AMARILLO HOSPITAL DISTRICT
FINANCE COMMITTEE MEETING
AMARILLO CITY HALL
ROOM 306
MINUTES
JANUARY 30, 2012
4:00 P.M.

Members	Present
Mr. Greg Graham	Yes
Ms. Murielle Barnes	Yes
Mr. Chuck Speed	Yes

Also Present	
Mr. Dean Frigo	Assistant City Manager for Financial Services, City of Amarillo
Ms. Andrea Rains	Recording Secretary, City of Amarillo
Mr. Kyle Sanders	Chief Executive Officer, Northwest Texas Healthcare System
Ms. Kelly A. Bevis	Investment Consultant, Wells Fargo Advisors
Mr. Matt Ramsey	Investment Manager, Amarillo National Bank
Dr. Richard Jordan	Regional Dean, TTUHSC

ITEM 1. Mr. Graham established a quorum and called the meeting to order at 4:00 p.m. at City Hall, 509 East 7th Street, Third Floor, Room 303.

ITEM 2. Mr. Graham presented the minutes from the last AHD Finance Committee meeting held July 25, 2011. With no questions or comments, Ms. Barnes motioned for approval of the minutes as presented. Mr. Speed seconded the motion and it carried unanimously.

ITEM 3. Discussion and Recommendation on Indigent Care Agreement and Healthcare Services Agreement. Review and Consider Resolutions Regarding Suspension Agreement and Amendment to Healthcare Services Agreement. Mr. Frigo explained that the documents in Item 3 would suspend the Indigent Care Agreement an additional quarter, the same as in the past. He reported that the District would make a quarterly payment in the amount of $1,363,045, at an 8% discount, instead of the regular quarterly payment of $1,735,385. Mr. Frigo noted that the District will prepay the Indigent Care Agreement through February 8th, 2015 if the presented agreements and resolutions are approved. Mr. Sanders explained that there were some new requirements being made of UHS that basically added additional paperwork in order for UHS to achieve the same UPL funding levels. He clarified that there were no changes to how the money will be handled. Mr. Graham pointed out that the agreements were consistent with the agreements made in the past where the District has prepaid no further out than three years. Mr. Speed motioned to recommend approval of Item 3 and Item 4 below to the Full Board. Ms. Barnes seconded the motion and it carried unanimously.

ITEM 4. Discussion and Recommendation on Upper Payment Limit Program. This item was motioned for recommendation to the Full Board above in Item 3.

ITEM 5. Presentation of Asset Allocation Study. Ms. Bevis presented an Asset Allocation Study prepared by Wells Fargo Advisors for the Amarillo Hospital District Pension Plan. She reviewed asset class correlations and how different classes could work together in order to reduce risk. Using the Efficient Portfolios Comparison from the Study, Ms. Bevis explained that by adding asset classes such as Emerging Market Equity, REIT Equity and High Yield Fixed Income to the Fund's Portfolio, certain allocations could increase return and together, reduce risk. She reviewed that some asset allocation scenarios could actually increase return while taking the same amount of risk, or even by taking less risk, than the Fund's current allocation. Mr. Ramsey stated that although he had an actuarial and cash flow concern, Amarillo National Bank had the ability and capability to add any asset class to the Fund's Portfolio per Board approval.

ITEM 6. Consider Pension Plan Investment Policy. No action was taken on this item.

ITEM 7. Consider Corpus Investment Policy. Mr. Frigo explained that per the Texas Public Funds Investment Act, the Corpus' Investment Policy must be reviewed annually. He stated that City staff had recommended a few housekeeping changes as well as some language changes required by law. He noted that CDARS (Certificate of Deposit Account Registry Service) had been added as an allowable investment and that the ratings on the Fund's mutual funds will now be monitored monthly with a detailed review of the mutual fund's holding being prepared quarterly. Motion was made by Ms. Barnes, seconded by Mr. Speed and carried unanimously to recommend adoption of the Corpus Investment Policy as presented to the Full Board.

ITEM 8. Presentation of Quarterly Financial Statements. Mr. Frigo presented the Amarillo Hospital District's Quarterly Financial Statements at December 31, 2011 and reported a total liabilities and Fund balance of $229,015,792. He reviewed total current assets of $223,327,188 and explained that of that amount, approximately $207 million was in cash and investments and the $15,250,697 amount reported as prepaid expenses was the amount the District had prepaid to UHS under the Indigent Care Agreement. Other assets, Mr. Frigo noted, included the District's dental clinic building in the amount of $93,264 and the net pension asset amount of $5,595.340. Reviewing the Income Statement of the General Fund, he reported total expenses of approximately $3.9 million over total revenue of about $1.8 million and pointed out that the District had made the budgeted $2 million contribution to the Pension Plan, which was about the same amount as the net loss of the Fund for the first quarter. Mr. Frigo reviewed the Budget versus Actual Report for the Operating Fund and reported a budgeted realized investment income amount of $6,412,500 versus an actual amount of $2,303,083, which was about 36% realized and ahead of the targeted 25% for the first quarter. He further reviewed that the Retirement Trust was 100% realized and that the Indigent Care Contract with UHS was right at 25% realized. Mr. Frigo stated that he remained optimistic, for the Fund had exceeded its budgeted target amount in total revenue for the year-to-date. He pointed out in the Budget versus Actual Report for the Tobacco Fund that the Fund receives revenue once a year, in April, from the Tobacco Settlement. Mr. Frigo reviewed that the Fund's only expense for the quarter was in Professional Services, which was 25% realized at a budgeted amount of $245,250 versus an actual amount of $61,313.

ITEM 9. Quarterly Investment Report from Investment Officer. Mr. Graham stated that he would read the entire Investment Report at the following morning's Board of Directors meeting. He noted that the District's Portfolio was in compliance with its Investment Policy.

ITEM 10. Public Comments. Dr. Jordan spoke regarding the Texas Medicaid 1115 Waiver and expressed his desire for Texas Tech to develop regional partnerships to take advantage of the Waiver.

ITEM 12. Adjournment. There, being no further business, Mr. Graham adjourned the meeting at 4:47 p.m. This meeting has been recorded and all comments are on file in the City Finance Department.

Greg Graham, Chairman

ATTEST:

Murielle Barnes, Vice-Chairman