

**AMARILLO HOSPITAL DISTRICT
REGULAR MEETING OF BOARD OF MANAGERS
AMARILLO CITY HALL
CITY COMMISSION CHAMBERS
MINUTES
OCTOBER 19, 2010
7:30 A.M.**

<u>Members</u>	<u>Present</u>
Mr. Craig Bryan, Chairman	Yes
Mr. Greg Graham	Yes
Dr. Paul Proffer	Yes
Ms. Liz Hughes	Yes
Ms. Nancy Kritser	No
Ms. Murielle Barnes	Yes
Ms. Claudette Dove	Yes

Also Present

Mr. Dean Frigo	Assistant City Manager for Financial Services, City of Amarillo
Mr. Marcus Norris	City Attorney, City of Amarillo
Mr. Matt Richardson	Public Health Director, City of Amarillo
Ms. Andrea Rains	Recording Secretary, City of Amarillo
Mr. Kyle Sanders	Chief Executive Officer, Northwest Texas Healthcare System
Ms. Sharon Oxendale	Chief Operating Officer, Northwest Texas Healthcare System
Ms. Mary Coyne	Tobacco Free Amarillo
Mr. Roy Browning	Investment Consultant, Wachovia Securities
Dr. Bonna G. Benjamin	Regional Chair, Department of Pediatrics, TTUHSC
Ms. Charlyn Snow	Human Resources Director, Northwest Texas Healthcare System

ITEM 1: Mr. Bryan called the meeting to order at 7:30 a.m. and welcomed everyone in attendance.

ITEM 2: Approval of Minutes from September 1, 2010. Mr. Bryan presented the minutes from the last Board of Directors meeting held September 1, 2010. Ms. Barnes motioned to approve the minutes as presented. Dr. Proffer seconded the motion and it carried unanimously.

ITEM 3: Presentation and Discussion of the Pension Fund Investment Performance. Mr. Browning presented the Pension Plan's Investment Performance Review at September 30, 2010 and reviewed the performances of the capital markets for periods ending the same. He reported that the total market value of the Fund was \$16,092,170 and for the latest quarter, had returns of 6.9% versus that of the market of 8.0%. He further reported returns of 5.0% versus 5.7%; and 8.6% versus 9.7% for the latest year to date and 1-year period respectively. Mr. Browning reported that the Fund had returns better than the market index for the 3, 5, and 10-year periods. The Fund's rate of return, he noted, had very positive numbers for the 3, 5, and 10-year periods. Mr. Browning reviewed the rate of return on a 5-year calendar return summary and reported that the Fund had a rate of return of 17.0% in 2009; -18.8% in 2008; 6.1% in 2007; 13.2% in 2006 and 2.6% in 2005. He explained that the Fund's sharpe ratio, the amount of return per unit of risk, was -0.11 versus -0.15 of the total policy for the latest 3-year period; 0.14 versus 0.07 for the latest 5-year period, and 0.18 versus 0.07 for the latest 10-year period. Mr. Browning stated that, in summary, the Pension Plan had a great quarter.

ITEM 4: Presentation and Discussion of the AHD Corpus Investment Performance. Mr. Browning presented the Investment Performance Review of the District's Corpus at September 30, 2010 and reported total assets of the Portfolio of \$208,897,061. He reviewed that the Fund had returns of 1.5% versus that of the market of 2.3% for the last quarter; 5.7% versus 6.3% for the last 12 months; 5.8% versus 6.8% for the last 3 years, 5.4% versus 5.9% for the last 5 years and 5.8% versus 5.9% for the last 10 years. Reviewing the Fund's money managers, he stated that Amarillo National Bank was the

dominate manager in all time periods; outperforming the market in both the 12-month and 10-year periods. He reported that Herring Bank had a return of 0.59% versus the market index of 2.3% for the latest quarter. Reviewing the sharpe ratio, Mr. Browning stated that the Fund's ratio was 1.57 versus the policy of 1.53 for the latest 3-years, 1.12 versus 1.06 for the latest 5-years, and 1.19 versus 0.96 for the last 10 years. On a risk-adjusted basis, he explained that the Fund is doing great and performing well overall.

