

**AMARILLO HOSPITAL DISTRICT
FINANCE COMMITTEE MEETING
AMARILLO CITY HALL
Commission Conference Room
April 28, 2008
4:00 P.M.**

Members

Mr. Craig Bryan, Chair
Mr. Greg Graham
Mr. Andy Obermueller

Present

Yes
Yes
No

Also Present

Mr. Dean Frigo	Finance Director, City of Amarillo
Ms. Andrea Rains	Recording Secretary, City of Amarillo
Mr. John M. Crider, Jr.	Consulting Actuary
Mr. Andy Ray	Clifton Gunderson, LLP
Mr. Jerry McMillon	Clifton Gunderson, LLP

ITEM 1. Mr. Bryan called the meeting to order at 4:04 p.m. at City Hall, 509 East 7th Street, Third Floor, City Commission Conference Room, and welcomed everyone in attendance.

ITEM 2. Mr. Bryan presented the minutes of the last finance committee meeting held June 28, 2007. Motion to approve the minutes as written was made by Mr. Graham, seconded by Mr. Bryan, and unanimously carried.

ITEM 3. Discussion of Actuarial Report on the Pension Plan. Mr. Crider presented the Actuarial Report on the Retirement Plan for the Employees of Northwest Texas Healthcare System as of October 1, 2007. He noted the actuarial value of the assets had increased from \$18,377,526 in 2006 to \$18,999,467 in 2007 and reported an increase in the actuarial present value as well: \$32,900,382 in 2006 to \$33,014,067 in 2007. Mr. Crider reviewed the thirty-year funding decreased from \$1,385,220 in 2006 to \$1,362,131 in 2007. The twenty-year funding from October 1, 1998 increased from \$1,917,429 in 2006 to \$1,978,698 in 2007 and the ten-year funding decreased from \$2,115,601 in 2006 to \$2,086,412 in 2007. Mr. Crider stated that the budgeted amount of \$1,915,336 for the current year would be sufficient to meet all the contribution requirements. He noted two reasons for the increase in the twenty-year funding contribution amount: 1) active members of the plan continued to retire at ages earlier than the assumed age and 2) the change in the age at which plan members were assumed to retire. Mr. Crider reviewed that the assumed retirement age had been lowered from 58 to 57 in 2006 and from 57 to 56 in 2007. However, he noted, the average retirement age for all types of retirement during the plan year ending September 30, 2007 was 51. Mr. Crider stated that the District historically uses the 20-year funding contribution for purposes of budgeting for the next fiscal year and stated that the projected 20-year funding contribution for the 2008-2009 plan year is \$1,965,569. He noted that each projected contribution level is slightly lower than its corresponding amount for the prior year, indicating that contribution levels under the plan have begun to stabilize. Actual investment returns for the plan years ending September 30, 2003 through 2007 were 11.9%, 6.6%, 4.8%, 7.5%, and 12.8% respectively, he reported. Mr. Crider explained that he used a 5-year smoothing of asset values to determine the actuarial value of the plan assets. Mr. Crider informed that high rates of return, or the age of retirement, could risk over-funding the plan and noted that once money is put into the Plan, it cannot be taken out. He advised that, in the future, the Board would need to monitor the Plan closely to avoid becoming over-funded. In closing, Mr. Crider stated that he could not see a better job being done on the Plan.

ITEM 4. Consider Funding Recommendation on the Pension Plan. Motion to recommend funding of the Pension Plan as budgeted in the amount of \$1,915,336 to the full Board was made by Mr. Graham, seconded by Mr. Bryan and carried unanimously.

ITEM 5. Presentation and Discussion of AHD Audit. Mr. Ray presented the Annual Financial Report and Single Audit Report for the Amarillo Hospital District at September 30, 2007. He reported that the Amarillo Hospital District had a good year overall and that there were no findings in either reports. Mr. Ray stated that the District's Annual Financial Report and the Single Audit Report were both clean reports.

ITEM 6. Presentation and Discussion of Nwth Pension Plan Audit. Mr. Ray presented the Annual Financial Report for the Retirement Plan for the Employees of Northwest Texas Healthcare System at September 30, 2007. He reported that the audit produced an unqualified opinion and there were no problems found within the report.

ITEM 7. Presentation and Discussion on Agreed Upon Procedures Audit on the Tobacco Settlement Cost Report. Mr. McMillon presented the Independent Accountant's Report on Applying Agreed-Upon Procedures and explained that the audit is performed annually to the expenditures report, relating to the Tobacco Settlement Cost Report, submitted to the State. He reviewed that the main purpose of the audit is to provide due diligence by the Board, noting that the penalty from the State is 10% of the overstatement reported in the Cost Report. Mr. McMillon reported that within the audit, a sample of 50 files that had been denied indigent care was randomly selected. Of those random files, he informed, the reasons for denial were proper and had no exceptions. He stated that audit was consistent and presented no findings.

