

**AMARILLO HOSPITAL DISTRICT
REGULAR MEETING OF BOARD OF MANAGERS
AMARILLO CITY HALL
CITY COMMISSION CHAMBERS
MINUTES
November 6, 2007
7:30 A.M.**

<u>Members</u>	<u>Present</u>
Mr. Craig Bryan, Chairman	Yes
Mr. Alphonso Vaughn	No
Mr. John Ben Blanchard	Yes
Mr. Greg Graham	No
Ms. Becky Dodson, Secretary	Yes
Dr. Paul Proffer	Yes
Mr. Andrew Obermueller	Yes

Also Present

Mr. Marcus Norris	City Attorney, City of Amarillo
Mr. Dean Frigo	Finance Director, City of Amarillo
Ms. Andrea Rains	Recording Secretary, City of Amarillo
Mr. Matt Richardson	Director of Public Health, City of Amarillo
Ms. Vicki Covey	Director of Community Services, City of Amarillo
Mr. Roy Browning	Wachovia Securities
Mr. Matt Ramsey	Amarillo National Bank
Mr. Kyle Sanders	Chief Financial Officer, Northwest Texas Healthcare System
Ms. Meg Williams	Director, Tobacco Free Amarillo
Ms. Katrina Goldby	Administrative Director, J.O. Wyatt Clinic
Ms. Debra Cain	Dean of Finance, TTUHSC

ITEM 1: Mr. Bryan called the meeting to order at 7:36 am at City Hall and welcomed those in attendance.

ITEM 2: Presentations. Mr. Bryan introduced Mr. Andrew Obermueller and stated that Mr. Obermueller would fill the vacancy left by Ms. Lovelady on the Board.

ITEM 3: Approval of Minutes from October 9, 2007. Mr. Bryan presented the minutes from the last AHD Board of Managers meeting held October 9, 2007. There were no questions or comments. Motion for approval was made by Ms. Dodson, seconded by Dr. Proffer, and unanimously carried.

ITEM 4: This item was moved to the end of the agenda. The Board convened into Executive Session at 9:07 to consult with attorney on the following matters:

Sec. 551.071 – Consult with attorney about pending or contemplated litigation (AHD vs. Sumner)

The Board completed its Executive Session at 9:10 am.

ITEM 5: Presentation and Discussion of the AHD Corpus Investment Performance. Mr. Browning reported that the total assets of the Fund at September 30, 2007 were \$210.8 million. For the last quarter, He reviewed that the total portfolio was slightly behind the market: 3.07% versus 3.34% and ranked in the 31st percentile. For the last 12 months and since inception, he stated that the Fund was ahead of the market and reported the last 12 months: 5.80% versus 5.59%, ranking in the 2nd

percentile, last 3 years: 3.93% versus 3.66%, ranking in the 9th percentile, last 5 years: 3.88% versus 3.36% ranking in the 12th percentile and since inception: 5.31% versus 5.07%, ranking in the 11th percentile. Mr. Browning noted that even though the Fund is having great numbers over the market, the numbers are still low overall. In reviewing returns of the individual managers, he noted the last quarter: Amarillo National Bank: 3.14%, Herring National Bank I: 2.91% and Herring National Bank II: 3.43%. For the year: Amarillo National Bank: 5.92% and in the 1st percentile, Herring I: 5.58% in the 7th percentile and Herring II: 5.90% in the 2nd percentile. Overall, Mr. Browning stated that the money managers are doing a phenomenal job with the Fund.

ITEM 6: Presentation and Discussion of the Pension Fund Investment Performance. Mr. Browning announced that the total market value of the Portfolio at September 30, 2007 was at \$19.2 million. In reviewing time-weighted returns, he stated that the Fund had returns of 7.82% versus 7.53% of the market for the nine-month period. For the latest year: 13.62% versus 12.21%, 3 years: 9.02% versus 8.63%, 5 years 9.31% versus 9.16%, 10 years: 6.33% versus 6.54%, and since inception: 6.63% versus 6.83%. Mr. Browning reviewed that the asset composition of the total fund was 54.92% equities, 33.43% fixed income, and 11.65% cash and equivalents and stated that the percentages were all well within the target allocation. He reported that on a risk-adjusted basis, the Fund had improved since inception and is taking similar risk and getting slightly less of a return than that of the market. Mr. Browning stated that the Fund ranked in the 39th percentile for the latest 9 months, 23rd for the latest year, 53rd for the latest 3 years, and 71st for the latest 5-year period. In summary, Mr. Browning stated that Mr. Ramsey has done a terrific job with the Fund and acknowledged that he is very pleased with the Fund's performance.