ITEM 5: Presentation and Discussion of Contract between NWTB and the American Cancer Society for Tobacco Free Amarillo. This item was taken out of order. Ms. Coyne presented a program overview of Tobacco Free Amarillo (TFA) and stated that the program began in 2001 to address the high tobacco-use rate among children and adults in Amarillo. She reviewed that the program model is based on a pilot project of the State Department of Health and involves five separate components that all work together: media, community, schools, cessation, and evaluation. Ms. Coyne reported that since inception of the program almost 10 years ago, tobacco use amongst 6th graders had dropped by 74%; 8th grade tobacco use had dropped by 61%; 9th grade dropped by 67%; and 12th grade tobacco use had decreased by 40%. Ms. Coyne stated that by any measure, TFA has been a successful program. She reviewed program goals and objectives and explained that TFA had formed a partnership with Impact Futures to secure grant monies at a 4 to 1 match of prevention spending. The District's current funding level of the Program, Ms. Coyne reported, is currently \$250,000 from the Amarillo Hospital District and \$22,500 from Northwest Texas Hospital.

ITEM 6: Presentation and Discussion of Contract between Amarillo Clinical Services and the Texas Tech University Health Sciences Center (TTUHSC) for Pediatric Sub-Specialty Care. Dr. Benjamin made a presentation on the specialized pediatric services supported by the Amarillo Hospital District through Texas Tech. She explained that the Hospital District supports the specialized pediatric service agreement currently through an arrangement with Northwest Texas Hospital that coordinates care for the children with special healthcare needs. Dr. Benjamin reported that services include, but are not limited to: cardiology, gastroenterology, hematology, oncology, endocrinology, nephrology, pulmonary, pediatric surgery, and a children with special healthcare needs clinic. She added that these services are provided to the indigent and needy residents of the Amarillo Hospital District. Dr. Benjamin stated that the Agreement allows for TTUHSC to provide specialized care locally, in Amarillo. She further stated that without support from the Amarillo Hospital District, many of these services would not be available in Amarillo due to financial constraints. Dr. Benjamin reviewed the history of the Specialized Pediatric Services Agreement and provided examples of patients that were in need of specialized pediatric services and treated by TTUHSC. She reported that a study conducted in 2001 found that without AHD funding, specialized pediatric services would not have been available to any population in this area, regardless of their ability to pay. Dr. Benjamin stated that there were almost 18,000 total visits last year, of which 11,200 were District residents; 10,427 were needy or indigent; and of those patients, 6,500 were both District residents and needy or indigent. Dr. Benjamin discussed ongoing plans for the Texas Tech Department of Pediatrics and explained that the agreement to provide specialized pediatric services not only benefits patients, but the Amarillo Hospital District, TTUHSC, and the entire Amarillo community as well.

ITEM 7: Review and Consider Indigent Care Affiliation Agreement. Mr. Norris explained that the Federal Government had recently changed their regulations concerning relationships within the UPL (Upper Payment Limit) Program. The conclusion and advice from the NWTB/UHS legal counsel, he stated, is that it is now uncertain whether or not there is an actual need for the Board to take any action or approve this affiliation agreement. Mr. Sanders concurred in Mr. Norris' summary of the situation. Mr. Norris explained that the reason for this conclusion is because the Board's next agenda item, the Resolution to Fund the Medicaid Upper Payment Limit Program, is sufficient for current purposes. The Board agreed to take no action on this item.

ITEM 8: Review and Consider Resolution to Fund the Medicaid Upper Payment Limit Program. Mr. Norris reviewed that this resolution would authorize a total amount of \$1,474,332 in public funding to be transferred to the State to draw down additional Federal funding for unreimbursed services or to be paid directly to Northwest as unmatched Medicaid payments. Mr. Frigo explained that this amount was the

amount the District had budgeted for the Pediatric Support Contract and Tobacco Free Amarillo. He noted that this resolution is separate from the resolution regarding the Indigent Care Contract. Motion was made by Mr. Graham, seconded by Ms. Barnes and carried unanimously to approve the resolution as presented to fund the Medicaid Upper Payment Limit Program.

