

**AMARILLO HOSPITAL DISTRICT
MEETING OF BOARD OF MANAGERS
AMARILLO CITY HALL
CITY COMMISSION CHAMBERS
MINUTES
OCTOBER 11, 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 |
| Ms. Claudette Dove | Yes |
| Mr. Chuck Speed | Yes |
| Mr. Bob Stafford, MD | Yes |
| Mr. Rodney Ruthart | Yes |

Also Present

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| Mr. Dean Frigo | Assistant City Manager for Financial Services, City of Amarillo |
| Ms. Andrea Rains | Recording Secretary, City of Amarillo |

ITEM 1: Mr. Graham established a quorum and called the meeting to order at 7:30 am. He welcomed and introduced new Board members: Bob Stafford and Rodney Ruthart.

ITEM 2: Approval of Minutes from July 26, 2011. There were no questions or comments. Motion was made by Mr. Speed, seconded by Mr. Hughes and unanimously carried to approve the minutes from the July 26th, 2011 meeting as written.

ITEM 3: Consider Indigent Care Agreement and Healthcare Services Agreement. Review and Consider Resolutions Regarding Suspension Agreement and Amendment to Healthcare Services Agreement. This item was discussed and approved along with Item 4 below.

ITEM 4: Review and Consider Resolution Regarding Upper Payment Limit Program. Mr. Frigo explained that Item 3 and Item 4 contain resolutions and agreements in which the District would suspend the Indigent Care Agreement. He noted that the Indigent Care Agreement was part of the consideration of the sale of the hospital in 1996. The documentation, Mr. Frigo stated, would suspend the Indigent Care Agreement and replaced with the Healthcare Services Agreement; which is essentially an identical agreement except that instead of paying Universal Healthcare Services (UHS) a quarterly payment, the District funds the Medicaid Upper Payment Limit program for UHS. He reported that UHS would continue the same services to the District's indigent and needy citizens. In consideration of the prepayment, Mr. Frigo explained, UHS would give the District an 8% discount, which will save the District approximately \$357 thousand. He reported that with approval of Item 3 and Item 4, the District will extend the Suspension Agreement to November 2014; and that currently, the District is prepaid through August 2014. Mr. Frigo clarified that the amount prepaid to UHS through August 2014 is approximately \$15,246,000. He reviewed that the discounted quarterly amount paid to UHS would be \$1,357,382 versus the contracted payment amount of \$1,735,385. Ms. Barnes motioned to approve Item 3 and Item 4 as presented. Mr. Speed seconded the motion and it carried unanimously.

ITEM 5: Consider Resolution Setting the Amount of the Monthly Payment to NWTB for Pediatric Support and Tobacco Free Amarillo. Mr. Frigo reported that the District has contracted UHS for Pediatric Support Services and Tobacco Free Amarillo and in turn, UHS sub-contracts Texas Tech Universal Health Services and the American Cancer Society for those services. He further reported that UHS compensates the sub-contractors and the District uses the funds to support the Medicaid

UPL program. Mr. Frigo stated that the District's budgeted amount to contract these services through UHS is \$1,479,410. He explained that this resolution would set a monthly payment in twelve (12) installments of \$123,284. Mr. Graham clarified that the contracted amount had already been approved in the budget and was consistent with how the District has handled this process in the past, even before contracting with UHS. Ms. Dove motioned to approve the resolution as presented, setting the monthly payment amount of \$123,284 to Nwth for Pediatric Support and Tobacco Free Amarillo. Ms. Hughes seconded the motion and it carried unanimously.

ITEM 6: Consider Moving the Pension Plan Actuarial Study from April Meeting to July Meeting. Mr. Frigo stated that Item 6 and Item 7 were requests from the Hospital District's Actuary, John Crider. He explained that retirements are more common in the first quarter of the year and that this resolution would give the actuary more time for retirement calculations. This item was motioned for approval in Item 7 below.

