

**AMARILLO HOSPITAL DISTRICT
FINANCE COMMITTEE MEETING
AMARILLO CITY HALL
COMMISSION CONFERENCE ROOM
MINUTES
APRIL 26, 2010
4:00 P.M.**

<u>Members</u>	Present
Mr. Craig Bryan, Chairman	Yes
Mr. Greg Graham	Yes
Ms. Murielle Barnes	Yes

Also Present

Mr. Dean Frigo	Assistant City Manager for Financial Services, City of Amarillo
Ms. Andrea Rains	Recording Secretary, City of Amarillo
Mr. John M. Crider	Consulting Actuary
Ms. Cindi Eagle	CPA, Connor, McMillon, Mitchell, Shennum, PLLC
Ms. Janie Arnold	CPA, Connor, McMillon, Mitchell, Shennum, PLLC
Mr. Matt Ramsey	Investment Officer, Amarillo National Bank
Mr. Herman Shirly	Investment Officer, Herring Bank
Dr. Bonna G. Benjamin	Regional Chair, Department of Pediatrics, TTUHSC

ITEM 1. Mr. Bryan called the meeting to order at 4:00 pm and welcomed everyone in attendance.

ITEM 2. Mr. Bryan presented the minutes of the last finance committee meeting held January 11, 2010. Ms. Barnes noted that her last name had been misspelled in Item 2. Motion to approve the minutes with the mentioned correction was made by Mr. Graham, seconded by Ms. Barnes and carried unanimously.

ITEM 3. Discussion of Actuarial Report on the Pension Plan. Mr. Crider presented the Actuarial Valuation on the Retirement Plan for the Employees of Northwest Texas Healthcare System as of October 1, 2009 and thanked the Committee for the opportunity to prepare the valuation. Mr. Crider reported that the minimum funding contribution amount was the thirty-year funding number of \$1,362,685 and the maximum funding amount was \$2,231,091; which is the twenty-year funding number. He reviewed that that the Board had budgeted \$2,103,169 for the current budget year from the twenty-year number of the 2008 valuation and that this amount meets all requirements of the State and GASB. Actuarial value of assets, he explained, had decreased from \$18,857,668 at October 1, 2008 to \$18,535,468 at October 1, 2009. Mr. Crider reported the rate of return on Plan assets measured at market value at September 30, 2009 was -0.2% for the Plan versus a return of 4.7% for the TLFFRA average and a 5-year average market value of 2.5% versus 4.2%. The Plan's rate of return on Assets Measured at Actuarial Value, he reviewed, was 1.9% at September 30, 2009; 3.0% for the two-year average, and 4.2% for the five-year average. In closing, Mr. Crider noted that the Fund's rate of return should be monitored as well as the age at which employees are retiring. He also noted that members are leaving the service of the hospital each year without applying for benefits. Mr. Crider reminded the Committee that simplification of the Plan is needed before submission to the Internal Revenue Service by January 31st, 2011.

ITEM 4. Consider Funding Recommendation on the Pension Plan. Mr. Graham motioned to recommend to the full Board that it fund the 20-year budgeted number of \$2,103,169 to the Pension Plan. Ms. Barnes seconded the motion and it unanimously carried.

ITEM 5. Presentation and Discussion of AHD Audit. Ms. Eagle presented the Annual Financial Report and the Single Audit Reports at September 30, 2009 for the Amarillo Hospital District. She reported that both audits had clean opinions and no findings. Mr. Frigo reminded the Committee that the Poison Center Grant had been moved to Texas Tech and that the single audit report would no longer be the District's responsibility after August 2010.

ITEM 6. Presentation and Discussion of Nwth Pension Plan Audit. Ms. Eagle presented the Annual Financial Report for the Retirement Plan for the Employees of Northwest Texas Healthcare System at September 30, 2009 and announced that the audit produced a clean opinion.

ITEM 7. Presentation and Discussion on Agreed Upon Procedures Audit on the Tobacco Settlement Cost Report. Ms. Eagle presented the Independent Accountant's Report on Applying Agreed-Upon Procedures. She reported that the report had no exceptions and formed a clean opinion with no findings. Ms. Eagle explained that a sample of 50 inpatients and outpatients had been randomly reviewed and that all patients had been denied for valid reasons.

