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Scott Craigie
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Sep 2001 NBME Mtg

MR. LESSLY: That may be a token reduction,
3 that may be a politically expedient thing to do. We're to
4 the point that I don't think that there is any intent to
5 capture these funds or to put us into an umbrella agency
6 statewide. However, you can simply, as has happened in
7 California, California has an independent Medical Board.
8 However, what they do is they set the fee for their
9 physicians, and I believe it is the same as ours now, they
10 collect their money, and they have someone put a bill in
11 the Legislature that says it goes to the general fund.
12 Well, when it gets in the general fund, you can't get it
13 back out unless the Legislature props it. So they give
14 them 40 percent of what they collect back to operate on
15 and 60 percent goes for some other purpose.

16 Someone could introduce a bill to do that to
17 us, but I don't think there is any intent on the part of
18 this governor or this state administration to do some
19 umbrella agency to take over our funds. At one time that
20 was a problem, and there was serious concern on the part
21 of the Board years ago that someone was trying to capture
22 our reserve, and we went in and reduced the fee and spent
23 the money.

24 MEMBER BAEPLER: I agree, a two-year reserve
25 is fine, but if you project it out for another year, you

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1 suddenly have five million dollars for surplus, it can't
2 go on forever.

3 MR. LESSLY: The reserve provides for some
4 contingency on some horrendous lawsuit. It's not really
5 happening right now that we're making a lot of money off
6 of our investments because of our economic situation.
7 However, the more money you have in reserve and you
8 generate funds from that, the less the funds have to be to
9 the physicians and respiratory therapists, the PA's to be
10 licensed. It's not big enough yet to be really
11 significant.

12 So I agree, Don, I don't think that we would
13 ever put ourselves in a posture of wanting to have \$10
14 million in reserve.

15 MEMBER BAEPLER: No, it is not an immediate
16 problem.

17 MR. LESSLY: You are right, within the next
18 four years it could become a problem.

19 MEMBER LUBRITZ: Could we not designate a
20 certain portion to be a reserve for expenses and another
21 to be a reserve for malpractice suits?

22 MR. LESSLY: You can do anything you want to
23 with it. You could put any accounting designation you
24 want on it because we're not subject to the budget act.
25 It would strictly be your decision. It wouldn't be

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1 binding on anyone.

2 MEMBER BAEPLER: I would love to see us
3 consider a building fund.

4 MR. LESSLY: Yes. I have even looked at
5 contribution of a building or whatever. The Alabama Board
6 of Medical Examiners owns its own building. We would have

7 to have legislative authority to do that. But that's one
8 thing.

9 MEMBER LUBRITZ: Can we seek that so that we
10 have --

11 MR. LESSLY: We could.

12 MEMBER LUBRITZ: -- another area to
13 sequester?

14 MEMBER BAEPLER: It hides a nice chunk.

15 PRESIDENT HUG-ENGLISH: I also think that the
16 idea presented that if we really are getting too much in
17 reserves, that we look at a possible reduction in fees. I
18 think that that would be a nice thing to do and I think
19 would certainly send a message to the licensees. The
20 other thing I'd like to add is that if we have some extra
21 money, I love California's laminated cards.

22 MEMBER BAEPLER: Business cards?

23 PRESIDENT HUG-ENGLISH: No, when you get a
24 license from California, instead of the little tearout,
25 correct me if I'm wrong, but at the end of two years,
0146 those are looking pretty ragged.

2 MR. LESSLY: I thought about proposing that
3 this time, but we're overdrawn from the meeting you went
4 to.

5 MR. LEGARZA: Can't we blame that on Dee?
6 He's gone. Let's blame it on Dee.

7 MEMBER LUBRITZ: Is it out of order to --

8 MR. LESSLY: We don't need to do that. You
9 mean as far as the ID card? We'll just do it.

10 MEMBER LUBRITZ: Not the ID card. A building
11 fund.

12 MR. LESSLY: To give some consideration to
13 that? That would have to happen in the next legislative
14 session.

15 MEMBER BAEPLER: We could create the fund.
16 We need legislative authority to go ahead and hire an
17 architect and build one.

18 MR. LESSLY: We have got the fund. It is the
19 reserve right now.

20 MEMBER LUBRITZ: Can we instruct in-house to
21 label it as such?

22 MR. LESSLY: You can label it anything you
23 want. It's not going to make any difference because if
24 the legislature decided they want to take it, they could
25 take it anyway.

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1 MEMBER BAEPLER: There is one psychological
2 difference I found. If you label it, a portion of it,
3 just start off with half a million in the building fund,
4 it hides the real surplus because it looks like you have
5 an intent.

6 MR. LESSLY: Facilities fund.

7 MR. LEGARZA: Of course, you can't have the
8 intent if you don't have statutory authority.

9 PRESIDENT HUG-ENGLISH: It is something to
10 think about for the next legislative session if we want to
11 bring it up. I think it is premature now.

12 MR. LESSLY: We spend a substantial amount on
13 rent every year, as you can see, and it's not going to go
14 down. We're in pretty good shape here. We have a lease
15 on this place for a six-year period of time, and I don't
16 think based on what we have done on the move here that
17 we're looking at having to have any substantial more
18 square footage.

19 MEMBER BAEPLER: How many square feet do you
20 have right now?

21 MR. LESSLY: Bob can tell you that.

22 MR. FRANTZ: Around about 3500 feet.

23 MEMBER BAEPLER: Let's call it 4,000.

24 MR. LESSLY: That is probably closer.

25 MR. FRANTZ: I would have to look at the

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1 lease.

2 MR. LESSLY: We have all of this, we go all
3 the way to the hallway, and we have downstairs.

4 MEMBER BAEPLER: At 4,000 square feet
5 replacement value is about \$600,000 based on Las Vegas
6 building costs for a 4,000 square foot office building.
7 You are not talking -- if you wanted to ultimately
8 accumulate a million dollars, you can have a very
9 significant nice building, unless Reno is significantly
10 more expensive than Las Vegas. I'm figuring \$150 a square
11 foot, which is what we use for our average office type
12 building.

13 MR. FRANTZ: Construction costs \$150?

14 MEMBER BAEPLER: Yes.

15 MR. LESSLY: Don is right. If you label it,
16 went in and got the legislative authority to do it, the
17 risk there is they will say no and take your money, once
18 they realize you have it. So I don't think they read
19 these reports. I don't think anybody did. Our auditor
20 made a change to one last year, wasn't it oops, we did
21 something we shouldn't have done here and make a change to
22 it. Send it down to there, they never caught it or never
23 read it.

24 PRESIDENT HUG-ENGLISH: At any rate, we have
25 two years to think about it.

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1 MR. FRANTZ: Do you have any questions about
2 it real quickly here? I know we need approval for the
3 audited financial statements.

4 MR. LESSLY: We need a motion to approve the
5 audit and instruct us to file it pursuant to statute.

6 MEMBER KIRCH: I so move.

7 MEMBER STEWART: Second.

8 PRESIDENT HUG-ENGLISH: There is a motion to
9 approve the audit. All in favor. Opposed? Chair votes
10 in favor. The motion passes.

11 (Whereupon, the motion was put to a vote
and carried unanimously.)