

**AMARILLO HOSPITAL DISTRICT
MEETING OF BOARD OF MANAGERS
AMARILLO CITY HALL - CITY COMMISSION CHAMBERS
MINUTES
April 29, 2014
8:30 A.M.**

<u>Members</u>	<u>Present</u>
Mr. Bob Stafford, MD, Chairman	Yes
Ms. Mark Logsdon, Vice-Chair	No
Mr. Chuck Speed, Secretary	Yes
Mr. Rodney Ruthart	Yes
Mr. Smith Ellis	Yes
Mr. Roger Williams	No
Dr. Rakhshanda Rahman	Yes

Also Present

Ms. Michelle Bonner	Assistant City Manager, City of Amarillo
Mr. Marcus Norris	City Attorney, City of Amarillo
Dr. Matt Richardson	Director of Public Health, City of Amarillo
Ms. Andrea McDonald	Recording Secretary, City of Amarillo
Mr. Roy Browning	Investment Consultant, Wells Fargo Advisors
Mr. Mark Crawford	CEO, Northwest Texas Healthcare System
Ms. Janie Arnold	CPA, Connor, McMillon, Mitchell, & Shennum, PLLC
Mr. Cory Joiner	CPA, Connor, McMillon, Mitchell, & Shennum, PLLC

ITEM 1: Call to Order. Mr. Stafford established a quorum and called the regularly scheduled meeting of the Amarillo Hospital District Board of Managers to order at 8:31 am.

ITEM 2: Presentations. Mr. Stafford announced that Dr. Matt Richardson would be leaving the City of Amarillo at the end of June. He presented Dr. Richardson a plaque from the AHD Board of Directors in appreciation of his loyal service and outstanding accomplishments.

ITEM 3: Election of Officers, Committee Members, TIRZ Representative and ECAB Representatives. Mr. Speed motioned to retain the current slate of Board Officers with the exception of appointing Mr. Ellis to serve as the Board's Investment Officer. Mr. Ruthart seconded the motion and it carried unanimously.

ITEM 4: Approval of Minutes from January 28, 2014 Meeting. Mr. Ruthart motioned to approve the minutes as presented from the meeting held January 28, 2014. Mr. Speed seconded the motion and it carried unanimously.

ITEM 5: Presentation and Discussion of the Pension Fund Investment Performance. Mr. Browning presented the Capital Markets Review and the Pension Fund's Investment Performance Analysis for the quarter ending March 31, 2014. He explained that although the Fund's returns were slightly behind those of the market for the latest quarter and all time periods; however, the fixed income and midcap sectors were good performers. He reviewed the Sharpe Ratio of the Fund versus the Policy for the 3, 5, and 10-year time periods: 1.01 versus 1.35, 1.46 versus 1.71, and 0.52 versus 0.51 respectively. In summary, Mr. Browning reported that the Fund was able to meet or exceed its absolute performance measures in the 1, 3 and 5-year time periods and was slightly behind regarding relative measures.

ITEM 6: Presentation and Discussion of the AHD Corpus Investment Performance. Mr. Browning reviewed the Investment Performance Analysis of the AHD Corpus Fund at March 31st, 2014 and reviewed that the Fund had returns of 2.1% versus that of the Policy of 1.0%. He explained that although Herring Bank had

outperformed Amarillo National Bank in the near-term, Amarillo National Bank had outperformed Herring Bank in the further-out periods. He added that the Fund experienced a great quarter compared to a difficult year in 2013; however, the Fund was right on track for the inception period. Reviewing the Sharpe Ratio for the 3-year time period, Mr. Browning reported the Fund's ratio was 0.77 versus the Policy's 1.17; 0.93 versus 0.99 for the 5-year period, and 0.71 versus 0.70 for the 10-year time period. Overall, Mr. Browning stated that both money managers had performed well for the Fund.

ITEM 7: Review and Consider Resolution(s) Regarding Uncompensated Care and Medicaid Funding. As Necessary, May Review and Discuss Indigent Care Agreement and Healthcare Services Agreement. Mr. Crawford presented the quarterly resolution regarding funding the Medicaid program. Mr. Speed motioned to approve the resolution as presented, authorizing a payment for the quarter in the amount of \$1,360,000. Mr. Ruthart seconded the motion and it unanimously carried.

ITEM 8: Presentation and Discussion of AHD Audit. Ms. Arnold presented the Amarillo Hospital District's Annual Financial Report at September 30, 2013 and reported that the audit produced a clean, unmodified opinion.

ITEM 9: Presentation and Discussion of Nwth Pension Plan Audit. Mr. Joiner presented the Annual Financial Report for the Retirement Plan for Employees of Northwest Texas Healthcare System at September 30th, 2013. He reported that the audit produced an unmodified, clean opinion.

