

**AMARILLO HOSPITAL DISTRICT
REGULAR MEETING OF BOARD OF MANAGERS
AMARILLO CITY HALL
COMMISSION CHAMBERS
MINUTES
January 28, 2003
7:30 A.M.**

<u>Members</u>	<u>Present</u>
Mr. Ernie Boyd, Chair	Yes
Mr. Dave Taylor, Vice-Chair	Yes
Ms. Karen O'Hara, Secretary	Yes
Ms. Nancy Seliger	Yes
Dr. Constantine Saadeh	Yes
Mr. Sam Spradlin	Yes
Mr. John Turner	Yes

Also Present

Mr. Marcus Norris	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
Mr. Roy Browning	Prudential Securities
Mr. Andy Ray	Clifton Gunderson
Mr. Larry Brown	Clifton Gunderson
Dr. Rebecca Robinson	Funding Priorities Committee
Amy McKinley	Director of Health Initiatives and Tobacco Free Amarillo

*← Evaluator for
Amer Cancer Society
Tobacco Free Amarillo.*

ITEM I: Mr. Boyd called the meeting to order at 7:32 a.m. at City Hall, 509 East 7th Street, Third Floor, Commission Chambers, and welcomed those in attendance.

ITEM II: Presentation of Plaques. Mr. Boyd presented Plaques to Mr. Steve Walton, Mr. John Irwin, and Mr. Rick Jones stating that in honor of their leadership as Board Members of the Amarillo Hospital District Board of Managers, he presented them each with a plaque for their service during the past six years.

ITEM III: Mr. Boyd presented the Minutes of the October 29, 2002 meeting. Motion for approval was made by Ms. O'Hara, seconded by Ms. Seliger and unanimously carried.

ITEM IV: Executive Session to Discuss Pending Litigation. The Board convened into Closed Session at 7:35 a.m. The Board reconvened into Open Session at 7:43 a.m.

ITEM V: Presentation and Discussion of the Pension Fund Investment Performance Review. Mr. Browning of Prudential Securities presented a review of the AHD pension plan performance of the Amarillo Hospital District employees pension fund for the period ending December 31, 2002. Mr. Browning reported that the portfolio had a return of 5.27% for the quarter compared to a market index of 4.78%. For the last twelve months, the portfolio had a return of -5.54% compared to a market index of -4.9%. For the last three year, five year, and

since inception time periods, the portfolio had returns of 1.34%, 3.60%, and 4.87% respectively. These returns compared to market indexes of -1.19%, 4.35%, and 5.28% for the same time periods. The return of the portfolio ranked in the 8th percentile for the quarter ending December 31, 2002, but was in the 25th percentile for the last 12 months, the 4th percentile for the three year period, and the 41st percentile for the five year period

ITEM VI. Review and Discussion of Audit by Clifton Gunderson. Mr. Andy Ray presented the Draft Audit Report for the year ended September 30, 2002. Mr. Ray stated that the audit is under the new GASB 34 reporting requirements and therefore the reports only reflect financial information for the year ended September 30, 2002. Mr. Ray explained that the financials are still in a draft format as they are in the process of resolving a pending item with Universal Health System. Mr. Ray reported that the Financial Statements were issued an unqualified audit. Total assets for all funds were approximately \$237 million. The Statement of Revenues, Expenses, and Change in Net Assets reflects an increase in Net Assets of approximately \$8 million. Mr. Ray explained that the increase in Net Assets includes \$2.7 million increase in the fair value of investments. Mr. Ray also reviewed in Note 1 that the District has committed to fund up to \$1.7 million dollars with UHS to develop enhanced medical healthcare services for children. Mr. Ray stated that the Compliance and Internal Control letter as well as an Audit Committee letter were presented with no findings reported. Mr. Ray presented the Retirement Plan for September 30, 2002. Mr. Ray reviewed that the financials for the Retirement Plan are in conformity with generally accepted accounting principles and were issued an unqualified audit opinion.

