

**AMARILLO HOSPITAL DISTRICT
MEETING OF BOARD OF MANAGERS
AMARILLO CITY HALL
CITY COMMISSION CHAMBERS
MINUTES
FEBRUARY 1, 2011
7:30 A.M.**

<u>Members</u>	<u>Present</u>
Mr. Greg Graham, Chairman	Yes
Ms. Murielle Barnes, Vice-Chair	Yes
Ms. Liz Hughes, Secretary	Yes
Dr. Paul Proffer	Yes
Ms. Nancy Kritser	Yes
Ms. Claudette Dove	No
Mr. Chuck Speed	Yes

Also Present

Mr. Dean Frigo	Assistant City Manager for Financial Services, City of Amarillo
Mr. Marcus Norris	City Attorney, City of Amarillo
Ms. Andrea Rains	Recording Secretary, City of Amarillo
Mr. Roy Browning	Investment Consultant, Wachovia Securities
Mr. Brian Gibbs	Administrative Director, J.O. Wyatt Clinic
Mr. Kyle Sanders	Chief Executive Officer, Northwest Texas Healthcare System

ITEM 1: Mr. Graham called the meeting to order at 7:32 am and welcomed everyone in attendance.

ITEM 2: Presentations. Mr. Graham presented Mr. Craig Bryan with a plaque in appreciation of his service on the Amarillo Hospital District Board of Managers from October 2004 to November 2010. Mr. Graham introduced Mr. Chuck Speed and explained that Mr. Speed had been appointed to fill the vacancy on the District's Board of Managers left by Mr. Bryan.

ITEM 3: Election of Officers and Other Appointments. Ms. Barnes motioned to appoint Greg Graham as Chairman of the AHD Board of Managers. Dr. Proffer seconded the motion and it carried unanimously. Murielle Barnes was motioned for appointment to Vice-Chairman by Mr. Graham, seconded by Ms. Barnes and unanimously carried. Ms. Barnes motioned to appoint Liz Hughes as Secretary of the Board. Dr. Proffer seconded the motion and it carried unanimously. Motion was made by Ms. Barnes, seconded by Ms. Hughes and carried unanimously to retain Greg Graham as the Board's Investment Officer. Ms. Barnes motioned to reappoint Dr. Proffer as the District's representative on the TIRZ Board. The motion was seconded by Ms. Kritser and unanimously carried. Chuck Speed was motioned for appointment to the Emergency Care and Advisory Board as the District's representative by Mr. Graham, seconded by Ms. Barnes, and carried unanimously.

ITEM 4: Approval of Minutes from November 16, 2010. Mr. Graham presented the minutes from the last Amarillo Hospital District Board of Managers meeting held on November 16th, 2010. There were no questions or comments. Dr. Proffer motioned to approve the minutes as written. Ms. Hughes seconded the motion and it unanimously carried.

ITEM 5: Presentation and Discussion of the Pension Fund Investment Performance. Mr. Browning reviewed the Investment Performance Analysis for the Amarillo Hospital District's Pension Fund and reported that the Market Value of the Fund at December 31st, 2010 was \$16,372,453. He reviewed that the Fund had returns for the latest 3-month period of 6.5% versus that of the market of 5.8%. For the latest year-to-date, he reported returns of 11.8% versus 11.8% and explained that for the 3, 5, and 10-year periods, and since inception, the Fund was ahead of the market index. He stated that the Fund was doing an excellent job on a risk-return basis; receiving a greater return than that of the market and taking less risk for the 3, 5, and 10-year time periods. Mr. Browning reviewed that the Fund's Sharpe ratio was 0.12

versus 0.03 of the policy for the latest 3-year period; 0.27 versus 0.16 for the latest 5-year period, and 0.27 versus 0.16 for the latest 10-year period. On a Universe Comparison, the Fund ranked in the 60th percentile for the latest quarter, 56th percentile for the year-to-date, 38th percentile for the latest 3-years, and 41st percentile for the latest 5-year time period. Mr. Browning stated that this was a good report of the Fund's performance overall.

ITEM 6: Presentation and Discussion of the AHD Corpus Investment Performance. Mr. Browning reviewed performances of the Capital Markets at December 31st, 2010 and reported total Portfolio assets of \$204,212,781. He reviewed that for the latest quarter, the Fund had a return of -1.3% versus that of the market of -1.9%. Mr. Browning further reviewed the Fund's returns of 5.0% versus the market of 4.8% for the latest 1-year period; 4.3% versus 4.9% for the latest 3-year period, 5.0% versus 5.3% for the latest 5-year period and 5.2% versus 5.2% for the latest 10-year period. Reviewing the Sharpe Ratio, the amount of return per unit of risk relative to the index, Mr. Browning reported that the Fund's ratio was 1.15 versus the policy of 1.11 for the latest 3-years, 1.00 versus 0.92 for the latest 5-years, and 1.04 versus 0.81 for the last 10 years. He noted that the Fund is taking less risk than the index on a risk-adjusted basis in all three time periods. Mr. Browning stated that both money managers are doing an excellent job and in summary, both Plans are doing great and ahead of their absolute return requirements of the index and ahead of the risk-adjusted returns as well.

ITEM 7: Consider Corpus Investment Policy. Mr. Frigo explained that the Corpus' Investment Policy must be considered annually per the Texas Public Funds Investment Act and had been reviewed and recommended by the Finance Committee. He noted that there were no changes or amendments suggested at this time. Motion to approve the District's Investment Policy was made by Mr. Speed, seconded by Ms. Barnes, and carried unanimously.