ITEM 8. Presentation of 2010 Tobacco Settlement Report. Mr. Frigo presented the Tobacco Settlement Cost Report for 2010. Mr. Frigo reviewed that this report is submitted jointly with Potter County to the State each year by March 31st. He reported that for the calendar year 2009, the District submitted total allowable expenditures of \$20,062,775. Mr. Frigo reviewed that of that amount, Potter County submitted unreimbursed county expenditures for health care in the amount of \$504,921. He reminded the Committee that the District gets to reprice services received from Northwest Texas Hospital for indigent care using higher Medicare rates. Mr. Frigo announced that total settlement proceeds of \$356,627.12 had been received and that \$8,975.26 of the proceeds is Potter County's portion and the remaining \$347,651.86 is the District's portion.

ITEM 9. Consider Approval of the Potter County Sheriff Sale. Mr. Frigo presented properties from Potter County that had been struck off to the Tax Collector for delinquent taxes. Since the properties did not sale for the amount of taxes due, he reviewed, the County then solicits for bids and awards the properties to the highest bidder. Mr. Graham motioned to recommend the sales to the full Board. Ms. Barnes seconded the motion and it unanimously carried.

ITEM 10. Consider Approval of Investment Training with the University of North Texas. Mr. Bryan reported that the AHD's Investment Officer, Mr. Greg Graham, had attended two days of investment training in Austin, Texas on April 13th & April 14th. Mr. Frigo noted that the training was administered by the GFOAT (Government Finance Officers Association of Texas), and that investment officers must receive ten hours of investment training every two years from an independent source. Motion to approve Mr. Graham's investment training was made by Ms. Barnes, seconded by Mr. Graham and carried unanimously.

ITEM 11. Presentation of Quarterly Financial Statements. Mr. Frigo presented the AHD's quarterly financial statements at March 31, 2010 and reported that the General Fund had a total balance of \$228,384,250. He reviewed the Fund had approximately \$205 million in cash and investments, and securities lending collateral of \$9,765,000. Mr. Frigo further reviewed prepaid expenses, which is the indigent care contract paid through August 2013, totaled \$18,274,379. He noted that the net pension amount of \$3,216,662 is listed as an asset because the District is funding the pension plan faster than required. Reviewing the Income Statement, Mr. Frigo reported total revenue of \$2,724,297 versus total expenses of 4,347,383. He stated that the largest operating expense was Indigent Care at \$2,994,358, followed by Professional Services at \$856,845; which includes the dental, pediatric, and Tobacco Free Amarillo contracts, and Public Health at \$354,786. Reviewing the budget versus actual report, Mr. Frigo pointed out that actual investment income of \$4,285,731 was slightly behind the budgeted number of \$8,975,000 or 48% realized at half-year. He reported that, under expenses, the District was right on target with Indigent Care; being 50.66% realized. Mr. Frigo explained that Public Health was only 37.85% realized because grant money is being utilized first. He reported that the District's total expenses were budgeted at \$9,440,337 versus an actual \$3,491,610 at half-year and had cash of \$798,733 from operations. Reviewing the Tobacco Fund's budget versus actual report, Mr. Frigo stated that miscellaneous income, which is the tobacco settlement, was behind with an actual amount of approximately \$347 thousand versus a budgeted amount of \$470,499. He reported that professional services were 50% realized at a budgeted amount of \$1,639,210 versus an actual amount of \$819,605. Mr. Graham pointed that the Fund had experienced a shortfall at half-year.

ITEM 9. Quarterly Investment Report from Investment Officer. Mr. Graham reported that the Amarillo Hospital District remains in compliance with investment guidelines and the District's Investment Policy. He stated that he would read the full report at the next AHD Board of Managers meeting.

ITEM 10. Public Comments. Mr. Shirley commented about how the recent changes approved by the Board to the Fund's investment policy allocation have helped to add 40 to 50 basis points to his returns. Dr. Benjamin reported that construction had begun on the expansion project of the Texas Tech Department of Pediatrics on April 4th.

ITEM 11. Adjournment. There, being no further business, Mr. Bryan adjourned the meeting at 4:55 pm. This meeting has been recorded and all comments are on file in the City Finance Department.



Greg Graham, Vice-Chairman



Craig Bryan, Chairman