

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES PERMIACARE

The regular monthly meeting of the Board of Trustees of PermiaCare was held January 15, 2019, at the Atmos Energy Corporation's Fischer Community Room, 2304 Loop 40 (*behind the Post Office at Midland International Airport*) Midland, Texas.

Board officers present were Patricia Nelson, Vice-Chair; and Larry Edgerton, Treasurer. Board officers absent were Margaret Jones, Secretary and Gus Ortega, Chair.

Board members present were LaDoyce Lambert, John Landgraf and Barbara Yarbrough. Frank Rodriguez was present via Polycom. Board member absent was Mark Dettman.

Staff members present were Ramona Thomas, Chief Executive Officer; Chris Barnhill, Deputy Executive Director; Jill Stephens, Human Resources Director; Joshua Alaniz, Director of Resource Development; Megan Newman, QM Coordinator; Christian Marmol, Chief Accountant; and Amber Pyle, Administrative Assistant.

Guest present was Katie O'Shields of Eide Bailly, LLP.

I. CALL MEETING TO ORDER

Vice-Chair, Patricia Nelson declared a quorum and called the meeting to order at 3:45 p.m.

II. CHAIR'S REPORT

In the absence of Chair Ortega there was no report. Vice-Chair Nelson introduced Katie O'Shields of Eide Bailly, LLP.

III. PRESENTATIONS/TRAINING

CEO Thomas presented the 1115 "Amend and Extend" plan as being discussed at several levels of the healthcare system. The Executive Directors at their November meeting voted to allow the Texas Council to continue these discussions, which include a plan for community centers to become Certified Community Behavioral Health Centers (CCBHC's). These plans could also eventually lead to a method of financing for some of PermianCare's current 1115 projects, but probably not for inpatient care for substance abuse, i.e., Turning Point. CEO Thomas described the future financial losses that would then be incurred by Turning Point. She is currently exploring other possible funding streams with one local hospital and substance abuse provider. It also involves discussion with the state contracting department for approval, so will take a while.

IV. CONSENT AGENDA

The Consent Agenda was distributed to all members prior to the meeting. Vice-Chair Nelson asked if there were any requests to remove items for discussion. Hearing none, she requested a motion approving the Consent Agenda as follows:

1. Minutes of the last meeting
2. CEO Activity Report
3. Community Relations Report

A/M/S (Landgraf/Yarbrough) (Unanimous)

Motion to approve the consent agenda as presented.

V. TREASURER'S REPORT

The Treasurer's Report for November 2018 was distributed to all members prior to the meeting and the December 2018 report was distributed at the meeting.

Treasurer Edgerton reviewed the reports.

A/M/S (Yarbrough/Lambert) (Unanimous)

Motion to accept the Treasurer's Report subject to audit.

VI. TEXAS COUNCIL OF COMMUNITY CENTERS' REPORT

In the absence of Board member Jones, there was no Texas Council Report.

VII. TEXAS COUNCIL RISK MANAGEMENT FUND'S (TCRMF) MEETINGS AND INFORMATION

Board member Lambert reported that, at the Texas Council Risk Management Fund (TCRMF) Board meeting held November 9th, he was re-elected to the TCRMF Board for another term and will serve as Secretary.

IX. OTHER BUSINESS

1. *Finance Committee – Eide Bailly, LLP – Presentation of the Annual Financial Audit*

Katie O'Shields of Eide Bailly, LLP, reported she met with the Board's Finance Committee on January 7th and reviewed the annual audit report with them in detail. A copy of this annual audit was distributed to the Board prior to the meeting, and included the "Summary of Auditor's Results", on pages 88 and 89 which showed:

- An unmodified opinion was issued on the basic financial statements.
- No material weaknesses or significant deficiencies in internal control related to the financial statements.
- No instances of noncompliance with laws, regulations, contracts and grants that would be material to the financial statements.
- No material weaknesses or significant deficiencies in internal control over compliance with major federal and state programs.

- An unmodified opinion was issued on compliance with major federal and state programs.
- No findings reported relative to major federal or state award programs.

Ms. O'Shields pointed out that PermiaCare's staff did an exceptional job, and that the Board could rely on the accounting staff to provide accurate financial statements. Larry Edgerton reported that the Finance Committee had conducted a detailed review of the audit.

A/M/S (Lambert/Landgraf) (Unanimous)

Motion to approve Fiscal Year 2018 Financial Audit as presented by Eide Bailly, LLP, and recommended by the Finance Committee, contingent on resolution of the FY18 ECI carryforward adjustment for \$286,000.

2. Finance Committee - UBS-Greathouse Trust Review

This item was distributed to all members prior to the meeting and was presented to the Finance Committee at their January 7th meeting by Dan Michel and Alan Jones of UBS Financial Services, Inc. UBS recommended a rebalance of the account to move from 62% invested in equities to a level of 65%, with the remaining 35% to be invested in fixed income and cash.

A/M/S (Edgerton for the Finance Committee) (Unanimous)

Motion to approve the review of the Greathouse Trust performance, with rebalance of the account to arrive at the target asset allocation of 65% equities and 35% fixed income and cash, as recommended by the Finance Committee.

3. Finance Committee – Post-Employment Benefit (OPEB) Trust Review

The Milliman Investment Performance Review was distributed to all members prior to the meeting. Deputy Executive Director Barnhill reviewed and discussed the report with the group. This had been reviewed by the Finance Committee during

their January 7th, meeting with no changes proposed.

A/M/S (Edgerton for the Finance Committee) (Unanimous)

Motion to approve the review of the Post Employment Benefit (OPEB) Trust as recommended by the Finance Committee.

4. Finance Committee - Review of Form 990, Return of Organization Exempt from Income Tax

This Form 990 Tax Return for the 2017 tax year was distributed to all members prior to the meeting. Deputy Executive Director Barnhill presented the Form 990, verifying that the financial amounts contained within reconcile to those presented in the FY 2018 Fiscal Audit in Agenda Item 1. The Finance Committee reviewed the Form 990 in-depth at their meeting on January 7th and recommended approval.

A/M/S (Lambert/Landgraf) (Unanimous)

Motion to accept PermiaCare's IRS Form 990, Return of Organization Exempt from Income Tax, for the 2017 tax year as presented by staff and recommended by the Finance Committee, contingent on resolution of the FY18 ECI carryforward adjustment for \$286,000.

5. Finance Committee – Fiscal Year 2019 GASB 54 Fund Balance Commitments

Deputy Executive Director Barnhill distributed the Fund Balance Commitments with the accompanying Board Resolution and reviewed it with the group.

A/M/S (Edgerton for the Finance Committee) (Unanimous)

Motion to approve the Resolution, in keeping with Board Policy 4.02.03.00 Fund Balance, as proposed by staff and recommended by the Finance Committee.

There being no further business, Vice-Chair Nelson adjourned the meeting at 4:35 p.m.

Ramona Thomas
Ramona Thomas, Chief Executive Officer

Margaret Jones
Margaret Jones, Secretary