

**AMARILLO HOSPITAL DISTRICT
MEETING OF BOARD OF MANAGERS
AMARILLO CITY HALL
COMMISSION CHAMBERS
MINUTES
January 29, 2002
7:30 A.M.**

| <u>Members</u> | <u>Present</u> |
|-----------------------------|----------------|
| Mr. Rick Jones, Chair | Yes |
| Mr. John Irwin | Yes |
| Mr. Ernie Boyd, Vice-Chair | Yes |
| Ms. Karen O'Hara, Secretary | Yes |
| Mr. Steve Walton | Yes |
| Ms. Nancy Seliger | No |
| Mr. Dave Taylor | Yes |

Also Present

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| Mr. Marcus Norris | City Attorney-City of Amarillo |
| Mr. Dean Frigo | Finance Director, City of Amarillo |
| Ms. Debbie Close | Recording Secretary, City of Amarillo |
| Ms. Claudia Blackburn | Public Health Director-City of Amarillo |
| Ms. Debra Ballou | Commissioner Place 3 |
| Mr. Roy Browning | Prudential Bache Securities |
| Mr. Andy Ray | Clifton Gunderson |

ITEM I: Mr. Jones 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. Jones presented the Minutes of the October 30, 2001 meeting. Mr. Boyd asked that the spelling on Item XIV be corrected from CHICK meeting to CHIC meeting. Motion for approval was made by Ms. O'Hara, seconded by Mr. Taylor and unanimously carried.

ITEM III: Executive Session to Discuss Pending Litigation. Mr. Norris said there was no pending litigation that needed to be discussed in Executive Session.

ITEM IV: Presentation and Discussion of the 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, 2001. Mr. Browning reported that the portfolio had a return of 5.04% for the quarter compared to a market index of 4.76%. For the last twelve months, the portfolio had a return of 5.23% compared to a market index of -0.73%. Since inception, the portfolio had a return of 7.43% compared to a market index of 7.78%. Mr. Browning further stated that the returns were very competitive. The return of the portfolio ranked in the 66th percentile for the quarter ending December 31, 2001, but was in the first percentile for the last 12 months, and in the top one-third percentile for the three year period. Mr. Browning also stated that on a risk return basis the portfolio has slight less risk with slightly less

return. Mr. Browning stated that the portfolio had a pretty good quarter and a terrific one and three year period and that he is very pleased with the progress of the fund.

ITEM V: Review and Consider Revisions to the Pension Plan Investment Policy. Mr. Frigo presented the proposed changes to the Investment Policy. Mr. Frigo stated that the main changes to the Policy are clarifications to the investment goals including goals to achieve a rate of return that: meets or exceeds the actuarial assumption; meets or exceeds the balanced market index; is in the top third of competitive funds, and is above the Capital Markets' Line. Mr. John Irwin stated that the Finance Committee recommended these changes to the Policy. The Board unanimously approved the changes as presented by the Finance Committee.

ITEM VI: Presentation and Discussion of Audit by Clifton Gunderson. Mr. Andy Ray presented the Audit Report for the year ended September 30, 2001. 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, the Donor Restricted Fund, and the Fiduciary Fund. Total assets for all funds were approximately \$251 million, which was up from \$235 million at September 30, 2000. Fund balances included \$226 million for the General Fund, \$49,406 for the Donor Restricted Fund, and \$22 million for the Fiduciary Fund. The Combined Statement of Revenue and Expenses shows an excess of revenue over expenses of approximately \$15.9 million. Included in this amount is a \$13.2 million increase in the fair value of the investments. Mr. Ray explained that because investments are reported at fair value any fluctuations in market value will be reflected in the financials. Mr. Ray stated that a compliance and internal control letter as well as an audit committee letter were presented with no findings reported. Mr. Ray presented the Retirement Plan Report for September 30, 2001. 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 VII: Consideration of Bylaws Revisions. Ms. Claudia Blackburn proposed additions to the Bylaws. Ms. Blackburn stated that there was some clean up to the Bylaws, as well as the addition of the Funding Priorities Committee as a standing committee of the Amarillo Hospital District. Motion for approval to the changes of the Bylaws was made by Mr. Taylor, seconded by Mr. Boyd and the motion unanimously carried.

ITEM VIII: Presentation of Quarterly Financial Statements. Mr. Jones 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, 2001. Mr. Frigo reported that the AHD had total assets of \$226 million and a fund balance of over \$223 million. Mr. Frigo reported that the AHD had total revenue of -\$260,594 and total expenses of \$2.25 million, for a net loss of \$2.51 million. Mr. Frigo stated that the total revenue figure included an unrealized investment loss of \$4.16 million, without the unrealized loss, the District has net income of approximately \$1.6 million. Mr. Frigo also reviewed the budget versus actual report. He stated that the realized investment income is at 29.75% of the budget and that total expenses is at 19.55% of budgeted expenditures.

ITEM IX: Quarterly Investment Report from Investment Officer. Mr. Irwin reported that for the

quarter ending September 30, 2001, as the memo to the Board states, the Investment Portfolio was in compliance with state law and the AHD's Investment Policy.

ITEM X: Approval of Tax Foreclosure Property to Janie Turrubiarres. Mr. Frigo explained that the property was struck off the sheriff sale in Randall County but there were no offers to the invitation for sealed bids. An offer was made in a private sale. Ms. O'Hara made the motion to accept the bid proposal, Mr. Irwin seconded, and the motion carried unanimously.

ITEM XI: Committee Reports.

Mr. Boyd reported that the Funding Priorities Committee met and decided that they would not resubmit the Center for Public Youth Proposal. They also reviewed the other existing funding projects. Mr. Boyd stated that the Committee decided not to seek new projects at the current time.

ITEM XII: Public Comments.

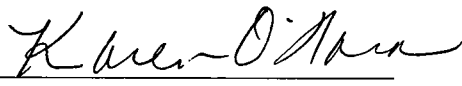
City Commissioner Debra Ballou thanked all of the members for their time and participation on the Amarillo Hospital District Board.

ITEM XIII: There being no further business the meeting was adjourned at 8:25 a.m. This meeting was recorded and all comments are on file in the City Finance Department.

There being no further business, the meeting adjourned.



Rick Jones, Chair



Karen O'Hara, Secretary