

**AMARILLO HOSPITAL DISTRICT  
REGULAR MEETING OF BOARD OF MANAGERS  
AMARILLO CITY HALL  
CITY COMMISSION CHAMBERS  
MINUTES  
August 01, 2006  
7:30 A.M.**

<u>Members</u>	<u>Present</u>
Mr. John Turner, Chairman	Yes
Mr. Craig Bryan	Yes
Dr. Constantine Saadeh	No
Mr. Sam Spradlin, Secretary	Yes
Mr. Alphonso Vaughn	Yes
Ms. Carol Lovelady	Yes
Mr. John Ben Blanchard	No

Also Present

Mr. Marcus Norris	City Attorney, City of Amarillo
Mr. Dean Frigo	Finance Director, City of Amarillo
Ms. Andrea Rains	Recording Secretary, City of Amarillo
Ms. Donna DeRight	City Secretary, City of Amarillo
Mr. Roy Browning	Wachovia Securities
Mr. Jerry McMillon	Clifton Gunderson
Dr. Fred McCurdy	Texas Tech University Health Sciences Center
Mr. Hector Mendoza	Assistant Director of Public Health, City of Amarillo
Ms. Jeanie Jaramillo	Texas Panhandle Poison Center
Ms. Mary Coyne	Tobacco Free Amarillo
Dr. James Luce	Tobacco Free Amarillo
Dr. Rush Pierce	Texas Tech University Health Sciences Center
Mr. Matt Ramsey	Amarillo National Bank
Ms. Charlyn Snow	Northwest Texas Healthcare System

**ITEM 1:** Call to Order

Mr. Turner called the meeting to order at 7:30 am and welcomed those in attendance.

**ITEM 2:** Approval of Minutes from April 25, 2006

Mr. Turner presented the Minutes of the April 25, 2006 meeting. Motion for approval was made by Mr. Bryan, seconded by Mr. Vaughn, and unanimously carried.

**ITEM 3:** Presentation and Discussion of the AHD Corpus Investment Performance

Mr. Browning presented the portfolio summary for the period ending June 30, 2006. He stated that the composite review, which includes all investments excluding tobacco, had a return of 0.4% for the quarter, versus the market of 0.18%. He stated that the returns are impressive and outperforming the market for all time periods. On a risk-adjusted basis, the portfolio has more return and taking less risk than that of the policy. Mr. Browning reviewed that the portfolio ranks in the top quartile of money managers in the period beginning December 31, 1998. Reviewing the Amarillo National Bank managed portfolio, the returns were well ahead of the market and on a risk-adjusted basis the return is greater than that of the policy with less risk. The Herring I portfolio is also outperforming the market for all time periods. On a risk-adjusted basis, the return does have greater risk but with a huge return versus that of the policy. The Herring II portfolio analysis has only been complete for one year, which reflects that the portfolio is outperforming the market. Mr. Browning reviewed that the Tobacco Settlement Investments have terrific returns. In summary, Mr. Browning stated that the fund is in great shape and is one of the best in the country.

**ITEM 4:** Presentation and Discussion of the Pension Fund Investment Performance Review

Mr. Browning reviewed that for the quarter the portfolio underperformed the market, but for the one year, three year, and five year time periods the portfolio outperformed the market. Mr. Browning stated that the allocation of the portfolio includes 62% equities, 33% fixed income, and 5% cash and equivalents. On a risk-adjusted basis, the portfolio has slightly less return for the same amount of risk. Mr. Browning reminded the Board that the structure of the investments were recently revised by Amarillo National Bank. Mr. Ramsey addressed the investment categories of the portfolio.

**ITEM 5:** Consideration of revised consulting agreement with Wachovia Securities.

Mr. Frigo presented the revised consulting agreement with Wachovia Securities to the Board. He stated that the Board had originally entered into the consulting agreement with Prudential, whom has since changed its name to Wachovia. Mr. Frigo announced that nothing had changed in the agreement other than the name. Mr. Spradlin motioned to accept the revised consulting agreement with Wachovia Securities, Ms. Lovelady seconded and the motion carried unanimously.

**ITEM 6:** Presentation of report from Clifton Gunderson on Applying Agreed-Upon Procedures

Mr. McMillon presented to the Board the report from Clifton Gunderson on Applying Agreed-Upon Procedures. He stated that the purpose of the report is to show due diligence by the District when reporting Indigent Care dollars to the State. Mr. McMillon explained that there were no significant findings in this report. He also reported that they reviewed a sample of 50 individuals who were denied services and determined that the reason for denial was proper.

**ITEM 7:** Presentation of Quarterly Financial Statements

Mr. Frigo presented the financial statements through June 30, 2006. At June 30, 2006 the

District had \$3.9 million in cash and cash equivalents along with \$211.8 million in investments. The district had \$156.5 million in invested securities lending collateral with a corresponding liability to return the collateral. The District fund balance at the end of June was \$215.6 million.

The District had \$6.1 million in realized investment income and a \$3.5 million unrealized investment loss for net revenues of almost \$2.6 million. The District had expenses of \$9.1 million for a net loss of \$5.3. Excluding the \$3.5 unrealized investment loss, the District loss would be \$1.8 million. According to the District Operating Budget versus actual report, the District has collected 64.82% of its realized investment income compared to 75% for nine months. The District's total expense is 75.14% of the budgeted amount. Mr. Frigo reminded the Board that the Tobacco Fund Budget is funding the Pediatric Support contract, the Dental Clinic and Tobacco Free Amarillo. The District has recognized \$730,652 in revenue versus \$1,254,618 in expenses for the Tobacco Budget.

