

**AMARILLO HOSPITAL DISTRICT
REGULAR MEETING OF BOARD OF MANAGERS
AMARILLO CITY HALL
COMMISSION CHAMBERS
MINUTES
July 25, 2002
7:30 A.M.**

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

Also Present

Mr. Claud Drinnen	First Asst City Attorney, City of Amarillo
Mr. Dean Frigo	Finance Director, City of Amarillo
Ms. Claudia Blackburn	Public Health Director, City of Amarillo
Ms. Debbie Close	Recording Secretary, City of Amarillo
Ms. Kelly Andrews	Prudential Bache Securities

ITEM I: Mr. Jones 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 II: Mr. Jones presented the Minutes of the June 12, 2002 meeting. Motion for approval was made by Ms. O'Hara, seconded by Mr. Boyd and unanimously carried.

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

ITEM IV: Presentation and Discussion of Pension Fund Investment Performance Review. Ms. Kelly Andrews of Prudential Bache Securities presented the pension plan performance of the Amarillo Hospital District employees pension fund for the period ending June 30, 2002. Ms. Andrews reported that the portfolio had a return of -5.09% for the quarter compared to a market index of -4.18%. For the last 12 months and three years respectively, the portfolio had a return of -2.47% and 0.72% compared to a market index of -3.78% and 0.37%. Ms. Andrews stated that although the portfolio returns for the quarter were less than the market index, if you look at the one year and three year time period the portfolio has out-performed the market index. The return of the portfolio ranked in the 66th percentile, but was in the 18th percentile for the last 12 months, and in the top one-third percentile for the three year period. Ms. Andrews also stated for the amount of risk the portfolio is taking, the portfolio is getting the appropriate return. Ms.

Andrews stated that although the portfolio had a bad quarter over the last one year and three year time period the manager is doing a good job.

ITEM V: Review and Consider Dental Clinic Continuation. Mr. Boyd, Funding Priorities Committee Chair, stated that the revised Board policy is to fund start-up projects and not to add any permanent projects. Accordingly, the Dental Clinic is to receive funding for four more years and funding will be reduced by one-fourth of the 2001-02 level each year; funding for 02-03 would be \$448,449. Motion for approval was made by Mr. Boyd, seconded by Ms. Seliger, and unanimously carried. Mr. Frigo pointed out that the \$448,449 should have been \$437,149. Motion to amend the dollar amount in the prior motion to \$437,149 was made by Mr. Boyd, seconded by Ms. Seliger, and unanimously carried.

ITEM VI: Review and Consider Health Access Clearinghouse Plan Continuation. Mr. Boyd stated that the revised Board policy is to fund start-up projects and not to add any permanent projects. Mr. Boyd reviewed that the proposed level of funding for this project in the amount of \$134,000 which will actually be a decrease of \$30,000 over what the Clearinghouse Project is estimating this year. Motion for approval was made by Mr. Boyd, seconded by Ms. Seliger, and unanimously carried.

ITEM VII: Review and Consider Tobacco Prevention and Control Program Continuation. Mr. Boyd stated that the American Cancer Society is requesting \$250,000 of Tobacco funds to continue the Tobacco Prevention and Cessation Program in Amarillo. Mr. Boyd stated that the Funding Priorities Committee is satisfied with the program and recommends approval of this funding request. Motion for approval was made by Ms. O'Hara, seconded by Ms. Seliger, and unanimously carried.

ITEM VIII: Review and Consider Continuation of Contract for Specialized Pediatric Services with Amarillo Area Healthcare Specialists. Mr. Boyd stated that this item is a renewal of the contract from a prior year and that AAHS funding would be for \$992,500 for the year, which includes \$64,500 in funding for a joint pediatric neurologist with Texas Tech. Motion for approval was made by Mr. Boyd, seconded by Mr. Walton, and unanimously carried.

ITEM IX: Review and Consider Continuation of Contract for Specialized Pediatric Services with Texas Tech University Health Science. Mr. Boyd stated that this item is also a renewal from a prior year contract and that the funding would continue at the same level. He recommended that the funding for Texas Tech would be for \$373,500 which includes \$64,500 in funding for a joint pediatric neurologist with AAHS. Motion for approval was made by Mr. Boyd, seconded by Ms. O'Hara, and unanimously carried.

