

**AMARILLO HOSPITAL DISTRICT
FINANCE COMMITTEE MEETING
AMARILLO CITY HALL
ROOM 306
MINUTES
APRIL 23, 2012
4:00 P.M.**

<u>Members</u>	Present
Mr. Greg Graham	Yes
Ms. Murielle Barnes	Yes
Mr. Rodney Ruthart	Yes

Also Present

Mr. Dean Frigo	Assistant City Manager for Financial Services, City of Amarillo
Ms. Andrea Rains	Recording Secretary, City of Amarillo
Mr. Kyle Sanders	Chief Executive Officer, Northwest Texas Healthcare System
Mr. Matt Ramsey	Investment Manager, Amarillo National Bank
Ms. Lani Hall	CPA, Connor, McMillon, Mitchell & Shennum, PLLC
Mr. Cory Joiner	CPA, Connor, McMillon, Mitchell, & Shennum, PLLC

ITEM 1. Mr. Graham established a quorum and called the meeting to order at 4:00 p.m. at City Hall, 509 East 7th Street, Third Floor, Room 303.

ITEM 2. Mr. Graham presented the minutes from the last AHD Finance Committee meeting held July January 30, 2012. There were no questions or comments. Ms. Barnes motioned to approve the minutes as written. Mr. Graham seconded the motion and it carried unanimously.

ITEM 3. Consider Indigent Care Agreement and Healthcare Services Agreement. Review and Consider Resolutions Regarding Suspension Agreement and Amendment to Healthcare Services Agreement. Mr. Frigo announced that the District had received another quarterly payment request from UHS to fund the UPL Program. He explained that with a quarterly payment of \$1,360,956, the District would be prepaid on the Indigent Care Contract through May 8th, 2015. Mr. Frigo stated that the City's Legal Department had reviewed all contracts from Item 3 and Item 4 and they appear to be in order and consistent with the agreements approved in the past. He further stated that the calculation of the payment had also been verified and that staff recommended approval of both this item and Item 4 below. Ms. Barnes motioned to recommend approval of Item 3 and Item 4 as presented to the full Board. Mr. Ruthart seconded the motion and it carried unanimously.

ITEM 4. Review and Consider Resolution Regarding Upper Payment Limit Program. This item was reviewed and approved above with Item 3.

ITEM 5. Consider Sale of Property for UHS. Mr. Sanders explained that the District holds revisionary rights on all assets of Northwest Texas Healthcare System (NWTHS) per the Indigent Care Agreement. He further explained that before NWTHS can sale any property, it must first be brought before the AHD Board for approval of the sale. Mr. Sanders noted that should the District approve the sale of the property being considered, the property would no longer be available to the District if UHS were to default on the Indigent Care Agreement. He explained that the property being considered, located on Mockingbird Lane, was used by AMS (Amarillo Medical Services) as an ambulance station. Mr. Sanders noted that the transaction was approximately \$200,000. Mr. Frigo added that the sale of this property would be insignificant in relation to the amount of collateral held by the District and noted that the District would have plenty collateral remaining. Motion was made by Mr. Ruthart, seconded by Ms. Barnes and carried unanimously to recommend approval of the sale of property for UHS to the full Board.

ITEM 6. Consider Pension Plan Investment Policy. Mr. Frigo stated that modifications to the Pension Plan's Investment Policy had been made and agreed upon by the investment consultant and Matt Ramsey of Amarillo National Bank. He added that staff also recommended the changes. Mr. Frigo explained that the Policy will meet the consultant's objectives as well as meet the reservations of Mr. Ramsey. Mr. Ramsey concurred that he had reviewed and approved the amendments to the Policy. Mr. Frigo stated that Emerging Markets, REITs (Real Estate Investment Trusts) and High Yield Fixed Income had been added to the Asset Mix Policy. He further stated that definitions for developed markets and emerging markets had also been added. Mr. Frigo noted that Fixed Income Investments had been modified to allow for High-Yield securities and that the Certificate of Deposit Account Registry Service (CDARS) had been added as an allowable investment. Ms. Barnes motioned to recommend approval of the revised Investment Policy as presented to the full Board. Mr. Ruthart seconded the motion and it carried unanimously.

ITEM 7. Presentation and Discussion of AHD Audit. Mr. Joiner presented the Annual Financial Report of the Amarillo Hospital District at September 30, 2011. He reported that the audit presented an unqualified, clean opinion.

ITEM 8. Presentation and Discussion of Nwth Pension Plan Audit. The Annual Financial Report at September 30, 2011 for the Retirement Plan for the Employees of Northwest Texas Healthcare System was presented by Mr. Joiner. He stated that the audit produced an unqualified opinion with no significant changes or problems found in the report.

ITEM 9. Presentation and Discussion of Agreed Upon Procedures Audit on the Tobacco Settlement Cost Report. Mr. Joiner presented the Independent Accountant's Report on Applying Agreed-Upon Procedures and explained that this audit is performed annually in conjunction with the Tobacco Settlement Cost Report. He reported that the audit was clean and presented no findings. He further reported that a sample of 50 individuals had been selected who were denied services during the current year under the indigent program and verified that the denial code assigned to the individual matched the detail contained within the individual's rejection file and that based upon those procedures, there were no findings. Mr. Frigo reminded the Committee that the main purpose of the audit was to provide due diligence, that there was a large fine for any incorrect reporting to the State.

