

**AMARILLO HOSPITAL DISTRICT
REGULAR MEETING OF BOARD OF MANAGERS
AMARILLO CITY HALL
CITY COMMISSION CHAMBERS
MINUTES
OCTOBER 26, 2009
7:30 A.M.**

<u>Members</u>	<u>Present</u>
Mr. Craig Bryan, Chairman	Yes
Mr. Greg Graham	No
Mr. Alphonso Vaughn	Yes
Dr. Paul Proffer	Yes
Ms. Liz Hughes	Yes
Ms. Nancy Kritser	Yes
Ms. Murielle Barnes	Yes

Also Present

Mr. Marcus Norris	City Attorney, City of Amarillo
Mr. Dean Frigo	Assistant City Manager, City of Amarillo
Ms. Andrea Rains	Recording Secretary, City of Amarillo
Mr. Matt Richardson	Public Health Director, City of Amarillo
Mr. Roy Browning	Investment Consultant, Wachovia Securities
Mr. Matt Ramsey	Investment Officer, Amarillo National Bank
Mr. Herman Shirly	Investment Officer, Herring Bank
Ms. Charlyn Snow	Human Resources Director, Northwest Texas Healthcare System
Mr. Brian Gibbs	Administrative Director, J.O. Wyatt Clinic

ITEM 1: Mr. Bryan established a quorum, called the meeting to order at 7:34 am in the City Commission Chambers of City Hall, and welcomed everyone in attendance.

ITEM 2: Mr. Bryan presented the minutes from the last Board of Directors meeting held August 10, 2009. Ms. Barnes noted that mention of names of Board members motioning to approve item #2 were missing from the minutes. Motion to approve minutes as written with the corrections was made by Dr. Proffer, seconded by Ms. Kritser and carried unanimously.

ITEM 3: Presentation and Discussion of the Pension Fund Investment Performance. Mr. Browning discussed the Capital Markets Review for the period ending September 30, 2009. He reviewed the rate of return in the Performance Summary and reported that the Fund is ahead of the market index for all time periods since inception. Reviewing the Composite Performance, Mr. Browning stated that the market value of the total Fund was \$15,600,533. He reviewed that the total Fund had returns of 10.0% versus the market index of 9.9% for the latest 3 months and 13.2% versus 11.7% for the latest year to date. Mr. Browning reported that on a risk-adjusted basis for the latest 3 and 5-year periods, the Fund is ahead of the index. He reviewed that the total Fund had a sharpe ratio of -0.13% versus the total Policy of -0.23% for the latest 3-year period, 0.03% versus -0.04% for the latest 5-year period and 0.06% versus 0.02% for the latest 10-year period. In summary, Mr. Browning stated that whether on an absolute or risk-adjusted basis, the Plan is doing very well and that Mr. Ramsey and his team are doing an excellent job and performing very well for the Plan.

ITEM 4: Presentation and Discussion of the AHD Corpus Investment Performance. Mr. Browning reported that at September 30, 2009, total portfolio assets of the AHD Corpus were \$207,865,073. He reviewed total Fund returns of 1.8% versus that of the market of 2.3% for the last quarter, 6.4% versus 7.0 % for the last 9 months, 5.8% versus 6.5% for the last 3 years, 4.7% versus 5.0% for the last 5 years, 5.9% versus 5.9% for the last 10 years, and 5.4% versus 5.4% since inception. He further reviewed Amarillo National Bank (ANB) returns of 2.0% for the last quarter, 6.6% for the last 9 months, 5.9% for the last 3 years, 4.7% for the last 5 years, and 5.8% for the last 10 year period. For the Herring I Fund,

