the Amarillo Hospital District's Finance Committee and the Indigent Care and Funding Priorities Committee and called the meeting to order at 4:03 p.m. at City Hall, 509 East 7<sup>th</sup> Street, Third Floor, Room 306.

**ITEM 2:** Approval of Minutes from Finance Committee Meeting April 23, 2012. Mr. Graham presented the minutes from the last held Finance Committee Meeting from April 23, 2012. There were no questions or comments. Motion was made by Ms. Barnes, seconded by Mr. Graham, and carried unanimously to approve the minutes as presented.

**ITEM 3:** Consider Indigent Care Agreement and Healthcare Services Agreement. Review and Consider Resolutions Regarding Suspension Agreement and Amendment to Healthcare Services Agreement. Mr. Frigo reviewed that these agreements would extend the District's prepayment an additional quarter through August 8<sup>th</sup>, 2015 by paying \$1,361,553 instead of the future payment of \$1,735,385. Mr. Frigo reported that the City Attorney, Marcus Norris, had reviewed the agreements and resolutions presented in Items 3 and 4 and determined that they were consistent with the agreements approved in the past. Ms. Barnes motioned to recommend approval of both Item 3 and Item 4 as presented to the full Board. Mr. Graham seconded the motion and it unanimously carried.

**ITEM 4:** Review and Consider Resolution Regarding Upper Payment Limit Program. This item was included in the recommended approval above, in Item 3.

**ITEM 5:** Discussion of Actuarial Report on the Pension Plan. Mr. Crider presented the Actuarial Valuation of the Retirement Plan for Employees of Northwest Texas Healthcare System as of October 1, 2011. He reviewed a thirty-year funding contribution amount of \$1,323,843; a twenty-year funding contribution from October 1, 1998 of \$2,597,658; and a ten-year funding contribution amount of \$2,066,604. Mr. Crider stated that the Amarillo Hospital District's current budgeted contribution amount of \$2 million would amortize the unfunded actuarial accrued liability over 10.5 years and satisfy all requirements. New standards, he explained, have been

published by GASB (Governmental Accounting Standards Board) for plan and employer reporting that will go into effect for the Plan ending September 30, 2014 and into effect for the District ending at September 30, 2015. Mr. Frigo added that currently, the Plan is reported as a \$6 million asset on the books and that when the new GASB statements go into effect, what was once reported as an asset would then be reported as a liability of about \$12-\$13 million. Mr. Crider stated that the Actuarial Standards Board required an update to strengthen the mortality table, which increased contribution amounts by about 2.5%. He reported projections for the Valuation dated October 1, 2012, using an 8% rate of return; a thirty-year funding contribution amount of \$1,366,735; a twenty-year funding number from October 1, 1998 of \$3,017,569; and a projected ten-year funding contribution amount of \$2,146,287. Plan issues, Mr. Crider explained, were monitoring the Fund's rate of return, the age at which employees are retiring, employees leaving the hospital without applying for benefits, and the need to simplify the Plan.

**ITEM 6:** Review Quality and Access Indicators Report. Mr. Mendoza presented the Amarillo Hospital District's Quality Assurance Indicators for the year 2011 and reviewed in-full, the Access to Care Indicators and the Quality Indicators. Of those indicators, he stated that one of the most remarkable achievements of the J.O. Wyatt Clinic was the reduction of the number of qualified indigent non-emergency visits to ER and total number of indigent ER visits as % of total ER visits down to 2% in 2011. Mr. Mendoza added that in 2011, claims denied for appropriateness were at 100%.

**ITEM 7:** Review and Discuss Pediatric Specialty Services. Dr. Bell stated that currently, the Amarillo Hospital District supports a Specialized Pediatric Services Agreement with Texas Tech University Health Sciences Center (TTUHSC) through an agreement with Northwest Texas Healthcare System. He explained that this agreement supports pediatric sub-specialists in the Amarillo area and serve the indigent and needy residents of the Amarillo Hospital District. Dr. Bell reviewed specialties supported by the agreement include: Pediatric Cardiology, Gastroenterology, Hematology, Oncology, Nephrology, surgery, children with special healthcare needs, and Pediatric Endocrinology and Pulmonology. He explained that the District's annual support from April 2011 to March 2012 totaled approximately \$1.3 million and that without the District's support, many of those specialty services would not remain locally in Amarillo.

**ITEM 8:** Review and Discuss Tobacco Free Amarillo. Ms. Williams reviewed the Tobacco Free Amarillo (TFA) tobacco prevention and cessation program, which serves the Amarillo Hospital District area. She further reviewed the following TFA components: media, schools, community, cessation and evaluation; and noted that these components have continued to work closely together to accomplish the goals and objectives of the TFA project. Ms. Williams reported statistics from inception of TFA to 2012 in which 6<sup>th</sup> grade smoking decreased by 83%, 8<sup>th</sup> grade smoking decreased by 76%, 9<sup>th</sup> grade smoking decreased by 64% and 12<sup>th</sup> grade smoking has decreased by 51%. She explained that TFA's proposed budget for October 2012 to September 2013 was the same as last year, with no funding increases.

