

**AMARILLO HOSPITAL DISTRICT
BOARD OF MANAGERS
APRIL 28, 1998**

<u>Members</u>	<u>Present</u>
Ms. Lilia Escajeda, Chairman	Yes
Mr. Steve Walton, Chairman Pro Tem	Yes
Mr. Rick Jones, Secretary	Yes
Dr. Ron Fortner	Yes
Mr. John Irwin	Yes
Mr. Lin Rodgers	Yes
Mrs. Paula Toland	Yes

Also Present

Mr. Dean Frigo	Director of Finance - City of Amarillo
Mr. Merrill Nunn	City Attorney - City of Amarillo
Ms. Debbie Close	Recording Secretary - City of Amarillo
Mr. Andy Ray	Auditor - Clifton Gunderson

Media Present

Mr. Ricky George	Amarillo Globe News
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ITEM 1: Ms. Escajeda called the meeting to order at 7:30 a.m. at City Hall, 509 East 7th Street, Third Floor, Room 305, and welcomed those in attendance.

ITEM 2: Ms. Escajeda presented the Minutes of January 27, 1998. Motion was made by Mr. Rodgers, seconded by Mr. Irwin, and unanimously carried, to approve the Minutes.

ITEM 3: Ms. Escajeda asked Mr. Ray with Clifton Gunderson to present the audit report for the General Purpose Financial Statements and the Retirement Plan. Mr. Ray stated that the audit opinion on both audits was an unqualified opinion commonly called a clean opinion where the auditor takes no exception to the financial statements. Total General Fund assets were \$201 million. The most significant assets were investments, cash, and cash equivalents. Total liability were \$6,304 million leaving a fund balance of approximately \$195 million. It has been a good year with General Fund revenue over expenses in the amount of \$4.1 million, with investment income being the major revenue source. The pension fund netted excess revenue over expenses of \$1.6 million. Even though the hospital has been sold, the pension plan carries on. The financial statements for the hospital district also include the financial statements for Healthcare Professional Associates (HPA) as a blended component unit. With HPA included salaries and benefit expense amounted to about \$5 million and indigent care expense was \$8 million. The most significant accounting change is in the revised actuarial estimates for the estimated self-insurance claims. The actuarial estimate increased about \$2 million this year. The hospital district used new actuaries this year and the new actuaries increased the estimate for self insurance claims. The new actuaries are very qualified and conservative in their estimates.

The assets of the pension plan amounted to \$21,153,881 compared to \$21,487,680 for the previous year. Based on the actuarial estimate of the plan liability, the pension plan is over funded as of September 30, 1997.

ITEM 4: Ms. Escajeda asked Mr. Frigo to explain the Pension Plan. Mr. Frigo stated that obtaining a revised determination letter for the pension plan has taken about a year. Governmental plans have had some problems in the past so the plan went through three levels of review at the IRS. As we expected section 1.5 was a problem in the plan. Section 1.5 allowed an employee to change employment status from full-time to part-time and receive a pension benefit. The IRS has issued a favorable determination letter subject to removing section 1.5 from the plan. Once section 1.5 is taken out, we will have a favorable determination letter. Ms. Escajeda stated that they promised the employees that the board would look into the matter and we have done so. Motion was made by Mr. Jones, seconded by Mr. Irwin, and unanimously carried, to approve the revised pension plan.

ITEM 5: Ms. Escajeda asked Mr. Frigo to review the quarterly financial statements with the Board. Mr. Frigo gave an overview of the financial statements through March 31, 1998 and reported that the Amarillo Hospital District had cash of about \$19 million and investments of \$179 million. The total liability for self-insurance claims was about \$2.9 million. Net income through March 31, 1998 was \$4.1 million, but the net income figure includes approximately \$2 million in unrealized portfolio gains. Indigent care costs were \$4 million and pediatric support services were \$268 thousand. The investment income of \$8.6 million is 71% of budget, but the investment income includes about \$2 million in unrealized gains. Without the unrealized gains, the income would be about 54% of budget. Indigent care was at 50% of the amount budgeted due to the favorable actuarial report on the pension plan, Amarillo Hospital District would not have to make the \$1 million contribution to the pension plan.

ITEM 6: Ms. Escajeda asked Mr. Irwin to present the quarterly investment report. Mr. Irwin stated he had reviewed the Investment Portfolio for the quarter ending March 31, 1998. On March 31, 1998, the Amarillo Hospital District Investment Portfolio was in compliance with the Amarillo Hospital District Investment Policy and the Public Funds Investment Act. All investment holdings are allowable under the Policy and Act.

Agency securities represent 28.20% of the total Portfolio which is below the 40% Agency limit. Obligations of state or local governments represent 6.50% of the total Portfolio which is below the 10% limit. Treasuries and full faith and credit obligations comprise 50.53% of the total Portfolio. Cash balances including Money Market funds comprise about 9.71%. Investments with maturities greater than 10 years represent 17.56% of the total Portfolio which is under the 50% restriction in the Policy. There are no securities with a maturity of greater than 30 years. The market value of the Portfolio is 102.41% of the book value, with a market value of \$200,751,227 and a book value of \$196,029,978.

ITEM 7: Motion was made by Mr. Walton, seconded by Dr. Fortner, and unanimously carried to approve investment training conducted by University of North Texas Center for Public Management. Those attending were Mr. Frigo, Mr. Jones, Mr. Rodgers, and Mr. Irwin.

ITEM 8: Ms. Escajeda asked Mrs. Toland to brief the Board on the status of the Indigent Care Consultant Study. Mrs. Toland said that the Indigent Care Committee had met with a group from Carlson Price Fass & Co., Inc. to discuss the study which would encompass the period from April 1, 1995 through April 1, 1998. The committee reviewed the work plan which calls for 120 hours on site. The study should help the board determine the quality of indigent care. However, the quality of what the consultant will be able to produce depends on how much information is available from Northwest Texas Hospital. Their professional fees for the work is capped at \$30,000. Mr. Irwin suggested that Mr. Nunn look at the contract. Mr. Nunn said he would like to see some revisions in the contract. Motion was made by Mr. Jones that the Board approve the consultant study contract subject to revision that is satisfactory to Mr. Nunn. Mr. Walton seconded, and the motion unanimously carried.

ITEM 9: Mr. Nunn said there were no matters that needed to be discussed in Executive Session.

ITEM 10: There being no further business, Ms. Escajeda asked for a motion to adjourn. Motion was made by Dr. Fortner, seconded by Mr. Rodgers, and unanimously carried, to adjourn at 8:25 a.m.


Lilia Escajeda, Chairman