Mr. Browning reviewed returns of 1.4%, 5.7% and 5.6% for the latest quarter, 9 months, and 3-year time periods respectively; and noted that the Herring I Fund was well ahead of the market with returns of 6.6% for the last 10-year time period. He reported Herring II Fund returns of 1.4%, 6.4% and 6.0% for the corresponding last quarter, 9 month and 3-year time periods. The Tobacco Fund, Mr. Browning stated, looked fine across the board in returns. He reminded the Board that the Herring I and II Funds would be combined at the end of October. On a risk-adjusted basis, he reported that the total Fund was taking less risk than that of the market and getting less return. Mr. Ramsey addressed the Board and noted that liquidity is tough to manage. He reported that ANB had positioned the Portfolio defensively in order to be risk-adverse and to protect against higher rates, which means bringing in duration from a longer term to a shorter term. Mr. Ramsey reviewed that although higher, longer term rates are not happening at the moment, and may not happen, it is still the largest risk that ANB sees that can damage the Portfolio and ANB is protecting against that. He noted that this shift may mean a bit of a sacrifice in return for 2 quarters or so, but expects to see it pay off; further noting that since the end of the quarter, rates have risen slightly. Mr. Shirley addressed the Board and stated that he totally concurred with Mr. Ramsey and noted that he is guarding against inflation. He reviewed that presently, the money managers are forced to hold part of their money in cash or cash equivalents and recommended that the Board consider changing the percentage in agencies from 85% to 90%, leaving all other allocations the same. Mr. Shirley stated that this change would allow the managers to not have any money in cash, and calculated that to mean an increase in the Fund of approximately \$300 thousand a year. He noted that he expected rates to remain low for the next 2 to 3 years, but predicted that rates will really take off when they start to rise. Mr. Bryan thanked the money managers for their input and stated that the Board would look into Mr. Shirley's request.

ITEM 5: Discussion and Recommendation on Upper Payment Limit Program and Indigent Care Agreement. Mr. Frigo reported that the District did not receive a request from UHS for additional funding for the Upper Payment Limit Program. He added that UHS had overfunded the Program and received a refund. Therefore, Mr. Frigo stated, UHS has sufficient funds at this time.

ITEM 6: Consider Pension Plan Amendment adding the NWTB employees that will transfer to the City's Amarillo Emergency Communications Center. Ms. Snow reviewed that ambulance dispatch from NWTB and fire/police dispatch from the City of Amarillo have combined services in one central location. Therefore, she reported, ambulance dispatch employees with NWTB have transferred employment from NWTB to the City of Amarillo. Ms. Snow stated that those employees are requesting the District consider allowing their service with the City to continue to count towards their pension with NWTB. Mr. Norris clarified that the District would not be adding employees; it would be recognizing other service for existing pension employees. Mr. Frigo noted that the NWTB Pension Plan attorney had drafted the amendment. Dr. Proffer motioned to adopt the amendment as presented. Ms. Barnes seconded the motion and it carried unanimously.

ITEM 7: Briefing and Discussion on H1N1. Mr. Richardson reported to the Board on the H1N1 planning and response of the Public Health Department and stated that the Department had been tracking the community-wide exposure. He noted that Public Health had made testing recommendations to the CDC and the State Health Department. He reviewed the signs and symptoms as well as the characteristics of H1N1 confirmed cases. Mr. Richardson further reviewed the local planning elements with state and federal partners to include public education, recommendation on use of medications, provision of vaccine to the public through private providers and public clinics, continued surveillance, monitoring hospital and urgent care surge, and considering social distancing and mitigation interventions. He stated that although Amarillo did not have a stockpile of antiviral medication inventory, there was not a shortage at this time. Mr. Richardson reported that the Public Health Department had only been shipped 200 vaccine doses of the 44 thousand ordered. The 200 doses received, he noted, were divided between the hospitals to protect emergency room staff that treat people with the flu. Mr. Richardson reviewed that limited shipments of the H1N1 vaccine were expected in October and November. He stated that he anticipated late November or December before there would be enough vaccine for the Department could hold public vaccination clinics. Mr. Richardson reviewed Novel H1N1 vaccinations "population priorities", but noted that no one could be turned away and encouraged everyone given the opportunity to receive an H1N1 shot to do so in order to build up immunity to the strand.

