

**AMARILLO HOSPITAL DISTRICT  
FINANCE COMMITTEE MEETING  
AMARILLO CITY HALL, ROOM 306  
MINUTES  
JANUARY 18, 2013  
4:00 P.M.**

Members

Mr. Rodney Ruthart  
Mr. Mark Logsdon  
Mr. Smith Ellis

Present

Yes  
Yes  
Yes

Also Present

Mr. Dean Frigo	Assistant City Manager for Financial Services, City of Amarillo
Mr. Marcus Norris	City Attorney, City of Amarillo
Ms. Michelle Bonner	Finance Director, City of Amarillo
Ms. Andrea Rains	Recording Secretary, City of Amarillo
Ms. Sharon Oxendale	Chief Operating Officer, Northwest Texas Healthcare System
Mr. Ray Grenier	Chief Financial Officer, Northwest Texas Healthcare System
Mr. Matt Ramsey	Investment Manager, Amarillo National Bank

**ITEM 1.** Call To Order. Mr. Ruthart called the meeting to order at 4:03 p.m. at City Hall, 509 East 7<sup>th</sup> Avenue, Third Floor, Room 306.

**ITEM 2.** Approval of Minutes from November 5<sup>th</sup>, 2012 Meeting. Motion was made by Mr. Logsdon, seconded by Mr. Ellis, and unanimously carried to approve the minutes as written from the November 5<sup>th</sup>, 2012 meeting of the Amarillo Hospital District Finance Committee.

**ITEM 3.** Review and Consider Resolution(s) Regarding Uncompensated Care and Medicaid Funding. As Necessary, May Review and Discuss Indigent Care Agreement and Healthcare Services Agreement. Mr. Norris reviewed with the Committee that at the Amarillo Hospital District Board of Managers meeting held November 6<sup>th</sup>, 2012, the recurring cycle of documents that permitted advanced payments to the State regarding Uncompensated Care and Medicaid Funding each quarter were approved containing an "evergreen" clause. He explained that with the clause, the documents the District was familiar with receiving each quarter to advance funding to the State would automatically continue until either UHS or the District were to give notice, 30 days in advance, of intent to discontinue the payments. Mr. Norris presented a resolution to authorize a payment of \$1.36 million to the State, to draw down additional Federal funding for unreimbursed services. He added that with approval of resolution, the District would be prepaid through February 8, 2016 at an 8% discount rate. Mr. Norris informed the Committee that since neither side had given the 30-day written notice to discontinue payments, the District was locked-in to approving the next quarterly payment. He further informed that while performing due diligence, Mr. Frigo had discovered that Standard & Poors (S&P) Rating Services had downgraded UHS's rating from "BBB" to "BB". Mr. Norris stated that it was the staff and attorney's obligation to bring to the attention of the Board since the District had made payments, out three years in advance, to UHS. He added that staff recommended a sub-committee be appointed to discuss the District's options regarding UHS and what could be done to make the District feel more secure. Ms. Oxendale informed the Committee that Doug Matney, UHS's Regional Vice President, would be in attendance at the next Board of Managers meeting, January 22<sup>nd</sup>, 2013, to answer any questions that the Board would have regarding UHS's financial condition. Mr. Ruthart stated that he felt it may be best to listen to Mr. Matney at the Board meeting and convene into executive session to confer with legal counsel regarding the District's options; that even with UHS's downgrade, UHS remained stable, per S&P. Mr. Ellis

motioned to recommend approval of the resolution to the full Board as presented. Mr. Logsdon seconded the motion and it carried unanimously.