ITEM 7: Presentation of Tobacco Free Amarillo Program. Ms. Williams introduced herself to the members of the Board and stated that Tobacco Free Amarillo is a smoking cessation program that was instituted by the Amarillo Hospital District Board in 1999 to address the smoking problem discovered in that year's public health assessment. She reviewed that Tobacco Free Amarillo is a multi-cessation component program that work together in a public health-focused approach in order to reach a greater amount of people. The first component of the program Ms. Williams stated, is the school-based component and is responsible for equipping educators to effectively teach tobacco curriculum. She reported that \$50,000 is used to purchase durable tobacco curricula each year, and 22,000 students are reached annually in the schools. Ms. Williams reviewed that the community component works closely with schools to reach same demographic as well as the Women, Infant, and Children (WIC) Program, which sees approximately 10,000 people annually. She further reviewed that the community component brings individuals to speak at schools, community prevention fairs, and addresses any cessation needs that the community may have such as equipping businesses and hospitals with quitting smoking materials. The media component, she estimated, reaches 6 million people annually. She stated that each year, half of the program's grant money is spent on media. The media, Ms. Williams reviewed, runs campaign commercials aimed at separate demographics to reach as many people as possible. The cessation component, she reported, is mainly focused on efforts made through the J.O. Wyatt Clinic. Ms. Williams stated that the program funds and enables the clinic to use different cessation aids such as drugs, nicotine replacements and classes; and announced that the J.O. Wyatt clinic has a quit-rate of 60%. The evaluation component, she stated is the final component that evaluates the strengths and weaknesses of the Tobacco Free Amarillo Program. The evaluation component highlights the best practices and notifies where changes are needed. Ms. Williams gave a 5-year cumulative result overview from 2000: The 6th grade smoking prevalence dropped 70%, 8th graders decreased 48%, 9th grade decreased 65% and 12th grade dropped 43%. She stated that with those results, future money had been saved in tobacco-related sicknesses. Mr. Bryan stated that the decreasing numbers were great. Ms. Dodson stated that she was proud of the way that Tobacco Free Amarillo has spent their money and complimented both hospitals for making their campuses smoke-free.

ITEM 8: Presentation of Outpatient Services at J.O. Wyatt Clinic. Ms. Goldby introduced herself to the Board and reviewed that the purpose of the Amarillo Hospital District is to furnish medical aid and hospital care to the indigent and needy persons residing in the Hospital District. She reported that the J.O. Wyatt Clinic was named after Dr. James Odis Wyatt; a physician who was instrumental in meeting health-care needs of the black and Hispanic communities during the 1940's and 1950's. Individuals, she stated, have to apply at FNAC, or the Financial Needs Assessment Center, located on Martin Road in the Women's and Children's Hospital and that eligibility is based on residency and income. Ms. Goldby reported that once all paperwork is submitted, approval or denial is accomplished in approximately one week; that the length of the approval period is decided upon each individual's situation. She reviewed that the Wyatt Health Plan is administered through the J.O. Wyatt Clinic and functions like an HMO, requiring pre-certification for certain procedures. The Wyatt Health Plan is the payer of last resort, she announced, and has approximately 3,600 patients, varying monthly; adding that approximately 10% of patients are on Medicaid and 35% are on Medicare. Ms. Goldby reported that Insurance Management Services (IMS) is the third-party administrator. She reviewed that Clinic hours are Monday thru Friday from 8:00 am to 5:00 pm and Thursdays from 9:00 am to 5:00 pm. Currently, she reported, the Clinic employs 5 ½ full time physicians and anticipates the addition of an internal medicine physician in November 2007 and a family physician in January 2008. Ms. Goldby reviewed that the J.O. Wyatt Clinic also comprises specialty clinics such as: disease management, on-site counselors, smoking cessation classes, weight-loss classes, an onsite lab, x-ray services, a pharmacy, and supplies. She reported that the Clinic stores their records by using EMR, or Electronic Medical Records, which are fully electronic and paperless for the most part. Another specialty clinic, Ms. Goldby reviewed, is the Wyatt Dental Clinic, located on 9th street in the West Amarillo College Campus, which offers primary care dentistry. She noted that the J.O. Wyatt Clinic is currently being updated with fresh paint inside as well as making some telephone enhancements. Ms. Goldby reviewed that the telephone enhancements would enable patients to talk to a staff member rather than message lines. She announced that the Clinic is undergoing a care-team transition to improve patient accessibility to their provider. Ms. Goldby stated that this transition would decrease wait times, improve efficiency, and increase the number of patients cared for. She reviewed that the Public Health Department, AMS Station, and High Plains Epilepsy Association are all located within the J.O. Wyatt facility. Ms. Goldby reported that the Clinic's patients are well educated in the appropriate places to receive their medical care and further reported that a patient orientation program, implemented a year ago and held twice a month, is a mandatory class for all patients new to the clinic so they will be informed of what the Clinic's expectations are and know all resources available to them.

