

**AMARILLO HOSPITAL DISTRICT  
MEETING OF BOARD OF MANAGERS  
AMARILLO CITY HALL - CITY COMMISSION CHAMBERS  
MINUTES  
JULY 30, 2013  
7:30 A.M.**

<u>Members</u>	<u>Present</u>
Mr. Bob Stafford, MD, Chairman	Yes
Ms. Mark Logsdon, Vice-Chair	Yes
Mr. Chuck Speed, Secretary	Yes
Mr. Rodney Ruthart	Yes
Mr. Smith Ellis	Yes
Mr. Roger Williams	Yes
Dr. Rakhshanda Rahman	Yes

**Also Present**

Ms. Michelle Bonner	Assistant City Manager, City of Amarillo
Mr. Marcus Norris	City Attorney, City of Amarillo
Dr. Matt Richardson	Director of Public Health, City of Amarillo
Ms. Andrea Rains	Recording Secretary, City of Amarillo
Ms. Kelly A. Bevis	Investment Consultant, Wells Fargo Advisors
Mr. Mark Crawford	CEO, Northwest Texas Healthcare System
Mr. John M. Crider, Jr.	Consulting Actuary
Dr. Todd E. Bell	Regional Chair, Dept. of Pediatrics, TTUHSC at Amarillo
Mr. Brian Gibbs	Administrative Director, J.O. Wyatt Clinic

**ITEM 1:** Call to Order. Mr. Stafford called the regularly scheduled meeting of the Amarillo Hospital District Board of Managers to order at 7:31 am.

**ITEM 2:** Approval of Minutes from Special Meeting Held July 30, 2013. Motion was made by Mr. Speed, seconded by Mr. Ruthart, and unanimously carried to approve the minutes from the June 25, 2013 special meeting as presented.

**ITEM 3:** Presentation and Discussion of the Pension Fund Investment Performance. Ms. Bevis presented the Capital Markets Review and the Pension Fund's Investment Performance for the quarter ending June 30, 2013. She reviewed Total Fund returns for all time periods were slightly behind compared to returns of the Policy. Reviewing the Sharpe Ratio of the Total Fund versus the Policy for the 3, 5, and 10-year time periods, Ms. Bevis reported 1.16 versus 1.53; 0.47 versus 0.56; and 0.47 versus 0.48 respectively. She added that the Fund is taking about the same amount of risk as the benchmark with not as much return.

**ITEM 4:** Presentation and Discussion of the AHD Corpus Investment Performance. Ms. Bevis presented the Investment Performance Review of the AHD Corpus at June 30<sup>th</sup>, 2013. She reported that the Total Fund was behind the Policy for all time periods in relation to returns. Regarding the Sharpe Ratio, Ms. Bevis explained that the Total Fund was behind the Policy for the 3 and 5-year time periods and ahead of the Policy for the 10-year time period. She added that both investment managers were working well together.

**ITEM 5:** 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. Crawford explained that the resolution presented to the Board would authorize an additional three month advance on the District's payments to the Northwest Texas Hospital. Mr. Ruthart stated that the Finance Committee had met and reviewed the resolution the day before and recommended approval to the full

Board. Motion was made by Mr. Ruthart, seconded by Mr. Speed, and unanimously carried to approve the resolution as presented.

**ITEM 6:** Presentation by Texas Tech University Health Sciences Center Department of Pediatrics Regarding Pediatric Subspecialty Services and Finances. Dr. Bell presented an annual report by Texas Tech University Health Sciences Center (TTUHSC) Department of Pediatrics regarding the Specialized Pediatrics Services Agreement, the benefits of the agreement, and the subspecialties supported by the agreement. He reported that due to a lack of funding from the State, TTUHSC experienced a loss of about \$1.3 million. Dr. Bell reviewed cost-saving initiatives by TTUHSC that were expected to help offset the deficit by approximately \$630 thousand. Mr. Ruthart stated that the Finance Committee held a lengthy discussion with Dr. Bell regarding Tech's Pediatric Department budget shortfall and suggested Dr. Bell and Texas Tech work directly with Universal Health Services to try and resolve the issue before involving the Amarillo Hospital District.