**ITEM 4.** Consider Pension Plan Investment Policy. Mr. Frigo explained to the Committee that the suggested changes to the Pension Plan's Investment Policy were in relation to a more accurate benchmark. He further explained changes in the Investment Goals were to meet or exceed the rate of return of a balanced market index comprised of 22.5%, down from 35%, in Barclay's Government/Credit Intermediate and 17.5%, up from 5%, in Cash and Short Term Fixed Income. 60% in Standard and Poor's 500 stock index would remain the same, he added. Mr. Frigo pointed out that these adjustments were also reflected in the Asset Mix Policy. Mr. Ramsey stated that the changes were made as discussed at the last Finance Committee meeting and would reflect what the Portfolio looks like on an annual basis. Mr. Frigo added that Alpha Consulting Group also recommending the changes in the benchmark. Motion was made by Mr. Logsdon, seconded by Mr. Ellis and carried unanimously to recommend approval to the Full Board of the changes to the Pension Plan Investment Policy as presented and subject to written recommendation by Alpha Consulting Group.

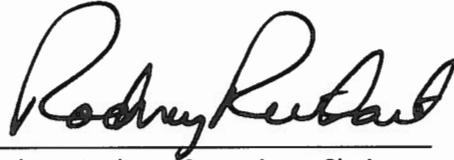
**ITEM 5.** Consider Corpus Investment Policy. Mr. Bonner stated that per the Public Funds Investment Act, the District's Investment Policy must be reviewed annually. She explained that suggested changes within the Policy included changing the word maximize to optimize to be more prudent; as well as clarification to the Collateral Section, including the authorization to use surety bonds and letters of credit issued by agency or instrumentality in compliance with the Public Funds Investment Act. She reviewed that a statement regarding acceptable collateral securities had also been added. Other changes, she explained were minor changes to correct a section reference and wording. Ms. Bonner stated that the suggested changes were recommended by staff and that both money managers had reviewed and approved the changes as well. Motion was made by Mr. Ellis to recommend approval to the Full Board of the changes presented to the District's Investment Policy. Mr. Logsdon seconded the motion and it unanimously carried.

**ITEM 6.** Presentation of Quarterly Financial Statements. Mr. Frigo presented the Hospital District's Quarterly Financial Statements at December 31, 2012 and noted that the report represented the first quarter of the District's fiscal year. He reported from the General Fund's balance sheet, total current assets of \$208,782,395. Mr. Frigo reviewed the Fund's other assets, current liabilities and long term liabilities for a total liabilities and Fund balance of \$227,165,649 at December 31<sup>st</sup>. Reviewing the Income Statement of the General Fund, Mr. Frigo reported total revenue of \$420,292 versus total expenses of \$3,926,797 for an operating loss of \$3,506,505. He explained that if the Fund's unrealized loss for the quarter of \$1,119,733 was excluded from the total operating loss, the Fund would have ended the quarter with an operating loss of approximately \$2.4 million. Mr. Frigo stated that staff was working diligently with Amarillo College and West Texas University regarding the Donor Restricted Funds of \$52,835.29 held by the Hospital District so that the Funds could be distributed to the colleges and used as the donors intended. Reviewing the Budget versus Actual Report, Mr. Frigo reported actual total revenue of \$1,540,025 versus a budgeted \$6,420,522; which was 24% realized for the first quarter. He further reported total actual expenses of \$3,872,102 versus a budgeted amount of \$9,834,795; which was 39.37% realized for the quarter. Mr. Frigo explained that the total expenses for the first quarter included the full budgeted payment of \$2 million to the Pension Plan. He agreed with the Committee to amortize the pension payment over the budget year to reflect a more accurate statement. Mr. Frigo reminded the Committee that the Tobacco Cost Report would be filed by March 31<sup>st</sup>, 2013 and that the distribution from the State would be received in April of 2013.

**ITEM 7.** Quarterly Investment Report from Investment Officer. Mr. Ruthart stated that the Fund was in compliance with the Amarillo Hospital District's Investment Policy and that the full Quarterly Investment Report would be read into record at the Board of Manager's meeting January 22<sup>nd</sup>, 2013.

**ITEM 8.** Public Comments. There were no public comments at this meeting.

**ITEM 9.** Adjournment. With there being no further business, the meeting adjourned 4:55 pm. This meeting has been recorded and all comments are on file in the City Finance Department.



Rodney Ruthart, Committee Chairman

**ATTEST:**



Mark Logsdon, Vice-Chairman