ITEM 9: Consider Pension Plan Amendment. Ms. Snow reviewed that the Pension Plan's eleventh amendment had been presented to and approved by the Board to allow for seven (7) employees at AMS who were losing employment with Northwest Texas Hospital so that they could continue to acquire service towards their AHD retirement. She stated that there is now no longer a need for employees to acquire service with AMR (American Medical Response). This twelfth amendment, Ms. Snow explained, is to discontinue service accumulation with AMR. Mr. Graham motioned to approve the twelfth pension plan amendment as presented. Ms. Hughes seconded the motion and it carried unanimously.

ITEM 10: Presentation of Quarterly Financial Statements. Mr. Frigo presented the Amarillo Hospital District Financial Statements at September 30, 2010 and reported from the balance sheet that total current assets of the Fund were \$229,225,466 and that of that amount; approximately \$210 million included cash and investments. He reviewed total current liabilities of \$1,258,427 and stated that most of that amount, or \$1,080,000, was securities lending collateral. Mr. Frigo reported a total Fund balance of \$231,002,972. From the income statement, he reviewed total revenue of \$11,944,317 versus total expenses of \$10,948,682. He noted that the largest operating expense was Indigent Care of \$5,910,279; followed by the Pension Plan Contribution of \$2,103,169; the Pediatric and Tobacco Free Amarillo support contracts, including dental services this fiscal year, of \$1,720,552; and Public Health of \$782,053; which he pointed out, is under budget. Mr. Frigo stated the Fund retained an Operating Income amount of \$995,635. He noted a Total Liabilities and Fund Balance amount of \$52,464 within the Donor Restricted Funds. Reviewing the Budget versus Actual Report, Mr. Frigo reviewed total budgeted revenue of \$8,990,340 versus total actual revenue of \$9,746,437 and stated that total revenue was 108.41% realized. He further reviewed that the Indigent Care Contract with UHS and the Retirement Plan Contribution were both 100% realized. Total Operating Expenses, he stated, were budgeted at \$9,440,337 versus an actual amount of \$9,209,432. Mr. Frigo reviewed the Budget versus Actual Report of the Tobacco Fund and reported actual total revenue of \$351,690 versus actual total expenses of \$1,662,568; pointing out that the Fund is doing better than expected. In closing, Mr. Frigo explained that the Poison Control Grant had been transferred to Texas Tech and stated that the Poison Control Center still operates in Amarillo.

ITEM 11: Quarterly Investment Report from Investment Officer. Mr. Graham reported that for the quarter ending September 30, 2010, the Investment Portfolio was in compliance with the Amarillo Hospital District Investment Policy as amended on January 12, 2010 and the Public Funds Investment Act. He reviewed that agency securities, including mortgage-backed securities, represent 84.84% of the total Portfolio, which is below the 95% Agency limit. Mortgage backed securities, he stated, represent 12.00% of the total Portfolio, which is below the 30% limit, and obligations of state or local governments represent 7.10% of the total Portfolio, which is below the 10% limit. He reported that treasuries and full faith and credit obligations comprise 2.41% of the total Portfolio and cash balances, including Money Market funds, comprise about 5.66%. Investments with maturities greater than 10 years represent 27.57% of the total Portfolio, which is under the 50% restriction in the Policy. Mr. Graham reported that there are no securities with a maturity of greater than 30 years. He stated that the market value of the Portfolio is 102.61% of the book value, with a market value of \$209,799,870 and a book value of \$204,464,974. Mr. Graham reviewed that in the current year, the AHD Budget called for \$9,006,000 in realized investment income and the current investment earnings through September 30, 2010 were \$9,736,134.

ITEM 12: Committee Reports. There were no reports to present.

ITEM 13: Public Comments. There were no public comments at this time.

ITEM 14: Adjournment. There, being no further business, the meeting adjourned at 8:30 a.m. This meeting was recorded and all comments are on file in the City Finance Department.

Craig Bryan, Chairman

Murielle Barnes, Secretary