ITEM 10. Presentation of 2012 Tobacco Settlement Cost Report. Mr. Frigo announced that the 2012 Tobacco Settlement Cost Report had been reviewed by the District's auditors and filed with the State of Texas. He reported that the Amarillo Hospital District and Potter County submitted a joint report to the State of \$14,816,359 in total allowable expenditures. Of that amount, he reviewed \$631,379 was reported by Potter County and \$14,184,980 was reported by the District. Mr. Frigo explained that by law, the District is permitted to report a higher number than what was actually paid to UHS by re-pricing the services provided by Nwth using Medicaid rates. He reviewed that the District had budgeted \$250 thousand in Tobacco Proceeds this year and would receive a total distribution of \$291,253.83, of which the District would split a portion of those proceeds with Potter County.

ITEM 11. Consider Approval of Potter County Sheriff Sale Properties. Mr. Frigo reviewed that when properties become delinquent in taxes, they are first attempted to be sold on the courthouse steps for the amount of taxes due. The properties are then struck off to the tax collector to solicit for sealed bids if the properties are not sold at the courthouse. The properties being presented at this time, Mr. Frigo explained, have all been reviewed and recommended by staff. Motion was made by Mr. Ruthart, seconded by Ms. Barnes, and unanimously carried to recommend to the full Board that it approve the sale of the presented Potter County Sheriff Sale properties.

ITEM 12. Consider Approval of Investment Training with the University of North Texas. Mr. Frigo stated that he and Michelle Bonner, Finance Director for the City of Amarillo, had attended investment training from the University of North Texas on February 27th and February 28th, 2012. He explained that the Texas Public Funds Investment Act requires investment officers to obtain the training either annually or biannually and that the training received must be from an independent source approved by the

governing body. Mr. Ruthart motioned to recommend approval of the training that Mr. Frigo and Ms. Bonner received from the University of North Texas to the full Board. Ms. Barnes seconded the motion and it carried unanimously.

ITEM 13. Presentation of Quarterly Financial Statements. Mr. Frigo presented the Districts Quarterly Financial Statements at March 31, 2012. He reported total assets of \$227,540,142 and stated that of that amount, approximately \$205 million was cash and investment and about \$1.3 million was accrued interest on investments. He further reported total current liabilities of \$118,241 and total long term liabilities of \$284,919 for a total Fund balance of \$227,136,982. Reviewing the Fund's income statement, Mr. Frigo stated total revenue of \$2,312,253 versus total expenses of \$5,848,798. He explained that Indigent Care of \$2,643,812 was the Fund's largest operating expense followed by Personal Services of \$2,000,000 (Pediatric Subspecialties and Tobacco Free Amarillo), Professional Services of \$787,279 (Pension Plan), and Public Health of \$324,236. Mr. Frigo reported an operating loss at the end of the quarter of approximately \$3.5 million and noted that if the unrealized loss of about \$2.6 million was backed out of the operating loss, the Fund would have a loss of approximately \$943 thousand for the quarter. Reviewing the Budget versus Actual Report, Mr. Frigo reviewed that the District had budgeted \$6,412,500 in realized investment income and had received an actual amount of \$4,889,028. He noted that realized investment income was ahead for the quarter at 76.24% compared to 50% at half-year. Mr. Frigo reported that the Tobacco Fund had budgeted \$245,250 in miscellaneous revenue and would receive approximately \$275 thousand from the Tobacco Settlement. He reminded the Board that Tobacco Free Amarillo is funded through the Tobacco Fund and stated that \$245,250 was budgeted for those services and that the actual amount paid to date was \$122,625. Mr. Frigo noted an audit fee of \$21,000 in the Tobacco Fund.

ITEM 14. Quarterly Investment Report from Investment Officer. Mr. Graham reported that the District's Portfolio was in compliance with the Investment Policy and stated that he would read the entire Investment Report at the following morning's Board of Directors meeting.

ITEM 15. Public Comments. Mr. Sanders stated that an organizational meeting regarding the Medicaid 1115 Texas Waiver had taken place earlier in the day at the Globe News Center with approximately 50 attendees. He added that the consultant the District had hired did an excellent job with the presentation. Mr. Sanders reviewed that the Upper Payment Limit (UPL) program in its current existence is ending and in its place, the Federal Government has approved a waiver from the State to be able to fund Medicaid. He further reviewed that with the new waiver, there were additional requirements and as part of those requirements, the previously mentioned meeting held earlier in the day was to establish the area's region. Mr. Sanders stated that area healthcare representatives had been in discussions and came up with a few proposals. After the meeting, he reported, the consensus was that there was value and reason for Region 16, which included Amarillo, to combine with the Lubbock region. Mr. Sanders stated that over time, the Waiver would bring quality projects very unique to the community and Amarillo; that some projects would impact the Panhandle as well as the areas between Amarillo and South Lubbock. Mr. Frigo added that the meeting was positive and stated that areas undecided in which region to join would probably join the Amarillo and Lubbock region. Ms. Barnes questioned if Mr. Sanders would be able to achieve comparable funding as in the past with the UPL, to which Mr. Sanders responded that to the future, he should be able to get more. Mr. Frigo noted that everyone in attendance was very appreciative of the District hosting the productive meeting.

ITEM 16. Adjournment. With there being no further business, the meeting adjourned at 5:00 p.m. This meeting has been recorded and all comments are on file in the City Finance Department.

ATTEST:



Murielle Barnes, Vice-Chairman



Greg Graham, Chairman