ITEM X: Review and Consider Funding Request from Texas Tech University Health Sciences Center for Otolaryngology Services for FY 02-03. Mr. Boyd stated that the contract with Texas Tech and AAHS includes funds for a joint pediatric neurologist. Texas Tech is requesting to use the \$64,500 allocated in their contract for their portion of the joint pediatric neurologist to help defray the cost of Otolaryngology services (ear, nose and throat). It would be several months to recruit a pediatric neurologist and Texas Tech feels that there would be sufficient AAHS contract funds to pay a half-year's salary of a pediatric neurologist if one could

be recruited. Motion for approval was made by Mr. Boyd, seconded by Mr. Walton, and unanimously carried.

ITEM XI: Consideration of Amarillo Hospital District 2002/2003 Fiscal Year Budget. Mr. Frigo presented the 2002/2003 proposed Budget from the Finance Committee. Mr. Frigo stated that the proposed budget is compliant with the Board's 5.5% Spending Policy. Mr. Frigo stated that revenue is budgeted in the amount of \$12.6 million (which includes \$12.5 million interest income) and total expenditures of \$11.2 million. Also included in the budget is \$1.765 million for the Hospital District's share of an expanded children's treatment facility. This amount is part of the \$6.5 million that was originally included in the sale of the hospital for the Hospital District's one-third share of expansion for children's treatment. Mr. Walton questioned how the revenue budget was developed? Mr. Frigo explained that the AHD money managers prepare investment earning estimates for the next fiscal year and that those investments were used as the budget number. Mr. Frigo reviewed the Tobacco budget which includes \$315,000 in revenue and \$250,000 for the Tobacco Prevention and Cessation Program. Mr. Frigo explained that \$200,000 of the budgeted tobacco revenue is a distribution of tobacco proceeds and that the estimate is questionable because the distribution from the State is based on investment earnings. Motion was made by Mr. Walton, seconded by Mr. Taylor, and unanimously carried to approve the 2002/2003 fiscal year budget.

ITEM XII: Consideration of Pension Plan Amendment. Mr. Frigo stated that NWTHS has requested an amendment to the AHD pension plan. Mr. Frigo explained that originally Owens Pharmacy was included in the AHD pension plan. McKesson Pharmacy has replaced Owens Pharmacy and former AHD employees will now be working for McKesson Pharmacy. NWTHS is requesting that the service with the new employer (McKesson) also be included in accruing benefits under the AHD plan. Motion for approval was made by Mr. Walton, seconded by Ms. Seliger, and unanimously carried.

ITEM XIII: Approval of Tax Sale Properties for Potter County. Mr. Frigo presented a list of Potter County Sheriff Sale properties. He stated that Potter County requires approval from the taxing entities to complete the sale of this property. Motion was made by Ms. O'Hara, seconded by Mr. Walton and unanimously carried, to approve the sale of delinquent property taxes of the property.

ITEM XIV: Consideration of AHD Web Site Draft. Ms. Blackburn stated that Amarillo College received a grant to create web sites and Amarillo College has a contract with arn.net to provide this service for AHD. Ms. Blackburn stated that the proposed Web site would contain a brief history of AHD; Mission Statement; Vision Statement; Board members with pictures and bios; the Wyatt Health Plan; and currently funded projects with links to sites and links to other area health organizations. Motion was made by Mr. Boyd, seconded by Mr. Taylor and unanimously carried, to approve the AHD Web Site.

ITEM XV: 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 AHD financial statements for the period ending June 30, 2002. Mr. Frigo reported that the AHD has total assets of \$229 million and total liabilities in the amount of \$2.9 million. Mr. Frigo

reported that the AHD had total revenue of \$8.2 million and total expenses of \$7.8 million, for a net income of \$338 thousand, without the unrealized loss, the District has net income of approximately \$3.1 million. Mr. Frigo also reviewed the budget versus actual report.

ITEM XVI: Quarterly Investment Report from Investment Officer. In Mr. Irwin's absence, Mr. Frigo reported that for the quarter ending June 30, 2002, as the memo to the Board states, the Investment Portfolio was in compliance with state law and the AHD's Investment Policy.

ITEM XVII: Appointment of Nominating Committee for Board Offices. Mr. Walton stated that since his term of office is up this year, he volunteered to solicit board members who would be interested in becoming candidates for board offices this year.

ITEM XVIII: Committee Reports. There were no further committee reports at this time.

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

ITEM XX: There being no further business, Mr. Jones made the motion for adjournment at 8:15 a.m. This meeting was recorded and all comments are on file in the City Finance Department.



Rick Jones, Chair



Karen O'Hara, Secretary