ITEM 7: Consider Making the Retirement Contribution to the Pension Plan at the Beginning of Fiscal Year Based on the Budgeted Figure. Mr. Frigo explained that in the past, the District would wait to make the actuarial contribution to the pension plan each year until the actuary had presented the study, causing a delay in payment until August. He stated that Mr. Crider had recommended that the District proceed with making the budgeted \$2 million payment in October, which would coincide with the beginning of the District's fiscal year, rather than delay the contribution to the Plan. Mr. Frigo noted that Mr. Crider's recommendation would also give the District's money manager time to invest the funds. Motion was made by Mr. Speed, seconded by Ms. Barnes, and unanimously carried to approve both Item 6 and Item 7 as presented and authorize Mr. Frigo to make the \$2 million contribution to the Pension Plan in October.

ITEM 8: Presentation of Quarterly Financial Statements. Mr. Frigo presented the Amarillo Hospital District's Quarterly Financial Statements at September 30, 2011 and reported that the General Fund had a total fund balance of \$229,890,429. He stated that of that amount, approximately \$209 million was cash and investments. Mr. Frigo reviewed current assets of \$1,379,356 in accrued interest on investments and \$15,246,177 in prepaid expenses, which was the Indigent Care Agreement prepaid through August 2014. He noted other assets of \$95,313 in fixed assets, which was the dental clinic building leased by Familia Dental and a net pension asset of \$4,284,585. Mr. Frigo pointed out that the pension contribution is considered an asset because the District is funding the Plan faster than GASB requirements. He reviewed current liabilities of \$57,302 and long-term liabilities of \$284,919; which were both related to workers' compensation claims. Reviewing the Income Statement of the General Fund, Mr. Frigo reported total revenue of approximately \$8 million versus total expenses of about \$10.6 million for a \$2.6 million loss. He reviewed realized investment income of approximately \$7.7 million, tobacco settlement proceeds of \$239,737; and miscellaneous income of \$29,837 in revenue. Of the Fund's operating expenses, Mr. Frigo reported that \$5,511,694 in indigent care was the Funds largest expense followed by the pension contribution of \$2,231,091 and Public Health of \$920,850. He reviewed from the Budget versus Actual report that the Operating Fund had a budgeted realized investment income amount of \$9,167,000 versus an actual amount of \$7,735,564; which was about 84% realized. He pointed out that indigent care and the retirement trust were both realized at 100% and that Public Health was realized at 105.41%. Reviewing the Budget versus Actual report for the Tobacco Fund, Mr. Frigo explained that the Fund had budgeted \$350,000 in miscellaneous income versus an actual amount received of \$239,737. He reviewed that \$1,639,211 was budgeted to fund Professional Services versus an actual \$1,474,332 paid. Mr. Frigo reminded the Board that Professional Services included the Pediatric Support contract and Tobacco Free Amarillo and that the Tobacco Fund will continue to support Tobacco Free Amarillo; however, the Pediatric Support contract would have to be moved to the Corpus.

ITEM 9: Quarterly Investment Report from Investment Officer. Mr. Graham reported that for the quarter ending September 30, 2011, the Investment Portfolio was in compliance with the Amarillo

Hospital District Investment Policy as amended on January 12, 2010 and reviewed and approved on February 1, 2011 and the Public Funds Investment Act. He reviewed that agency securities, including mortgage-backed securities, represent 84.68% of the total Portfolio, which is below the 95% Agency limit. Mortgage backed securities, he stated, represent 9.18% of the total Portfolio, which is below the 30% limit, and obligations of state or local governments represent 7.18% of the total Portfolio, which is below the 10% limit. He reported that treasuries and full faith and credit obligations comprise 5.12% of the total Portfolio and cash balances, including Money Market funds, comprise about 3.02%. Investments with maturities greater than 10 years represent 27.76% 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 102.62% of the book value, with a market value of \$208,798,447 and a book value of \$203,467,561. 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 September 30, 2011 were \$7,738,093.

ITEM 10: Committee Reports. There were no committee reports.

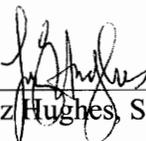
ITEM 11: Public Comments. There were no public comments at this meeting.

ITEM 12: Adjournment. There, being no further business, the meeting adjourned at 7:46 a.m. This meeting was recorded and all comments are on file in the City Finance Department.



Greg Graham, Chairman

ATTEST:



Liz Hughes, Secretary