

**AMARILLO HOSPITAL DISTRICT  
REGULAR MEETING OF BOARD OF MANAGERS  
AMARILLO CITY HALL  
CITY COMMISSION CHAMBERS  
MINUTES  
JULY 15, 2010  
7:30 A.M.**

<u>Members</u>	<u>Present</u>
Mr. Craig Bryan, Chairman	Yes
Mr. Greg Graham	No
Dr. Paul Proffer	Yes
Ms. Liz Hughes	Yes
Ms. Nancy Kritser	Yes
Ms. Murielle Barnes	No
Ms. Claudette Dove	Yes

Also Present

Mr. Dean Frigo	Assistant City Manager for Financial Services, City of Amarillo
Mr. Marcus Norris	City Attorney, 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
Ms. Sharon Oxendale	Chief Operating Officer, Northwest Texas Healthcare System

**ITEM 1:** Mr. Bryan called the meeting to order at 7:33 a.m. and welcomed everyone in attendance.

**ITEM 2:** Approval of Minutes from June 22, 2010. Mr. Bryan presented the minutes from the last Board of Directors meeting held June 22, 2010. Motion to approve the minutes as presented was made by Ms. Hughes, seconded by Dr. Proffer and unanimously carried.

**ITEM 3:** Discussion and Recommendation on Upper Payment Limit Program and Indigent Care Agreement. Mr. Sanders reviewed that there had been multiple discussions with staff over the last couple months regarding the Upper Payment Limit (UPL) on a long-term basis and how it and the District's contracts would be affected by the current passed healthcare reform bills. In order to give more time to study the bills, Mr. Sanders stated that these agreements would only fund the UPL through another quarter, out to November 8, 2013, in the amount of \$1,330,871. He reviewed that with exception to dollar amounts and dates; these agreements contained the same language as the previously approved agreements by the Board and explained that NWTX would continue to provide the same level of care. Mr. Bryan noted that the UPL payment was at an 8% discount to the District and stated that the Finance Committee had reviewed and approved the contracts. Motion to approve the contracts as presented was made by Ms. Hughes, seconded by Dr. Proffer, and carried unanimously.

**ITEM 4:** Consider Proposal from UHS for Pediatric and Dental Services and Tobacco Free Amarillo. Ms. Oxendale reviewed that UHS had presented a proposal to the Indigent Care and Funding Priorities Committee on June 29<sup>th</sup> recommending maintaining current funding levels for Texas Tech Pediatric Subspecialties services and Tobacco Free Amarillo with no increases requested. She reviewed that Regence Health Network had requested a \$50 thousand increase to better reflect some of the patients that were having a higher level of acuity. Ms. Oxendale explained that an additional Indigent Care and Funding Priorities meeting was held earlier in the week to explore in depth the dental services proposal and recommended to continue to fund all three programs at their current levels with no increases. Dr. Proffer motioned to approve the proposal as presented from UHS to fund pediatric and dental services and Tobacco Free Amarillo at their current funding levels, without the requested increase in dental services. Ms. Dove seconded the motion and it carried unanimously.

**ITEM 5:** Consider 2010-2011 AHD Budget. Mr. Frigo presented the proposed budget of the Amarillo Hospital District for the 2010-2011 fiscal year and stated that this draft budget had been reviewed by both the Funding Priorities Committee and the Finance Committee. Reviewing the proposed budget of the Operating Fund, he reported estimated revenue of \$9,177,478 over expenditures of \$8,867,351; leaving a slight surplus of \$310,127. He further reviewed that the Tobacco Funds had budgeted revenue of \$352,275 versus total expenditures of \$1,648,811; leaving a deficit of almost \$1.3 million. He noted that the shortfall in the Tobacco Fund would also create a loss in the total Fund balance of -\$949,568. Mr. Frigo stated that in essence, the programs funded by the Tobacco Funds would need funding from the Operating budget. He explained that in the short term, the District can cover the shortfall because it has over \$200 million in assets; however, in the long term, the District cannot continue to have an unbalanced budget. Mr. Frigo pointed out that although the Board voted to approve proposals for pediatric, dental and Tobacco Free Amarillo services, more information had been requested from RHN regarding dental services. He suggested that the Board approve the budget as-is with the caveat of the requested information from RHN be presented to the District's Indigent Care and Funding Priorities Committee and the Finance Committee before the contract is executed. Mr. Frigo noted that the District's budget must first be approved by the Board before it goes to the City Commission for final approval. Motion was made by Ms. Dove, seconded by Ms. Kritser, and carried unanimously to approve the budget as presented.