ITEM 9: Consider Participation in TIRZ #1. Ms. Covey explained that the City of Amarillo began work in 2006 on the City's downtown redevelopment plan known as the Tax Increment Reinvestment Zone #1 (TIRZ #1). TIRZ #1, she reviewed, was created for the specific purpose of reinvesting and providing financial incentives to encourage both development and redevelopment in the downtown area. She further reviewed that TIRZ #1 is comprised of approximately 1,166 acres, generally bounded by Interstate 40 on the south, Washington/Adams Streets on the west, and the railroad tracks on the north and east of downtown. Ms. Covey reported that 2006 was established as the base year for the taxable values within the zone. She explained that all entities would continue to tax within the zone as they did in 2006, that beginning in 2007, the increase in taxable value of the properties within the zone, multiplied by the tax rate, would create the increment. Ms. Covey stated that as property values increase within the zone, the post 2006 value is captured for thirty years and at the end of the thirty years, all values are captured by the taxing entities; gaining the value of the entire zone. She noted that the TIRZ only affects those properties within the zone and that only the value of the properties within the zone goes towards redevelopment of the zone. In order to have a TIRZ, Ms. Covey explained, the City must establish goals of how it plans to improve the area. She stated that through the next thirty years, the City's reinvestment plan calls for four major goals downtown: Hotel Development, Residential Development, Office/Commercial/Retail, and Family

Entertainment Venues. Ms. Covey reported that money created out of the investment zone may be used to enhance the public infrastructure needed to support the different types of development as well as streetscaping, landscaping, and parking lot enhancements. She stated that each taxing entity, even though the Amarillo Hospital District does not currently tax, has an opportunity to serve on the Board of Directors and reminded the Board that Mr. Blanchard is currently the Hospital District's representative. Ms. Covey explained that in the future, if the Hospital District should levy a tax, the tax levy would be applied to the zone and that piece of the increment would be captured within the zone to be used for redevelopment effort. Mr. Blanchard clarified that should the Hospital District have to reinstate a tax, the amount the District would receive, in terms of tax income, would be based upon the value of the property within the zone that was established in 2006; that the District would not be giving up money. At the end of the thirty-year agreement, he stated, the District would get the entire tax value, and if the TIRZ goes as planned; development occurs and the zone is revitalized, the taxable values would increase from 2006. Mr. Blanchard stated that he was very much in favor of and supported the TIRZ, further stating that he thought TIRZ was a very important and progressive step for the community. Ms. Dodson stated that she concurred with Mr. Blanchard. Mr. Frigo stated that the District's current taxable value is \$9.1 billion and the TIRZ value, with the increment, is \$165 million. Ms. Dodson motioned that the Amarillo Hospital District participate in TIRZ #1, Mr. Blanchard seconded the motion and it carried unanimously.


ITEM 10: Presentation of Quarterly Financial Statements. Mr. Frigo presented the year-end financial statements at September 30, 2007 and stated that 2007 was a really good year for the District. He stated that the District had approximately \$213 million in cash and investments. Mr. Frigo reported the District had nearly \$13 million in invested securities lending collateral with a corresponding liability of the same amount. He reviewed that the District had a Pension asset in the amount of \$1.6 million and a total Fund balance at the end of September of \$223.6 million. Reviewing the income statement, Mr. Frigo stated that the District had total revenue in the amount of \$13.5 million for the year versus \$11.8 million in expenses; resulting in a profit of \$1.7 million. Total income for the year, he stated, was \$3.1 million. In reviewing budget versus actual, Mr. Frigo reported that the District had budgeted \$9.9 million in investment income for the operating budget versus \$9.65 million realized for the year. He reviewed the tobacco budget versus actual report with revenue of \$864 thousand versus a budget of \$729 thousand. Mr. Frigo stated that tobacco had budgeted to spend \$1.8 million and had only spent \$1.7 for the year. In closing, he stated that overall; the District had a very good year.

ITEM 11: Quarterly Investment Report from Investment Officer. Mr. Blanchard reported that for the quarter ending September 30, 2007, the Investment Portfolio was in compliance with the Amarillo Hospital District Investment Policy as amended on January 30, 2007 and the Public Funds Investment Act. He reported that agency securities, including mortgage-backed securities, represent 82.47% of the total Portfolio, which is below the 85% Agency limit. Mortgage backed securities represent 13.68% of the total Portfolio, which is below the 30% limit. Obligations of state or local governments represent 6.37% of the total Portfolio, which is below the 10% limit. He reviewed that treasuries and full faith and credit obligations comprise 6.52% of the total Portfolio. Cash balances including Money Market funds comprise about 4.64%. Investments with maturities greater than 10 years represent 29.29% of the total Portfolio, which is under the 50% restriction in the Policy. Mr. Blanchard reported that there are no securities with a maturity of greater than 30 years. The market value of the Portfolio is 100.07% of the book value, with a market value of \$212,849,494 and a book value of \$212,693,747. Mr. Blanchard stated that in the current year, the AHD Budget called for \$10,113,222 in realized investment income. Current investment earnings through September 30, 2007 are \$9,865,650.

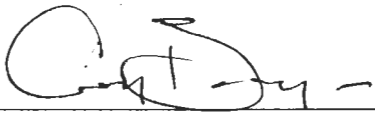
ITEM 12: Committee Reports. There were no committee reports at this time.

ITEM 13: Public Comments. Ms. Cain stated that the transition with Regents Health Network is going well and announced that the Texas Tech University Health Sciences Center has been a smoke free environment for several years.

ITEM 14: Adjournment. There, being no further business, the meeting adjourned at 9:10 am. This meeting was recorded and all comments are on file in the City Finance Department.



Becky Dodson, Secretary



Craig Bryan, Chairman