

**AMARILLO HOSPITAL DISTRICT
REGULAR MEETING OF BOARD OF MANAGERS
AMARILLO CITY HALL
CITY COMMISSION CHAMBERS
MINUTES
JANUARY 25, 2005
7:30 A.M.**

<u>Members</u>	<u>Present</u>
Mr. Ernie Boyd, Chair	Yes
Mr. Dave Taylor, Vice-Chair	No
Mr. Craig Bryan	Yes
Ms. Nancy Seliger	Yes
Dr. Constantine Saadeh	Yes
Mr. Sam Spradlin, Secretary	No
Mr. John Turner	Yes

Also Present

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
Mr. Roy Browning	Wachovia Securities
Mr. David Stanley	Amarillo National Bank
Mr. Frank Lopez	Northwest Texas Healthcare System CEO

ITEM I: Mr. Boyd called the meeting to order at 7:40 a.m. at City Hall, 509 East 7th Street, Third Floor, Commission Chambers, and welcomed those in attendance.

ITEM II: Mr. Boyd presented the Minutes of the December 7, 2004 meeting. Motion for approval was made by Nancy Seliger, seconded by Constantine Saadeh and unanimously carried.

ITEM III: Presentation and Discussion of the Pension Fund Investment Performance Review. Mr. Browning presented the composition of the Portfolio at December 31, 2004, 46.52% equity, 51.66% fixed and 1.82% cash. Mr. Browning reviewed the time-weighted returns of the Portfolio versus that of the market. The total Portfolio had returns for the latest quarter of 3.51% (4.61% market), for the latest one-year period 5.85% (7.28%), latest three-year period 3.80% (5.37%), latest five-year period 4.27% (3.49%), and since August 31, 1997 5.93% (6.79% market). Mr. Browning stated that the returns for the current 12-month time period are below market in total and for both the equity and fixed income comparisons. For the periods greater than one year the performance in the equities and fixed income is effective, but not as high as it could have been because of the large allocation to cash during this period. Mr. Browning also reviewed the Portfolio on a risk return basis. He stated that the Portfolio received less return than the universe of money market managers, but took less risk. Mr. Browning stated that the rankings of the portfolio compared to other money manager are 96th percentile for the latest quarter, 79th percentile for the latest one year period, 81st percentile for the latest three year period, and 48th percentile for the latest five year period. In review, Mr. Browning stated that the Portfolio performance was under the market for the current year, and that previous periods are

not as high as they could have been because of high allocations to cash. Mr. Browning recommended to the Board that they put the money manager on notice that they are concerned about the performance and that the Board continue to monitor the portfolio. David Stanley with Amarillo National Bank addressed the Board regarding the performance review. He stated that for the last year they had trailed the market in fixed income because of concerns of a rising interest rate environment. He also stated that the stock performance was limited because of the weight in pharmaceutical technology. He explained that while the performance was down for the current year, the performance for the long term was well above market and that as stated in the review the portfolio has less risk than the market.

ITEM IV: Presentation and discussion of the Amarillo Hospital District Audit. Mr. Boyd explained that this item be tabled until the next Board meeting.

ITEM V: Consider Securities Lending Agreement for Pension Plan Assets. Mr. Frigo explained to the Board that this agreement will add the Pension Plan assets to the securities lending being performed by Frost Bank. He stated that the Board has previously approved securities lending agreements for the operating assets and this is a separate contract adding the Pension Plan assets. Motion for approval was made by Dr. Saadeh, seconded by Mr. Turner and unanimously carried.

ITEM VI: Review and Consider Revisions of Bylaws as follows: Article XI, Amendments, These Bylaws shall be reviewed annually and may be changed by the Board, insofar as it is authorized under the law, at any regular meeting or special meeting of the Board by an affirmative vote of a majority of those present, ~~provided that the total number constitute a quorum.~~ Three (3) days' written notice shall be given by the Secretary of the intention to amend the Bylaws. Motion for approval of the changes to the Bylaws was made by Mr. Bryan, seconded by Ms. Seliger and the motion carried unanimously.

ITEM VII: Presentation of Quarterly Financial Statements. Mr. Frigo gave an overview of the AHD preliminary financial statements for the quarter ended December 31, 2004. Mr. Frigo reported that the AHD has cash of \$4.7 million and investments of \$221 million. Current liabilities are \$1.8 million and long-term liabilities are approximately \$1.1 million. Mr. Frigo reported that AHD had realized investment income in the amount of \$2.4 million and unrealized investment losses of \$1.5 million. He reviewed the operating expenses of \$2.5 million and stated that the income statement reflects a net loss of \$1.3 million. He explained to the Board that without the unrealized loss there would be a net income amount of approximately \$200,000. Mr. Frigo also reviewed the budget versus actual report at December 31, 2004. Mr. Frigo stated that actual interest income of \$2.4 million is in line at 24.19% of budget. Mr. Frigo reviewed expenditures with actual expenditures in the amount of \$1.9 million at 21% of the amount budgeted. Mr. Frigo also reviewed the Tobacco Proceeds and the Poison Control Grant budget versus actual reports.

ITEM VIII. Quarterly Investment Report from Investment Officer. Mr. Frigo reported that for the quarter ending December 31, 2004, as the memo to the Board states, the Investment Portfolio was in compliance with state law and the AHD's Investment Policy.

ITEM IX. Committee Reports. Nancy Seliger stated that the Indigent Care Committee met on January 13, 2005 to review the Indigent Care Annual Report from NWTB and the Quality

Indictors for the JO Wyatt Clinic, the Women's and Children's Healthcare Center and the Financial Needs Assessment Center. She stated that these indicators are being verified by staff and will be presented to the Board at the next meeting.

ITEM X: Executive Session to Discuss Real Estate Transactions. The Board convened into Closed Session at 8:23 a.m. The Board reconvened into Open Session at 8:35 a.m. No action was taken.

ITEM XI: Public Comments. Alan Finegold stated that he had reviewed the original sales contract that provided for the care of indigents in the community. He stated that based on this contract and information provided by the Texas Department of Health he estimated that there were approximately 42,000 people in Amarillo eligible for indigent care. He stated that there are only 6,374 individuals qualified at the JO Wyatt Clinic. He asked that the Board look at appropriating funds for two satellite indigent clinics that would be open on the weekends.

ITEM XII: Consideration of Agenda Items for Next Board Meeting. There were none at that time.

ITEM XIII: There being no further business, adjournment was at 8:40 a.m. This meeting was recorded and all comments are on file in the City Finance Department.



Sam Spradlin, Secretary



Ernie Boyd, Chair