ITEM 8. Presentation of 2008 Tobacco Settlement Cost Report. Mr. Frigo presented the 2008 Tobacco Cost Report and stated that the Amarillo Hospital District had filed a joint report with Potter County totaling \$17,669,267 in expenditures. He reviewed that Potter County reported \$440,634 in expenditures and the Amarillo Hospital District reported expenditures in the amount of \$17,228,633. Mr. Frigo stated that by law, the District is permitted to report a higher number than what was actually paid to UHS by re-pricing the services provided by Nwth using Medicaid rates. Mr. Frigo reported that the Amarillo Hospital District would receive a total distribution of \$786,965.94. He reviewed that the Amarillo Hospital District budgeted approximately \$670 thousand in Tobacco Proceeds and received \$767,340.68; Potter County received \$19,625.26.

ITEM 9. Consider Approval of the Potter County Sheriff Sale Property. Mr. Frigo reviewed that when property taxes become delinquent, Potter County will initially attempt to sale the property on the steps of the Potter County Courthouse, known as the Sheriff Sale, for the taxes due. He reported that since the property at 507 N. Monroe Street did not sale at the Sheriff Sale, it had been sent to the Potter County Tax Collector for disposal. He announced that the Tax Collector had received an offer in the amount of \$500.00 to purchase the property and that since the offer amount is less than the taxes due, each governing body must concur with the sales price. Motion was made by Mr. Graham, seconded by Mr. Bryan, and carried unanimously to recommend to the full Board that it approve the Potter County Sheriff Sale Property.

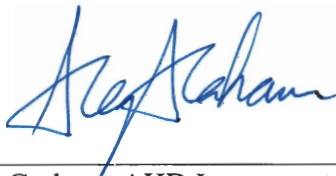
ITEM 10. Consider Approval of Investment Training with the University of North Texas. Mr. Frigo reported that he and Mr. Greg Graham attended the Public Funds Investment Act Workshop in Amarillo, Texas on February 21st and 22nd, 2008. He noted that, by law, investment training must be conducted by an independent source and approved by the Board. Mr. Bryan made the motion to recommend approval of investment training conducted by the University of North Texas. Mr. Graham seconded and the motion carried unanimously.

ITEM 11. Presentation of Quarterly Financial Statements. Mr. Frigo presented the Amarillo Hospital District's quarterly financial statements through March 31, 2008. He stated that the March financial statements covered half of the District's fiscal year and reported that at March 31, 2008, the General Fund had \$13,916,024 in cash and cash equivalents and \$202,154,372 in investments. He reported \$11,830,000 in invested securities lending collateral with a corresponding liability to return the collateral. Mr. Frigo reviewed \$182,651 in accrued expenses and reported at the end of March, the total liabilities and Fund balance was \$243,232,265. In reviewing General Fund revenue, he stated that the District collected \$3,447 in delinquent taxes and had \$6,371,512 in realized investment income and \$5,207,099 in unrealized investment income. Mr. Frigo reported total revenue in the amount of \$11,947,312 and total expenses of \$4,764,396 for an operating income of \$7,182,916. He noted that the Donor Restricted Funds had a total Fund balance of \$51,398 at March 31, 2008. In reviewing operating budget versus actual, Mr. Frigo reported realized investment income in the amount of \$6,298,521 versus \$10,800,000 budgeted, noting that the District had collected 58.32% of its realized investment income compared to 50% for half the year. He reviewed that the District's largest expense, Indigent Care, was at 50%, or \$3,178,133 actual, versus \$6,356,268 budgeted. The Tobacco Fund, Mr. Frigo reported, had actual realized investment income in the amount of \$72,990 versus a budgeted amount of \$111,046. He reviewed that the Dental Clinic, Pediatric Support Services and the Tobacco Initiative are all funded from the Tobacco Fund. He reported that the Tobacco Fund at March 31, 2008 had paid approximately \$142 thousand to the Dental Clinic, \$558 thousand to Pediatric Support Services and \$112 thousand to the Tobacco Initiative. Mr. Frigo stated that the Fund received Tobacco Settlement Proceeds in the amount of \$767,340.68 and had budgeted approximately \$670 thousand. He noted that the proceeds alone could not support the total expenses of the Fund.

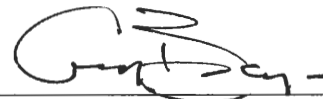
ITEM 12. Quarterly Investment Report from Investment Officer. Mr. Graham stated that he would present the Quarterly Investment Report at the next morning's Board of Directors meeting, April 29, 2008.

ITEM 13. Public Comments. There were no public comments.

ITEM 14. Adjournment. There, being no further business, Mr. Bryan adjourned the meeting at 5:32 p.m. All comments of this meeting are on file in the City Finance Department.



Greg Graham, AHD Investment Officer



Craig Bryan, Chair