



Legislation Text

File #: 17-1350, **Version:** 2

Ordinance No. 17-110 amending Ordinance No. 16-116 (2017 Appropriation Ordinance) for a Supplemental Appropriation to the Memorial Health System Enterprise Fund in the amount of \$1,214,210 for transfer to the Colorado Springs Health Foundation

Presenter:

Charae McDaniel, Chief Financial Officer

Summary:

The attached ordinance is a supplemental appropriation to increase the 2017 budget and appropriate funds in the amount of \$1,214,210 for the Memorial Health System Enterprise Fund to transfer funds to the Colorado Springs Health Foundation (CSHF).

Previous Council Action:

On October 1, 2012, the City of Colorado Springs executed the Memorial Health System (MHS) Operating Lease Agreement and the Integration and Affiliation Agreement by and among the City of Colorado Springs, University of Colorado Health, Poudre Valley Health Care, Inc., and UCH-MHS.

City Council authorized and directed that such funds and monies from the lease be placed into an appropriate segregated account and shall be spent only to satisfy obligations specifically provided for in the agreements. Funds remaining after satisfying the obligations shall be transferred directly into the City controlled non-profit foundation, Colorado Springs Health Foundation, as provided for under IRS Sections 501(c)(3) and 509(a) and authorized by City Council and the Mayor pursuant to Resolution No. 89-12.

On September 23, 2014, City Council approved Resolution No. 92-14 approving revisions to the Articles of Incorporation, and Bylaws of the CSHF and approving the investment and grant making policies developed by the Board of Trustees of the CSHF.

On September 23, 2014, the City and the Public Employees' Retirement Association executed a settlement agreement resolving pending litigation. Escrow funds were released pursuant to this agreement and residual funds were sent to the CSHF on October 3, 2014. City Council approved Resolution No. 99-14, which authorized the transfer of \$10 million from the MHS Enterprise Fund to CSHF.

On November 10, 2015, City Council adopted Resolution No. 109-15 approving the Memorial Health System/Colorado Springs Health Foundation Funds Management Agreement. The agreement provides greater clarity as to how lease proceeds will be transferred to the CSHF and how the CSHF will invest funds.

On January 12, 2016, City Council approved Ordinance No. 15-101 for a supplemental appropriation to the MHS Enterprise Fund in the amount of \$1,345,000 to transfer the revenue sharing payment received by the City to the CSHF.

On April 12, 2016, City Council approved Ordinance No. 16-37 for a supplemental appropriation to the MHS Enterprise Fund in the amount of \$5,264,000 for a transfer received by the City from UCH-MHS. Of that, \$298,000 was used to pay a contract audit firm that assisted MHS with audits of a number of third-party cost reports that resulted in positive settlements. The balance of \$4,966,000 was then transferred to CSHF.

On September 26, 2016, City Council was notified of the intent to reduce the Funds Administration Target to \$2.5 million. The original target, established by the Memorial Health System/Colorado Springs Health Foundation Funds Management Agreement approved by City Council on November 10, 2015, was \$5.0 million. The City transferred the excess funds to CSHF the following day.

Background:

In October 2017, the City was notified of the revenue sharing payment to be received from the University of Colorado Health, a benefit from the provisions of the lease.

The supplemental appropriation will provide the needed appropriation authorization to transfer the revenue sharing payment to be received by the City to the CSHF.

Financial Implications:

The supplemental appropriation increases the 2017 Memorial Health System Enterprise Fund revenue and expense budget by \$1,214,210 and does not affect the General Fund balance. The source of these funds is the revenue sharing proceeds from the lease of the Memorial Health System to UCH.

Board/Commission Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

N/A

Proposed Motion:

Move approval of the Ordinance amending Ordinance No. 16-116 (2017 Appropriation Ordinance) for a supplemental appropriation to modify the budget and appropriate funds in the amount of \$1,214,210 for the Memorial Health System Enterprise Fund for Transfer to the Colorado Springs Health Foundation.

An Ordinance Amending Ordinance No. 16-116 (2017 Appropriation Ordinance) for a Supplemental Appropriation to the Memorial Health System Enterprise Fund in the Amount of \$1,214,210 for Transfer to the Colorado Springs Health

Foundation