

**AMARILLO HOSPITAL DISTRICT
BOARD OF MANAGERS
MINUTES
January 30, 2001**

<u>Members</u>	<u>Present</u>
Mr. Steve Walton, Chairman	Yes
Mr. Rick Jones, Chairman Pro Tem	Yes
Ms. Karen O'Hara, Secretary	Yes
Mr. John Irwin	Yes
Dr. Ronald Fortner	No
Mr. Stan Harrison	Yes
Mr. Ernie Boyd	Yes

Also Present

Mr. Marcus Norris	City Attorney-City of Amarillo
Mr. Dean Frigo	Director of Finance-City of Amarillo
Ms. Debbie Close	Recording Secretary-City of Amarillo
Ms. Claudia Blackburn	Public Health Director-City of Amarillo
Mr. Roy Browning	Prudential Bache Securities
Mr. Andy Ray	Clifton Gunderson
Ms. Diann Gilmore	Catholic Family Service, Inc.
Dr. Howard Cassada	Catholic Family Service, Inc.
Mr. Herman Shirly	The Herring National Bank

ITEM I: Mr. Walton called the meeting to order at 7:30 a.m. at City Hall, 509 East 7th Street, Third Floor, Commission Chambers, and welcomed those in attendance.

ITEM II: Mr. Walton presented the Minutes of October 31, 2000. Mr. Frigo stated that the proposed pension plan changes considered in Item IV of the AHD Minutes of October 31, 2000 had been reviewed by management at Northwest Texas Healthcare System and that Northwest Texas Healthcare System concurs with the changes. Motion for approval was made by Mr. Irwin, seconded by Mr. Boyd, and unanimously carried to approve the Minutes with those changes.

ITEM III: Executive Session to Discuss Pending Litigation. Mr. Norris stated that there were items that could be discussed in Executive Session. The Board convened into Executive Session at 7:35 a.m. and the Board reconvened into Open Session at 7:40 a.m.

ITEM IV: Presentation of Pension Fund Investment Performance Review. Mr. Browning of Prudential Bache Securities presented the pension plan performance of the Amarillo Hospital District employees pension fund for the period ending December 31, 2000. Mr. Browning reported that the portfolio had a return of a 0.7% for the quarter compared to a market index of -1.6%. For the last twelve months, the portfolio had a return of 4.7% compared to a market index of 1.4%. Since inception, the portfolio had a return of 8.1% compared to a market index of 10.4%. Mr. Browning further stated it had been a good quarter and the portfolio had performed well for the 12-month period. The return of the portfolio ranked in the 34th percentile for the quarter ending December 31, 2000, in the 36th percentile for the last 12 months, and in the 47th percentile since inception. Mr. Browning said that performance in total is really coming around.

ITEM V: Presentation and Discussion of Audit by Clifton Gunderson. Mr. Andy Ray presented the Audit Report for the year ended September 30, 2000. Mr. Ray reported that the General Purpose Financial Statements were issued an unqualified audit opinion. Mr. Ray further reported that the combining balance sheet included the General Fund, Donor Restricted Fund, and Fiduciary Fund. Total assets for all funds were approximately \$235 million, which was up from \$230 million at September 30, 1999. Fund balances included \$208 million for the General Fund, \$207,000 Donor Restricted Fund, and \$24 million for Fiduciary Fund. The Combined Statement of Revenue and Expenses shows an excess of revenue over expenses of approximately \$5 million. Included in this amount is \$1.2 million in tobacco settlement revenue. Mr. Walton commented on Note 8 of the General Purpose Financial Statements, which states that the payment to Amarillo Area Healthcare Specialists (AAHS) is \$1,058,000 under the terms of the contract. Mr. Walton believes the payment to be approximately \$900,000 with an aggregate increase of about \$100,000 net. Mr. Ray said he would check into the amount and make the necessary revisions. Mr. Ray also presented the Single Audit Report dated September 30, 2000. This report included Federal immunization grants and State poison grants. There were no audit findings for the audit period. Mr. Ray presented the Retirement Plan Report for September 30, 2000. Mr. Ray noted that the same information is found in the General Purpose Financial Statements, but there is a requirement to have a separate set of financial statements for the retirement plan.

ITEM VI: Authorization of Sole Member of Healthcare Professional Associates (HPA) to Dissolve Corporations. Mr. Frigo presented the documents relating to the final dissolution of HPA. Mr. Frigo reported that all assets were transferred to the Amarillo Hospital District as of September 30, 2000. Motion was made by Ms. O'Hara, seconded by Mr. Boyd and passed with 5 votes yes and one abstention, Mr. Walton, to dissolve HPA.

ITEM VII: Review and Consider Catholic Family Service, Inc. Proposal to Expand Dental Services. This item was tabled.

ITEM VIII: Review and Consider Catholic Family Service, Inc. Proposal to Change Community Dental Clinic for Dentures. This item was tabled.

ITEM IX: Consideration of Custody Agreement with Bank of New York. Mr. Norris presented the Custody Agreement with Bank of New York. Bank of New York is the custodian for both Plains National Bank and Herring National Bank. Mr. Norris reported that with this agreement, AHD would have custodial agreements for all AHD securities. Mr. Frigo stated that once the custody agreement is in place, they will be able to transfer the securities to a separate AHD account which has the lowest risk. Motion was made by Mr. Irwin, seconded by Ms. O'Hara, and unanimously carried for approval of the Custody Agreement.