**ITEM 6:** Presentation of Quarterly Financial Statements. Mr. Frigo presented the District's Quarterly Financial Statements at June 30, 2010. Reviewing the Balance Sheet, he reported total assets of \$239,883,819 versus total current liabilities of \$9,505,203. He reviewed current assets of \$8,119,333 in cash and equivalents, \$200,782,504 in investments, \$1,489,758 in accrued interest, \$16,806,429 in prepaid expenses; which is the Healthcare Services Agreement, and \$9,355,000 in securities lending collateral. Mr. Frigo pointed out that the securities lending number is also reported as the Fund's largest liability of the same amount for when the securities are returned. He reported a total Fund balance of \$230,093,697 and stated that the Fund is still in very good financial shape. Mr. Frigo reviewed the income statement of the Fund and reported total revenue of \$8,821,378 over total expenses of \$8,735,018 with an operating income of \$86,360; to which he explained that without the Fund's investment income, there would be no profit. A portion of the total revenue, he noted, included \$6,940,948 in realized investment income and \$1,448,933 in unrealized investment income. Mr. Frigo stated that of the Fund's operating expenses, indigent care remains the largest expense of \$4,475,791 followed by personal services of \$2,103,169 and the pension plan payment of \$1,288,475. Reviewing the Operating Fund's Budget versus Actual report, Mr. Frigo reported actual realized investment income of \$6,938,314 versus a budgeted amount of \$8,975,000 or 77.31% realized. He noted that for three-quarters of the year, the Fund is ahead of schedule. Mr. Frigo reviewed that both the fiduciary fees and the indigent care contract are on track, having realized 74.51% and 75.73% respectively. He noted that Public Health was 61.25% realized, having a budgeted amount of \$937,429 and spending an actual \$574,154. Reviewing the Tobacco Fund's budget versus actual report, Mr. Frigo reported actual total revenue of \$350,286 versus total expenses of \$1,251,269. He stated that the difference in expenses over revenue will exhaust surplus tobacco funds the next year. Mr. Bryan stated that the Board will have to take a closer look at the Fund's expenses should the trend continue. In closing, Mr. Frigo explained that the District is in good shape with many liquid assets.

**ITEM 7:** Quarterly Investment Report from Investment Officer. Quarterly Investment Report from Investment Officer. Mr. Bryan reported that for the quarter ending June 30, 2010, the Investment Portfolio was in compliance with the Amarillo Hospital District Investment Policy as amended on January 12, 2010 and the Public Funds Investment Act. He reviewed that agency securities, including mortgage-backed securities, represent 85.72% of the total Portfolio, which is below the 95% Agency limit. Mortgage backed securities, he stated, represent 10.13% of the total Portfolio, which is below the 30% limit, and obligations of state or local governments represent 7.37% of the total Portfolio, which is below the 10% limit. He reported that treasuries and full faith and credit obligations comprise 2.92% of the total Portfolio and cash balances, including Money Market funds, comprise about 4.00%. Investments with maturities greater than 10 years represent 21.77% of the total Portfolio, which is under the 50% restriction in the Policy. Mr. Bryan reported that there are no securities with a maturity of greater than 30 years. He stated that the market value of the Portfolio is 102.47% of the book value, with a market value

of \$208,933,271 and a book value of \$203,902,228. Mr. Bryan reviewed that in the current year, the AHD Budget called for \$9,006,000 in realized investment income and the current investment earnings through June 30, 2010 were \$6,940,948.

**ITEM 8:** Committee Reports. There were no reports to present at this time.

**ITEM 9:** Public Comments. There were no public comments.

**ITEM 10:** Adjournment. There, being no further business, the meeting adjourned at 7:53 a.m. This meeting was recorded and all comments are on file in the City Finance Department.

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Craig Bryan, Chairman

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Murielle Barnes, Secretary