ITEM VII. Tobacco Free Amarillo Evaluation Presentation. Dr. Rebecca Robinson presented the evaluation of the first year of the Tobacco Free Amarillo Initiative which included analysis of the community and review of informational interviews and surveys. Dr. Robinson reviewed the goal attainment of the tobacco free Amarillo Program. Goal#1 included decrease in the overall rate of the initial tobacco use of 6th grades by at least 30%. Dr. Robinson reported that findings indicated there was a 54.6% change in first time tobacco use in this age group. Goal #2 was to decrease the tobacco use rate in middle school and high school students by 10%. Dr. Robinson reported that tobacco use is down 50% in the middle schools and 12.5% in the high schools. Goal #3 is to decrease adult smoking by 3% and the program indicates there has been a 3.7% reduction. Goal #4 is to obtain an 85% awareness level of the tobacco prevention and control initiative campaign. Of the adults surveyed, 88.8% were aware of anti-tobacco media.

Ms. Amy McKinley presented the Amarillo Hospital District Board of Managers a plaque in recognition and appreciation of their efforts in the area of tobacco prevention. Ms. McKinley also stated that the Amarillo Hospital District Board is the only district in the state of Texas that has used tobacco settlement proceeds for the purposes of tobacco prevention.

ITEM VIII. Review and Consider Revisions of Bylaws. Ms. Claudia Blackburn proposed revisions to the Bylaws. Ms. Blackburn explained that the revisions were cosmetic changes. Motion for approval of the changes to the Bylaws was made by Ms. Seliger, seconded by Ms. O'Hara and the motion unanimously carried.

ITEM IX. Review and Consider of Custody Agreement. Mr. Frigo presented the custody agreement with Bank of New York. Mr. Frigo explained that the District has an agreement with Northern Trust for the District's securities managed by Amarillo National Bank. Currently the District does not have separate safekeeping agreements for Herring National Bank and Plains National Bank. This means that the safekeeping institute does not have the Amarillo Hospital

District investments separately identified. This custody agreement will separate those investments into Amarillo Hospital District safekeeping accounts. Mr. Frigo explained this is important for the safety of the assets. He further pointed out that in Note #4 of the Audit report, the assets managed by Plains and Herring are classified as a category three level of risk whereas the assets managed by Amarillo National Bank are classified as a category one level of risk. Motion for approval of the Custody Agreement was made by Ms. O'Hara, seconded by Mr. Taylor and the motion unanimously carried.

ITEM X: Approval of High Bidders on Tax Sale Properties for Potter County. Mr. Frigo presented a list of Potter County Sheriff Sale properties that had been sold to the high bidder. Mr. Frigo explained that delinquent tax property is struck off the tax roles and then sold to the highest bidder and that Potter County requires approval from the taxing entities to complete the sale of this property. Motion was made by Mr. Taylor, seconded by Ms. Seliger and unanimously carried, to approve the sale of the Sheriff Sale property.

ITEM XI: Presentation of Quarterly Financial Statements. Mr. Frigo gave an overview of the AHD financial statements for the period ending December 31, 2002. Mr. Frigo reviewed the Total Assets of \$237 million, which includes \$226 million of investments that are reported at market value. He also reminded the Board that included in the liability section are accruals for the indigent care contract, estimated self-insurance, and estimated third party settlements. Mr. Frigo reported that the Income Statement reflects \$476,907 net income, which includes an unrealized loss on investments of \$3.9 million. Mr. Frigo also reviewed the Budget versus Actual Report, which reflects total revenue receipts at 51% of budgeted revenue and total expenditures of 17% of budgeted expenditures. Mr. Frigo explained that the expenditure percent of budget is low because included in the budget is \$1.7 million for expanded children's treatment, \$1.1 million for retirement trust contributions and an additional \$5.2 million for indigent care that has not been expensed as of December 31, 2002.

ITEM XII: Quarterly Investment Report from Investment Officer. Mr. Taylor reported that for the quarter ending December 31, 2002, as the memo to the Board states, the Investment Portfolio was in compliance with state law and the AHD's Investment Policy.

ITEM XIII: Committee Reports. Mr. Boyd asked if there were any Committee Reports. There were no further committee reports at this time.

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

ITEM XV: There being no further business, Ms. O'Hara made the motion for adjournment at 8:40 a.m. This meeting was recorded and all comments are on file in the City Finance Department.

An Orientation meeting for the new Board members followed the regular meeting and was recorded with all comments on file in the City Finance Department.


Karen O'Hara, Secretary


Ernie Boyd, Chair