

**AMARILLO HOSPITAL DISTRICT
FINANCE COMMITTEE MEETING
AMARILLO CITY HALL
Room 306
January 29, 2007
4:00 P.M.**

Members

Mr. Craig Bryan, Chair
Mr. John Turner
Ms. Carol Lovelady

Present

Yes
Yes
Yes

Also Present

Mr. Dean Frigo	Finance Director, City of Amarillo
Ms. Andrea Rains	Recording Secretary, City of Amarillo
Mr. Herman Shirly	Herring National Bank
Mr. Roy Browning	Wachovia Securities
Mr. Andy Ray	Clifton Gunderson

ITEM 1 Mr. Bryan called the meeting to order at 4:02 p.m. at City Hall, 509 East 7th Street, Third Floor, Room 306, and welcomed those in attendance.

ITEM 2. Mr. Bryan presented the minutes of the last finance committee meeting held July 25, 2006. Motion for approval was made by Mr. Turner, seconded by Ms. Lovelady, and unanimously carried.

ITEM 3. Discussion of and consideration of changing the asset allocation between the AHD money managers. Mr. Browning asked the committee to compare the sharpe ratio, or the reward per unit, of Herring National Bank and Amarillo National Bank from the last performance review dated September 30, 2006. He reviewed the sharpe ratio for the three years as follows: Herring: 0.06, Amarillo National Bank (ANB): 0.30 and composite of both at 0.26. For five years: Herring: 0.68, ANB: 0.73, Composite: 0.78. Seven years: Herring: 0.85, ANB: 0.94, Composite: 0.99. Since inception: Herring: 0.71, ANB: 0.63 and Composite: 0.69. He stated that the allocation is a great blend and works better with the composite. Mr. Browning recommended that the asset allocation between the money managers stay as it currently stands. Ms. Lovelady motioned to recommend to the Board that it continue the asset allocation between the AHD money managers at the current level. Mr. Turner seconded the motion and it carried unanimously.

ITEM 4. Mr. Shirly, Senior Portfolio Manager of Herring National Bank, stated his goals to the committee: to increase the current yield and to maintain principal value with good potential for capital gains. In order to achieve his goals, he recommended increasing the allocation from 20% to 30% for investments in mortgage-backed securities and increasing the allocation from 80% to 85% for investments in government agencies. Mr. Shirly stated that there would be low risk; that he could increase the yield 60 to 70% on an existing security that is worth the risk. Mr. Browning stated that he recommended Mr. Shirly's request to increase the allocations and further recommended that the Amarillo Hospital District reflect the changes in its policy statement. Mr. Turner motioned to

recommend to the Board that it amend the investment policy to increase allocations from 20% to 30% for investments in mortgage-backed securities and increasing the allocation from 80% to 85% for investments in government agencies. Ms. Lovelady seconded, and the motion carried unanimously.


ITEM 5. Mr. Ray presented the audit of the basic financial statements of the District for the year ended September 30, 2006. He stated that the report had an unqualified, or clean opinion. Mr. Ray announced that there were no negative findings in the single audit reports related to the poison grant. Mr. Ray stated that in the Audit Committee Letter there were no disagreements; that it was a good, clean audit, Mr. Frigo and his staff do a good job and were very cooperative during the audit.

ITEM 6. Mr. Frigo presented the Quarterly Financial Statements for the first quarter of the year ending December 31, 2006. He reviewed the balance sheet noting that the District has a lot of assets and not much in the way of liabilities. He stated that the total revenue in budget versus actual of 17.47% for the quarter is lower than the expected 25%, noting that investment income would help. Mr. Frigo further stated that the operating expenses were in line.

ITEM 7. Mr. Bryan stated that he would present the Quarterly Investment Report at the Amarillo Hospital District Meeting the following morning, January 30, 2007.

ITEM 8. There were no public comments.

ITEM 9. There, being no further business, Mr. Bryan adjourned the meeting at 5:00 p.m. This meeting was recorded and all comments are on file in the City Finance Department.



Craig Bryan, Chair



Carol Lovelady, Secretary