**ITEM 8:** Quarterly Investment Report from Investment Officer

Mr. Bryan stated that on June 30, 2006, the Amarillo Hospital District Investment Portfolio was in compliance with the Amarillo Hospital District Investment Policy and State Law.

**ITEM 9:** Review and Consider Pension Plan Amendment

Ms. Snow announced that as of July 2<sup>nd</sup>, 2006, the contract between Northwest Texas Hospital and McKesson had been cancelled. Ms. Snow explained that originally, the Pension Plan had been amended to allow service to continue to accrue for employees transferred to McKesson. Ms. Snow requested that since the contract has been cancelled that the Board amend the plan to remove the provision providing service accrual with McKesson. Mr. Vaughn made the motion to accept the Pension Plan Amendment, Mr. Spradlin seconded, and the motion carried unanimously.

**ITEM 10:** Review and consider Dental Clinic Continuation

Dr. Pierce reported that during the last year, the dental clinic had seen 2,800 patients and had decreased the waiting time for the initial appointment from four months to seven weeks. He also explained that Amarillo Area Foundation contributed \$170,00.00 to this program. He addressed the \$24,000 increase in funding for the Dental Clinic Program. Dr. Pierce noted that the increase would be used to fund additional staff and computer equipment to help with the administration of the program. Mr. Frigo noted that consideration for this program would be made item fifteen; Consideration of Amarillo Hospital District 2006/2007 Fiscal Year Budget.

**ITEM 11:** Presentation of Texas Poison Center Network

Jeanie Jaramillo provided the Board with the 2005 Annual Report of operations and activities of the Texas Poison Center Network. She noted that there are six centers in the state and that the Amarillo center currently provides service to the top 71 counties in Texas. She reviewed that their research estimates that the Panhandle Center has saved \$2.3 million in medical related expenses by providing poison center services. Ms. Jaramillo stated that their largest challenge is

to get more people to call and their main focus is getting the Poison Center phone number out to the public.

**ITEM 12:** Review and Consider Continuation of the Pediatric Subspecialty Service Contract with Texas Tech.

Dr. McCurdy reviewed the Updated Proposal for Pediatric Services and explained to the Board that Texas Tech Pediatrics provides comprehensive healthcare services. He stated that the funding from the Amarillo Hospital District has enabled Texas Tech to provide pediatric subspecialty care to the Amarillo area. Without this funding, Texas Tech would not have the ability to attract physicians in these specialty care areas. He thanked the Board for their generosity and stated that this service provides a great value to the children of Amarillo. Dr. McCurdy also reviewed the different specialists that are available through the Texas Tech Pediatric Program.

**ITEM 13:** Review and Consider Tobacco Prevention and Control Program Continuation

Dr. James Luce introduced himself and Mary Coyne as volunteers for the Tobacco Free Amarillo Program and stated that they believe a comprehensive program is necessary to help prevent and stop tobacco use. He explained that they use the media and the schools to focus on their educational programs. He also stated that they will focus on the Women's, Infant and Children (WIC) program, as it is a high-risk area. John Turner explained that the increase in the program budget was originally requested by Dr. Saadeh. Ms. Coyne thanked the Board for using the tobacco settlement fund for tobacco prevention and control.

**ITEM 14:** Presentation of Indigent Care Report

Hector Mendoza presented the Board the Amarillo Hospital District Indigent Care Report. He stated that this report is reviewed annually and prepared by the Public Health Department. He reviewed the results of the Quality Assurance Indicators and the Access to Care Indicators.

**ITEM 15:** Consideration of Amarillo Hospital District 2006/2007 Fiscal Year Budget

Mr. Frigo presented the Amarillo Hospital District's 2006/2007 Fiscal Year Budget. He explained that the Tobacco Budget includes revenue in the amount of \$729,080 and expenses in the amount of \$1,831,856 and that the Operating Budget includes revenue in the amount of \$10,837,825 and expenses in the amount of \$10,755,019. Mr. Frigo explained that the Pediatric and Dental Clinic projects have been moved to the Tobacco Budget in the previous year with the idea of exhausting the Tobacco Funds. At September 30, 2007 the proposed budget reflects available Tobacco funds in the amount of \$2.6 million. The Operating Budget reflects available funds at September 30, 2007 in the amount of \$215.8 million. The changes included in the budget are the increase in the Tobacco Free Amarillo program from \$200,000 to \$250,000 and an increase in the Dental Clinic Program from \$291,433 to \$315,960. Mr. Frigo also noted that the indigent care contract amount is decreasing from \$7,144,616 to \$6,941,544. He explained that the indigent care contract amount would stay the same for the balance of the contract, fifteen years. He further stated that the increase in the professional services line item includes amounts budgeted for a community health assessment survey. Vicki Covey explained that the public

health department is recommending that this survey be updated every three years to help the district prioritize and direct resources to improve the health of the community. Mr. Spradlin motioned to approve the 2006/2007 Fiscal Year Budget, Ms. Lovelady seconded, and the motion carried unanimously.

**ITEM 16:** Committee Reports

There were no Committee Reports for this quarter.

**ITEM 17:** Executive Session to Discuss Pending Litigation

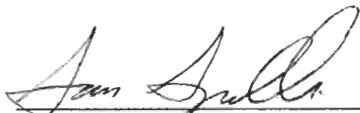
Mr. Norris announced that there was no pending litigation to discuss at this time.

**ITEM 18:** Public Comments


There were no comments from the public.

**ITEM 19:** Adjournment

There, being no further business, Ms. Lovelady made the motion to adjourn the meeting. Mr. Spradlin seconded the motion and it carried unanimously. The meeting adjourned at 9:15 am. This meeting was recorded and all comments are on file in the City Finance Department.



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Sam Spradlin, Secretary



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John Turner, Chairman