ITEM 8: Presentation and Discussion on Wyatt Clinic. Mr. Gibbs introduced himself to the Board as the J.O. Wyatt Clinic's Administrative Director. He reviewed that the Clinic was named for Dr. James Odis Wyatt, Sr., whom served North and East Amarillo for 20 years, and that the building was dedicated on February 12, 1995. Mr. Gibbs reported that at the end of September 2009, there were 3,310 qualified health plan patients in the J.O. Wyatt Indigent Program. He reviewed the Clinic's operations including accounts receivable, the top 10 diagnosis, and the weighted average patient per day for each physician. He reported revenue by class at the end of September was 40% Wyatt Health Plan, 26% Medicare, 16% Medicaid, 14% PHC, 2% Other Indigent and 2% Commercial. Mr. Gibbs stated that gross Clinic charges were in the \$190 thousand range and reviewed that Clinic collections had greatly improved as well. He reviewed the services offered by the Clinic and noted that there was a chemical dependency class in addition to a pain management clinic.


ITEM 9: Presentation of Quarterly Financial Statements. Mr. Frigo presented the Quarterly Financial Statements at September 30, 2009 and reviewed the balance sheet of the General Fund. He reported from current assets approximately \$208,288,000 in cash and investments and noted that the \$51,018,300 amount in securities lending was also reported as a liability in the same amount for when the securities are returned. Mr. Frigo reminded the Board that the net pension amount of \$2,353,099 was a preliminary number recommended by the Fund's actuary, Mr. John Crider. The total Fund balance, he stated, was \$229,213,835. Mr. Frigo reported total revenue in the amount of \$15,130,389 and reviewed that although the District had not levied a tax since 1996, that \$5,999 was from old collections. He reviewed \$9,869,267 in realized investment income and \$3,347,202 in unrealized investment income. He also reviewed \$957,741 in Poison Control Grant Funds and noted that the District's contract ended on 8/31/09 with the State and that the State is now contracting directly with Texas Tech. Mr. Frigo reported total expenses of \$11,452,508 and noted that the indigent care contract of \$6,187,423 remained the District's largest expense followed by the Pension Plan contribution amount of \$1,978,698 and the professional services contract amount of \$1,450,245; which includes the pediatric, dental, and Tobacco Free Amarillo contracts. Mr. Frigo reported \$3,677,881 in net income from total revenue versus total expenses; and an approximate amount of \$330 thousand in net income if reduced by the unrecognized gains. He noted that the District still holds \$52,103 in Donor Restricted Funds. Reviewing the Budget versus Actual report for the Operating Fund, Mr. Frigo reported a budgeted amount of \$10,687,000 versus an actual amount of \$9,840,409 in realized investment income and pointed out that this was 92.08% of budget for the year. He reviewed an actual total revenue amount of \$9,855,590 versus an actual total expense amount of \$9,124,077 for an actual cash from operations amount of \$731,513. The budget versus actual report for the Tobacco Fund, Mr. Frigo reported, had an actual total revenue amount of \$969,857 and an actual total expense amount of \$1,389,096. He reminded the Board that pediatric and dental services and Tobacco Free Amarillo receive support from the Tobacco Funds.


ITEM 10: Quarterly Investment Report from Investment Officer. Mr. Frigo reported that the District's Investment Policy is compliant with State law and that all investments and money managers are compliant with both State law and the District's Policy.

ITEM 11: Committee Reports. There were no Committee Reports at this time.

ITEM 12: Public Comments. There were no public comments.

ITEM 13: Adjournment. There, being no further business, the meeting adjourned at 8:50 am. This meeting was recorded and all comments are on file in the City Finance Department.


Murielle Barnes, Secretary


Craig Bryan, Chairman