ITEM X: Consider award of pediatric support contract study. Mr. Harrison reported that they received four proposals to evaluate the pediatric services contracted with Amarillo Area Healthcare Specialists (AAHS) and Texas Tech. Mr. Harrison stated that the fees ranged from about \$29,000 to \$90,000. Ms. Blackburn reported that the Indigent Care Committee met to review the proposals and recommended MGT of America at a fee of approximately \$43,000. Motion was made by Mr. Harrison, seconded by Mr. Jones, and unanimously carried for approval of the Committee's

recommendation of MGT of America to evaluate the pediatric services contracted with AAHS and Texas Tech.

ITEM XI: Consider approval of Modifications to AHD Funding Policy. Mr. Jones reported that most of the proposed modifications reflect current practices such as reviewing health issues priorities annually instead of every three to five years. Ms. Blackburn reported that the most significant proposed change is establishing a preference by AHD for projects that do not require permanent funding by AHD. This section was added to make the best use of scarce funds and prevent existing programs from having to compete with each other for funding. Mr. Jones added that the modifications were recommended by the Funding Priorities Committee. Motion was made by Mr. Irwin, seconded by Mr. Harrison and unanimously carried to approve modifications to the AHD Funding Policy.

ITEM XII: Review and Consider Priorities for Funding for Fiscal Year 2001-02. Mr. Jones reported the Funding Priorities Committee met and it recommended that AHD pursue Requests for Information (RFI) for two initiatives. These initiatives are prevention of tobacco use and adolescent high-risk behavior prevention. Mr. Jones asked the Board if they would consider including a drug replacement program into the Health Access Clearinghouse evaluation. This program would allow people within the community to obtain the proper access to drugs needed for recovery. Ms. Blackburn stated that including the drug replacement program in the evaluation, will not increase the cost of the evaluation. Motion was made by Ms. O'Hara, seconded by Mr. Irwin and unanimously carried to pursue requests for RFI's for the two initiatives (prevention of tobacco use and adolescent high-risk behavior prevention).

ITEM XIII: Presentation of Quarterly Financial Statements. Mr. Walton asked Mr. Frigo to review the quarterly financial statements with the Board. Mr. Frigo gave an overview of the General Fund financial statements for the period ending December 31, 2000. Mr. Frigo reported that the AHD had a fund balance of approximately \$215 million at December 31, 2000. Mr. Frigo also reported that the AHD had total revenue of approximately \$9 million and total expenses of approximately \$2.2 million, for net income of \$6.8 million. Mr. Frigo stated that at December 31, 2000, total revenue figure included an unrealized investment gain of \$5.7 million; without the unrealized gain, the District has net income of approximately \$1.1 million.

ITEM XIV: Presentation of Quarterly Investment Report by Investment Officer. Mr. Irwin reported that for the quarter ending December 31, 2000, as the memo to the Board states, the Investment Portfolio was in compliance with state law and the AHD's Investment Policy with one exception. The exception was that the AHD Investment Policy calls for a maximum investment of 10% in Taxable Bonds and the total investment in the category was 10.64%. Mr. Shirly of Herring National Bank explained that this was caused by a series of trades, some of which were still in process at the end of December. In closing, Mr. Shirly stated that the subsequent trades have reduced the percentage of bonds held in this category to 8.66% of the account.

ITEM XV: Committee Reports.

Mr. Harrison commented on the hard work that Ms. Blackburn has done on getting the Request for Proposals out for the pediatric services evaluation and for performing reference checks on the companies that submitted proposals. Mr. Harrison stated that Ms. Blackburn's work was greatly

appreciated. Mr. Harrison then asked Dr. Cassada to report on the Community Dental Clinic. Dr. Cassada reported that the dental clinic is performing successfully. Dr. Cassada also asked the Board to consider in the future having the indigent dental patients pay for dentures and prosthetics in order to keep the cost down. Mr. Walton suggested to Dr. Cassada in the future to present a report that is statistically based so the Indigent Care Committee can conceptually see what is being requested. Mr. Walton thanked Dr. Cassada for his hard work. Diann Gilmore thanked the Board for their contributions towards the dental clinic. Ms. Gilmore also thanked Ms. Blackburn for her hard work and Dr. Cassada for his time and commitment to the dental clinic.

Ms. O'Hara reported that she attended a Public-Private Partnership for Community Health Committee meeting on January 29, 2001. She commented that the Public Private Partnership is facilitated by the Amarillo Department of Public Health, and has invited the benefits coordinators from several businesses to attend Partnership meetings. Ms. O'Hara stated that the Partnership will focus on identifying the needs of the Benefits Coordinators in terms of improving the health of their employees and their families. Ms. O'Hara also stated that the Partnership recognizes that lack of access to healthcare and poor lifestyle choices often lead to absenteeism and compromised work performance. These factors drive up the cost of health care. Ms. O'Hara said that the Committee hopes to work with employers to address their issues during Fiscal Year 2001.


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

ITEM XVII: There being no further business, Ms O'Hara made the motion for adjournment at 9:05 a.m. This meeting was recorded and all comments are on file in the City Finance Department.



Steve Walton, Chairman

ATTEST:



Karen O'Hara, Secretary