**ITEM 7:** Consider 2013-2014 AHD Budget. Ms Bonner presented the Amarillo Hospital District's proposed budget for fiscal year 2013-2014. Regarding the District's Operating Fund, she reviewed an estimated \$219 million in available funds at the beginning of the year with interest income of \$5.5 million projected. Ms. Bonner further reviewed total anticipated expenditures of about \$10 million and an expected net deficit of approximately \$4.5 million for the year. Ms. Bonner noted that a proposed \$245 thousand would be transferred from professional services in the Tobacco Fund to the District's Operating Fund for Tobacco Free Amarillo support, which is contracted through Northwest Texas Hospital. Mr. Ruthart reported that the District's proposed budget had been reviewed at the Finance Committee and came as a recommendation to the full Board for approval. He explained that the Board would be approving a larger deficit than it had in the past; which was primarily created due to the current interest rate environment. He noted that the District's corpus would need to be used to cover expenses; however, the District's outcome would be dependent on the markets. Mr. Ruthart motioned to approve the 213-2014 proposed budget as presented. The motion was seconded by Mr. Ellis and carried unanimously.

**ITEM 8:** Review Quality and Access Indicators Report. Dr. Richardson presented the Quality and Access to Care Indicators Report for 2012. He explained from the Quality Indicator Report that there were only 2 areas of concern: the average wait time for new patients, and average clinic wait time from time of appointment to time actually seen at the J.O. Wyatt Clinic. Mr. Gibbs spoke to the concerns of the report and explained that the wait times were directly associated to the loss of a physician at the Clinic and that a new physician had since been recruited. Dr. Richardson reported that overall, both reports were excellent.

**ITEM 9:** Discussion of Actuarial Report on the Pension Plan. Mr. Crider reviewed that the results of the Actuarial Report on the Pension Plan as of October 1<sup>st</sup>, 2012 had been explained in full detail to the Finance Committee. He reported that the recommended contribution range was between \$1,362,388 and \$2,037,382. Mr. Crider stated that the District's budgeted \$2 million contribution was entirely appropriate.

**ITEM 10:** Consider Approval of Potter County Sheriff Sale Properties. Ms. Bonner presented a single property from the Potter County Sheriff Sale and reminded the Board that the goal of the Sale is to get properties to new taxpayers who will pay their property taxes. She stated that since the property being presented to the Board was being sold for less than the amount of taxes due on the property, each taxing entity must approve the sale. Mr. Ruthart reported that the Finance Committee had reviewed and recommended approval of the sale of the property to the full Board. Mr. Ruthart brought forth the motion from the Finance Committee to approve the sale of the property. Mr. Speed seconded the motion and it unanimously carried.

**ITEM 11:** Presentation of Quarterly Financial Statements. Ms. Bonner presented the Amarillo Hospital District's Quarterly Financial Statements at June 30<sup>th</sup>, 2013 and reported a total Fund balance of \$217,092,994 from the General Fund's balance sheet. She reviewed a loss of \$5,628,438 in total revenue,

which included an unrealized investment income loss of approximately \$9.5 million. Ms. Bonner reported total operating expenses of about \$7.6 million, for an operating loss of \$13.2 million. She explained that if the unrealized investment loss were excluded, the operating loss would be \$3.7 million. Ms. Bonner noted \$30,533 in donor restricted funds and added that staff was making an effort to transfer those funds appropriately. Reviewing the Budget versus Actual Report, Ms. Bonner reported a budgeted \$6,387,544 in realized investment income versus an actual amount received of \$3,672,979; which was only 57.5% realized for the 3<sup>rd</sup> quarter of the fiscal year. She further reported total expenses budgeted at \$9,834,795 versus an actual \$7,440,476; which was right on track at about 75% realized.

**ITEM 12:** Quarterly Investment Report from Investment Officer. Mr. Ruthart presented the Quarterly Investment Report at June 30<sup>th</sup>, 2013 and reported that the Amarillo Hospital District's Investment Portfolio was in compliance with the District's Investment Policy and the Public Funds Investment Act.

**ITEM 13:** Discussion of Intergovernmental Transfers Regarding Uncompensated Care, Medicaid Funding, and Indigent Care Agreement. Mr. Norris stated that staff had nothing to report at this time.

**ITEM 14:** Public Comments. There were no public comments.

**ITEM 15:** Adjournment. There, being no further business, Mr. Williams motioned to adjourn the meeting. Mr. Ruthart seconded the motion and the meeting was adjourned at 8:45 a.m. This meeting was recorded and all comments are on file with the City Finance Department.



Bob Stafford, MD, Chairman

ATTEST:

  
Chuck Speed, Secretary