ITEM 8: Review and Consider the District's Bylaws. The District's Bylaws, Mr. Graham explained, must also be reviewed and considered annually. He reported that the bylaws had been reviewed and recommended by the Finance Committee and that no changes or amendments were recommended. Ms. Barnes motioned for approval of the District's Bylaws as presented. Ms. Hughes seconded the motion and it carried unanimously.

ITEM 9: Consider Release of Collateral. Mr. Norris explained that the City of Amarillo had approached UHS and requested a right-of-way dedication deed for a two hundred square feet piece of land in order to facilitate installation of a traffic signal. He further explained that this was only a partial release of reversionary interest, and that it does not affect the UHS obligations secured, covenants and restrictions given, or any other form and type of security given by UHS in 1996 as to the remainder of the property conveyed by the Amarillo Hospital District in 1996. Motion for approval of this partial release of collateral was made by Mr. Graham, seconded by Mr. Speed, and unanimously carried.

ITEM 10: Presentation and Discussion on Wyatt Clinic. Mr. Gibbs introduced himself to the Board as the J.O. Wyatt Clinic's Administrative Director and provided a PowerPoint presentation over the Clinic including its history and all services provided. Mr. Gibbs reported that patient volumes totaled 3,635 patients seen last year and that there were 3,386 approved Wyatt patients at December 2010. He noted that the Clinic maintains an in-house pharmacy with prescription benefits and also provides dental services with relationships between the Clinic, Amarillo College, and Regence Health Network. Mr. Gibbs explained that the Clinic works with Northwest Texas Hospital regarding its Emergency Department and stated that the Clinic would be working with the Public Health Department in the Quality Indicators Report, which is expected to be presented in the spring.

ITEM 11: Presentation of Quarterly Financial Statements. Mr. Frigo reported a total General Fund balance of \$227,258,142 from the balance sheet at December 31, 2010. Reviewing assets, he stated the Fund had approximately \$205 million in total cash and investments, about \$1.3 million from accrued interest, and \$1,080,000 in securities lending collateral with an amount of the same listed under current liabilities for when the collateral is returned. He further reviewed that \$16,650,388 in prepaid expenses was the prepayment of the Indigent Care Contract through November 2013 at an 8% discount. Mr. Frigo reviewed the Fund's Income Statement and reported total revenue of a negative \$2,752,861 versus total

expenses of \$1,984,160. Reviewing revenue, he reported delinquent tax income of \$1,739; realized investment income of \$1,957,829 and an unrealized income loss of \$4,719,225. He pointed out that Indigent Care was the District's largest expense at \$1,381,736; followed by Professional Services at \$391,236 and Public Health at \$170,759. Mr. Frigo reported an Operating Loss of \$4,737,021 and explained that the loss was nearly the same amount as the unrealized loss from the investment income. From the Budget Versus Actual Report at December 31st, 2010; he announced that total revenue was slightly behind at an actual amount of \$1,965,212 or 21.41% realized. Total actual expenses, he reported, was \$1,623,779 and actual Cash from Operations was \$341,432; which was ahead of the budgeted amount of \$310,127. Mr. Frigo stated that the Tobacco Fund's Budget Versus Actual Report was basically even. He reminded the Board that the Tobacco Free Amarillo and Pediatric Support contracts were subsidized through the Tobacco Fund.

ITEM 12: Quarterly Investment Report from Investment Officer. Mr. Graham reported that for the quarter ending December 31, 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 83.41% of the total Portfolio, which is below the 95% Agency limit. Mortgage backed securities, he stated, represent 11.79% of the total Portfolio, which is below the 30% limit, and obligations of state or local governments represent 8.42% of the total Portfolio, which is below the 10% limit. He reported that treasuries and full faith and credit obligations comprise 2.40% of the total Portfolio and cash balances, including Money Market funds, comprise about 5.77%. Investments with maturities greater than 10 years represent 32.17% of the total Portfolio, which is under the 50% restriction in the Policy. Mr. Graham reported that there are no securities with a maturity of greater than 30 years. He stated that the market value of the Portfolio is 100.30% of the book value, with a market value of \$205,208,020 and a book value of \$204,592,350. Mr. Graham reviewed that in the current year, the AHD Budget called for \$9,169,275 in realized investment income and the current investment earnings through December 31, 2010 were \$1,957,829.

ITEM 13: Legislative Briefing. Mr. Norris explained that this agenda item would be a standing item for future agendas in order to receive reports from staff regarding pending legislation or new laws affecting the business of the District and provide consensus direction to staff as the Board may desire to give on such matters. Mr. Norris reported that currently, proposed Senate Bill 304 could possibly impact the Amarillo Hospital District in that it may require all indigent care recipients to register with the Texas Workforce Commission. He suggested that the Board stand by and see what transpires with the bill. The Board agreed it would be appropriate for the City Attorney to discuss any time-essential matters that may arise with the Chairman on behalf of the Board.

ITEM 14: Committee Reports. There were no committee reports to present at this time.

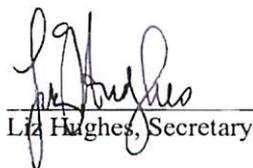
ITEM 15: Public Comments. There were no public comments at this meeting.

ITEM 16: Adjournment. There, being no further business, the meeting adjourned at 8:40 a.m. This meeting was recorded and all comments are on file in the City Finance Department.



Greg Graham, Chairman

ATTEST:



Liz Hughes, Secretary