ITEM 10: Presentation and Discussion of Agreed Upon Procedures Audit on the Tobacco Settlement Cost Report. Ms. Arnold presented the Independent Accountant's Report on Applying Agreed-Upon Procedures that relates to the Tobacco Settlement Expenditure Statement for the Amarillo Hospital District for the year ended December 31, 2013. She explained that this audit is performed each year in conjunction with the tobacco report as a method of due diligence. She reported that there were no compliance issues, that the audit produced no findings on any agreements or procedures.

Motion was made by Dr. Rahman, seconded by Mr. Ruthart, and unanimously carried to accept and approve items 8, 9, and 10 as presented.

ITEM 11: Presentation of 2014 Tobacco Settlement Cost Report. Ms. Bonner presented the 2014 Tobacco Settlement Distribution Expenditure Statement. She reported \$12,849,531 had been submitted to the State in total allowable expenditures. Ms. Bonner explained that of the total expenditures, \$705,880 was reported by Potter County and \$12,143,651 was reported by the District. She added that settlement proceeds in the amount of \$241,325.01 were expected from the State Comptroller and that of those proceeds, \$13,257.02 would be allocated to Potter County and the remaining \$228,067.99 would be received by the Hospital District.

ITEM 12: Consider Pension Plan Investment Policy. Ms. Bonner explained that the Fund's Investment Consultant, Roy Browning, had suggested removing one of the Investment Policy's investment goals: the goal of achieving a rate of return that is in the top third of representative universe of competitive funds, because he felt the measures were no longer comparable. The Board agreed to remove the goal with the objective of meeting all four of the remaining investment goals. Mr. Ruthart motioned to approve the Investment Policy as presented with the amended changes. Mr. Ellis seconded the motion and it carried unanimously.

ITEM 13: Consider Corpus Investment Policy. Ms. Bonner explained that although there were no recommendations from staff regarding the Corpus Investment Policy, the Public Funds Investment Act requires plans to review their investment policies annually. Mr. Ruthart motioned to approve the Corpus Investment Policy as presented, with no changes. Mr. Ellis seconded the motion and it unanimously carried.

ITEM 14: Consider Approval of Potter County Sheriff Sale Properties. Ms. Bonner presented a list of sheriff sale properties that Potter County had sent out for bid. She reviewed that the thought behind the sheriff sales were to get delinquent properties to taxpayers who would pay their taxes on those properties. She explained that although the Hospital District does not currently levy a tax, approval was needed from each taxing entity because the properties were being sold for an amount less than the taxes owed. Motion was made by Mr. Ellis, seconded by Mr. Ruthart, and unanimously carried to approve the Potter County Sheriff Sale properties as presented.

ITEM 15: Consider Approval of Texas Pension Review Board Form PRB-1000. Ms. Bonner presented the District's Form PRB-1000 for the year ended September 30, 2013. She explained that the report is a new requirement by the State's Pension Review Board. Ms. Bonner added that the report is a summary of investment returns and assumptions and is prepared by the Fund's actuary, John M. Crider, Jr. Mr. Ellis motioned to approve the Texas Pension Review Board Form PRB-100 as presented. Mr. Ruthart seconded the motion and it carried unanimously.

ITEM 16: Presentation of Quarterly Financial Statements. Ms. Bonner presented the Amarillo Hospital District's quarterly financial statements at March 31, 2014 and reported a total liabilities and Fund balance of approximately \$214 million. She stated that the Fund had received total revenue of about \$2.7 million, \$1.1 million in realized investment income and \$1.6 million in unrealized investment income. Reviewing the Budget Versus Actual Report of the Operating Fund, Ms. Bonner reported total budgeted revenue of \$5.5 million versus an actual recognized amount of \$1.1 million for the quarter. She reviewed total expenses budgeted at \$10 million versus an actual \$4.7 million. Ms. Bonner explained from a summary of realized investment income at March 31st, 2014 that the District had received \$2,230,359 in investment income and realized losses of \$952,565.

ITEM 17: Quarterly Investment Report from Investment Officer: Mr., Ruthart presented the Hospital District's Quarterly Investment Report at March 31, 2014 and reported that the Amarillo Hospital District's Portfolio was in compliance with both the District's Investment Policy and the Public Funds Investment Act.

ITEM 18: Public Comments. There were no public comments.

ITEM 19: Adjournment. There, being no further business, Mr. Speed motioned to adjourn the meeting. The motion was seconded by Mr. Ruthart and the meeting adjourned at 9:30 a.m. This meeting was recorded and all comments are on file with the City Finance Department.

ATTEST:



Chuck Speed, Secretary



Bob Stafford, MD, Chairman