**ITEM 9:** Consider 2012-2013 AHD Budget. Mr. Frigo presented the proposed 2012-2013 budget of the Amarillo Hospital District. He reviewed that the District began the 2011-12 year with a revised estimate of \$224,930 in assets versus a budgeted estimate of \$223,276. He further reviewed that the District had budgeted approximately \$6.4 million in revenue and is expected to receive about \$8.1 million. Reviewing operating expenses, Mr. Frigo reported a revised estimate in total expenditures of \$9.6 million versus a proposed \$9.8 million for 2012-13. He noted a revised estimated loss of about \$1.5 million versus a projected loss of approximately \$3.2 million. Mr. Frigo explained that for 2012-13, the money managers have estimated to receive revenue of around \$6.4 million. The remainder of the proposed budget was expected to be relatively flat compared to last year's budget, he stated. He pointed out that the \$2 million proposed pension contribution was a smaller figure than what was given by the Actuary, but would still satisfy requirements. Mr. Frigo reviewed proposed expenditures of \$9.8 million were over proposed revenue of \$6.4 million for a proposed loss of \$3.4 million for 2012-13. Reviewing the Tobacco Fund, he stated that the Fund had a revised estimate of \$278,842 in revenue and had budgeted receiving the same amount in 2012-13. He explained that the budgeted revenue number would be about the amount needed to fund Tobacco Free Amarillo. Mr. Frigo

noted a proposed operating expense of \$21 thousand that would cover the Fund's audit and money manager fees. He stated that although he would like to see the budget closer to being balanced, he did not see much room for reducing expenditures. Motion was made by Mr. Ruthart to recommend approval of the District's 2012-2013 proposed budget as presented to the full Board. Ms. Barnes seconded the motion and it carried unanimously.

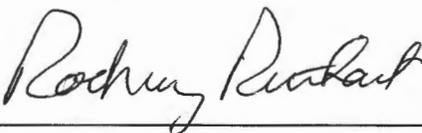
**ITEM 10:** Consider Familia Dental Lease Renewal. Mr. Frigo reviewed that currently, Familia Dental Amarillo, PLLC employs approximately four dentists, operates six days a week with extended hours, and accepts Medicaid and self-pay. He explained that the building in which Familia Dental is located was donated to the District from BSA Hospital and was valued at approximately \$96 thousand. Mr. Frigo reported that the District receives \$25 thousand a year in rent from Familia Dental. Ms. Barnes motioned to recommend approval of Familia Dental's lease renewal (from July 12, 2012 to July 11, 2014) to the full Board. Mr. Ruthart seconded the motion and it carried unanimously.

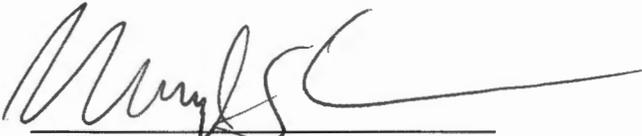
**ITEM 11:** Presentation of Quarterly Financial Statements. Mr. Frigo presented the District's Financial Statements at June 30<sup>th</sup>, 2012 and reviewed total current assets of \$209,116,205. He reported fixed assets of \$89,167; prepaid expenses of \$14,034,585; and a net pension asset of \$5,595,340. Mr. Frigo explained estimated self-insurance costs of \$284,919; being outstanding workers' compensation claims. He noted a total fund balance of approximately \$228 million at June 30<sup>th</sup>, 2012. Reviewing the Income Statement of the Corpus, Mr. Frigo reported total expenses of about \$7.8 million versus total revenue of approximately \$5.6 million for an operating loss of roughly \$2.2 million. However; he explained excluding the \$1.9 unrealized loss, the Fund would have experienced a loss of about \$291 thousand. Mr. Frigo reviewed the Budget versus Actual Report for the Operating Fund and reported actual realized investment income of \$7.2 million versus a budgeted \$6.4 million. He explained that most of the operating expenses were realized at about 75% for the year and the retirement trust was 100% realized for the year, having contributed \$2 million. Mr. Frigo pointed out that Public Health was 57.75% realized with a budgeted amount of \$929,557 and an actual amount of \$536,805. He stated that overall; the Fund is doing better than anticipated.

**ITEM 12:** Quarterly Investment Report from Investment Officer. Mr. Graham reported that the District's Investment Policy was in compliance with its written Policy as well as the Texas Public Investment Act. He stated that he would present the entire investment report to the full Board the following morning.

**ITEM 13:** Public Comments. There were no public comments.

**ITEM 14:** Adjournment. There, being no further business, the meeting adjourned at 5:14 p.m. This meeting was recorded and all comments are on file in the City Finance Department.

  
Chairman

ATTEST:  
  
Vice-Chairman