

**AMARILLO HOSPITAL DISTRICT
FINANCE COMMITTEE MEETING
AMARILLO CITY HALL
ROOM 306
JANUARY 11, 2010
4:00 P.M.**

<u>Members</u>	Present
Mr. Craig Bryan, Chairman	Yes
Mr. Greg Graham	Yes
Ms. Murielle Barnes	Yes

Also Present

Mr. Dean Frigo	Assistant City Manager for Financial Services, City of Amarillo
Ms. Vicki Covey	Assistant City Manager for Public Services, City of Amarillo
Mr. Matt Richardson	Public Health Director, City of Amarillo
Ms. Andrea Rains	Recording Secretary, City of Amarillo
Mr. Kyle Sanders	Chief Executive Officer, Northwest Texas Healthcare System
Mr. Herman Shirly	Investment Officer, Herring Bank

ITEM 1. Mr. Bryan welcomed everyone in attendance and called the meeting to order at 4:05 pm.

ITEM 2. Mr. Bryan presented the minutes of the last finance committee meeting held October 23, 2009. There were no questions or comments. Motion to approve the minutes as written was made by Mr. Graham, seconded by Ms. Barnes and carried unanimously.

ITEM 3. Consider a Resolution for the AHD to fund a Medicaid Upper Payment Limit. Mr. Frigo reported that this resolution would authorize a total amount of \$4,007,690 in public funding to be transferred to the State to draw down additional Federal funding for unreimbursed services, or to be paid directly to Northwest as unmatched Medicaid payments. He further reported that the first payment of \$2,680,896 would be due within three business days from the date of this resolution and that the second payment of \$1,326,794 would be due on or before April 1st, 2010. Mr. Frigo stated that the Fund's financial advisor had reviewed and agreed with these calculations and noted that the District is receiving an 8% discount from NWTH. Mr. Sanders reviewed that the amount of payment acceleration acceptable by the District has been approximately three years. Mr. Frigo noted that currently, approximately \$16 million has been prepaid and that this resolution would add another \$4 million to that amount. He further noted that the highest the District has prepaid in the past was \$21 million. Mr. Frigo reviewed that the normal quarterly payment is \$1,735,000 and that with this discounted \$1,326,974 payment, the District would save approximately \$400 thousand each quarter or \$1.6 million annually.

ITEM 4. Consider a Resolution for the AHD to enter an Amendment to the Suspension Agreement. Mr. Sanders reviewed that this Resolution would extend the suspension of the Indigent Care Agreement for an additional nine month period, beginning November 9th, 2012 and ending August 8th, 2013.

ITEM 5. Consider a Resolution for the AHD to enter an Amendment to the Healthcare Services Agreement. Mr. Sanders stated that this resolution is an extension of the Health Services Agreement beyond November 8, 2012 to August 8, 2013. Mr. Graham motioned to recommend approval of Items 3, 4, and 5 to the full Board. Ms. Barnes seconded the motion and it carried unanimously.

ITEM 6. Consider Investment Policy. Mr. Shirly recommended to increase the allocation in U.S. Government Agencies from 85% to 95%, which would allow the money managers to hold less in short-term securities that are currently earning less than .25% and be invested in U.S. Government Agencies with maturities of three to five years, which would have a yield from 2% to 4% and at an average return of 3%. Mr. Frigo advised that the allocation change had been made to the Policy consistent with Mr. Shirly's request and noted that Matt Ramsey from Amarillo National Bank and Roy Browning from Wachovia Securities both concurred with the change and stated that the change

to the Policy was in compliance with the Public Funds Investment Act. Mr. Frigo recommended changing the rating requirement in taxable munis from AA to AA- as the minimum rating to provide for more variety. Mr. Shirly stated that he agreed with Mr. Frigo's recommendation. Mr. Frigo stated that this change would also be in compliance with the Public Funds Investment Act. Mr. Graham motioned to recommend the proposed changes to the Policy as presented to the full Board. Ms. Barnes seconded the motion and it carried unanimously.

ITEM 7. Consider Partial Funding of a Medical Director. Ms. Covey reviewed that the City Commission had approved a permit for a new ambulance provider in Amarillo named AMR: American Medical Response. Part of the contract, she added, provides for a medical director independent of the ambulance service, which would guide protocols for response as well as provide protocols for the fire department as they build towards ALS (Advance Life Support) response service. Ms. Covey stated that the medical director would provide the direction for response for both AMR and the City's fire department. She further stated that AMR has agreed to pay for half the cost of the medical director and that the City would pay the other half. The estimated cost of the medical director for the first year, Ms. Covey reviewed, is \$120,000; \$60 thousand from AMR and \$60 thousand from the City. She reported that the City's budget is extremely tight right now, especially with sales tax numbers being down, and stated that the City is requesting the Hospital District consider a budget amendment in the current year to provide for the medical director on behalf of the City. Mr. Frigo noted that a Board overseeing the ambulance service, that the medical director would report to, would be formed and include a member from the Hospital District Board of Managers. Mr. Graham expressed his concerns with the Hospital District's mandate in regards to providing an ambulance service and the District's ability to afford it. Ms. Barnes concurred with Mr. Graham in stating that he would like to hear more regarding the contract during a full presentation at the next day's Board of Managers meeting before making a decision. Motion to move partial funding of a medical director to the full Board without recommendation from the Finance Committee was made by Mr. Graham, seconded by Ms. Barnes and carried unanimously.

ITEM 8. Presentation of Quarterly Financial Statements. Mr. Frigo presented the AHD's quarterly financial statements at December 31, 2009 and noted that this was ending the first quarter of the year for the District. He reported that the General Fund held a little over \$207 million in cash and investments and approximately \$51 million in securities lending collateral with an obligation of the same amount for when the securities are returned. Prepaid expenses, he noted, were down to approximately \$15.7 million. Mr. Frigo reviewed total current assets of \$275,290,330 versus total current liabilities of \$51,172,462 and a total Fund balance of \$227,159,265 at the end of the quarter. Mr. Frigo reviewed the income statement of the General Fund and reported \$246 in delinquent tax income, \$2,057,871 in realized investment income and an unrealized loss of \$2,802,549. He reported that the Fund was short \$722,133 in total revenue for the quarter. Reviewing operating expenses, Mr. Frigo stated that the Fund's largest operating expense was Indigent Care in the amount of \$1,503,536. He reported an operating loss of \$2,848,072; noting that most of the loss was from the unrealized investment income. Mr. Frigo reviewed the budget versus actual report of the operating budget and noted that investment income was approximately 23% realized for the first quarter. Reviewing operating expenses, he reported that indigent care and professional services were both right at 25%. Mr. Frigo reviewed total expenses of \$1,700,196 versus total revenue of \$2,057,980 for approximately \$358 thousand in revenue over expenses. Tobacco Funds, he noted, were right at 25% in professional services, which included funding for dental and pediatric services and Tobacco Free Amarillo. He reviewed actual total expenses of \$410,070 versus total revenue of \$1,014 in the Tobacco Fund.


ITEM 9. Quarterly Investment Report from Investment Officer. Mr. Graham reported that the Amarillo Hospital District is in compliance with investment guidelines and the District's Investment Policy. He stated that he would present the full report at the following morning's AHD Board of Managers meeting.

ITEM 10. Public Comments. There were no comments from the public.

ITEM 11. Adjournment. There, being no further business, Mr. Bryan adjourned the meeting at 4:53 pm. This meeting has been recorded and all comments are on file in the City Finance Department.



Craig Bryan, Chairman



Greg Graham, Vice-Chairman