AMARILLO HOSPITAL DISTRICT
FINANCE COMMITTEE MEETING
AMARILLO CITY HALL, ROOM 306
MINUTES
NOVEMBER 5, 2012
4:00 P.M.

Members	Present
Mr. Rodney Ruthart	Yes
Mr. Mark Logsdon	Yes
Mr. Smith Ellis	Yes

Also Present

Mr. Dean Frigo	Assistant City Manager for Financial Services, City of Amarillo
Mr. Roy Browning	Investment Consultant, Wells Fargo Advisors
Mr. Matt Ramsey	Investment Manager, Amarillo National Bank
Ms. Andrea Rains	Recording Secretary, City of Amarillo

ITEM 1. Election of Committee Chair. Motion was made by Mr. Ellis, seconded by Mr. Logsdon and unanimously carried to nominate Mr. Rodney Ruthart as the Finance Committee Chairman.

ITEM 2. Call To Order. Mr. Ruthart called the meeting to order at 4:01 p.m. at City Hall, 509 East 7th Avenue, Third Floor, Room 303.

ITEM 3. Mr. Ruthart presented the minutes from the last AHD Finance Committee meeting held July 30, 2012. With no questions or comments, motion was made by Mr. Logsdon, seconded by Mr. Ellis, and unanimously carried to approve the minutes as written.

ITEM 4. Presentation and Discussion of the Pension Fund Investment Performance. Mr. Browning presented the Investment Performance Review for the Amarillo Hospital District's Pension Plan at September 30, 2012. He reviewed that the Policy's current benchmark is 60% domestic equities and 40% bonds compared to the previous benchmark of 50% bonds, 45% equities, and 5% treasuries. He reported that for the latest three month period, the Fund had returns of 4.6% versus the Policy of 4.4%. Mr. Browning further reported returns of the Fund of 10.3% versus 11.2% and 16.8% versus 19.5% for the latest nine months and fiscal year to-date, respectively. He explained that because of the Fund's rigorous cash requirements each year, the Fund's Investment Manager, Matt Ramsey, must keep a portion of the Fund liquid in order to process the Fund's benefit payments. Mr. Browning reviewed that for the latest 3 month period, Amarillo National Bank had returns of 1.5% versus the policy of 1.4%; 2.2% versus 3.5% for the latest nine months, and 2.3% versus 4.4% for the latest fiscal year to-date. Mr. Browning suggested estimating an annual cash requirement amount and convert it into a percentage that would be allowed to be kept in money market funds. Mr. Ramsey stated that 17.5% invested in cash would be an accurate number. Thus, Mr. Browning suggested the Committee revise the Pension Plan's Investment Policy to include 60% investments in equities, 22.5% in fixed income, and 17.5% in cash. The Committee agreed to place the suggestion as an item on the next Committee meeting's agenda.

ITEM 5. Consider Proposal for Actuarial Services. Mr. Frigo reviewed the Proposal for Actuarial Services submitted by John M. Crider, Jr. and added that Mr. Crider had been providing actuary services to the Hospital District since 1996. He stated that Mr. Crider is very timely with his work and had submitted within his proposal, the preparation of benefit calculations for individual participants at $695 per calculation. He reviewed that Mr. Crider had submitted preparation of GASB statements at an hourly rate with a cap. Mr. Frigo stated that he would recommend acceptance of Mr. Crider's proposal. Mr.

Ellis motioned to recommend approval to the Full Board of Mr. Crider's proposal for Actuarial Services as submitted. Mr. Logsdon seconded the motion and it carried unanimously.

ITEM 6. Consider Funding Recommendation on the Pension Plan. Mr. Frigo reviewed that the Amarillo Hospital District had budgeted a $2 million contribution amount to the Pension Plan. He explained that the District's Actuary, Mr. Crider, had given the District three figures: the thirty-year funding contribution amount of $1,323,843; the twenty-year funding amount of $2,597,658; and the ten-year funding amount of $2,066,604. He stated that any number between the thirty-year and the twenty-year funding contribution amounts would be in compliance with the State of Texas requirements. Mr. Frigo pointed out that the $2 million budgeted number was also in compliance. Motion was made by Mr. Ellis, seconded by Mr. Logsdon and unanimously carried to recommend to the Full Board that it contribute the $2 million budgeted amount to the Pension Plan.

ITEM 7. Presentation of Quarterly Financial Statements. Mr. Frigo presented the Amarillo Hospital District's Financial Statements at September 30, 2012. He noted that this report was at the District's fiscal year-end. He reviewed the balance sheet of the General Fund and noted current assets of cash equivalents and investments of approximately $207 million. Mr. Frigo reported a total liabilities and Fund balance amount of $230,809,125. He reviewed total revenue of approximately $8.2 million and total expenses of about $9.8 million for an operating loss of $1.6 million. After the net pension asset adjustment of $1,283,784; he reported a net income loss of $357,815. Mr. Frigo explained that if the unrealized investment loss of about $1.4 million were excluded from that amount, the Fund would have a net income amount of approximately $1.1 million. From the Operating Budget versus Actual Report, Mr. Frigo reported that the Fund had a budgeted amount of $6.4 million in investment income, versus an actual amount of $9.3 million received. He reviewed that the Fund's total operating expenses totaled an actual amount of approximately $9.6 million for a loss of about $250 thousand. He pointed out that the Fund had budgeted for a loss of $3.2 million. From the Tobacco Fund's Budget versus Actual Report, Mr. Frigo reviewed that that Fund had budgeted investment income of $245,250 versus an actual amount received of $278,842. He further reviewed that the Fund's actual total expenses were $266,233; and ended the period with a slight gain.

ITEM 8. Public Comments. There were no public comments.

ITEM 9. Adjournment. With there being no further business, Mr. Logsdon motioned to adjourn the meeting at 4:40 pm. Mr. Ellis seconded the motion and it carried unanimously. This meeting has been recorded and all comments are on file in the City Finance Department.

Rodney Ruthart, Committee Chairman

ATTEST:

Mark Logsdon, Vice-Chairman