

STATE OF TEXAS  
COUNTIES OF POTTER  
AND RANDALL  
CITY OF AMARILLO

On the 10th day of August 2020, the Amarillo Hospital District Finance Committee met at 4:00 p.m. in regular session in Room 306, located on the third floor of City Hall at 601 South Buchanan Street, Amarillo, Texas by video conference (in order to advance the public health goal of limiting face-to-face meetings also called “social distancing” to slow the spread of the Coronavirus (COVID-19)).

VOTING MEMBERS	PRESENT	NO. OF MEETINGS HELD SINCE APPOINTMENT	NO. OF MEETINGS ATTENDED SINCE APPOINTMENT
PATRICK WILLIAMS	Yes	6	6
WESTON WRIGHT	Yes	2	3
DEAN FRIGO	Yes	16	17

Also in attendance were the following:

- LAURA STORRS, ASSISTANT CITY MANAGER
- FRANCES HIBBS, RECORDING SECRETARY, CITY OF AMARILLO
- MARCUS W. NORRIS, CITY OF AMARILLO, DEPUTY CITY ATTORNEY
- KELLY BEVIS, WELLS FARGO FINANCIAL ADVISOR
- JEN TURK, ARTHUR J. GALLAGHER & CO.
- SAM HARTMAN, ARTHUR J. GALLAGHER & CO.

Mr. Frigo established a quorum, called the meeting to order at 4:00 p.m., and the following items of business were conducted:

**PUBLIC ADDRESS:** Mr. Frigo asked if there was anyone who wished to comment. There were none.

**ITEM 1:** Consider Minutes of the Amarillo Hospital District Board of Managers. Mr. Frigo presented the minutes from the last Finance Committee meeting held on May 4, 2020. Mr. Wright made a motion to approve the minutes as presented. Mr. Williams seconded the motion and it carried unanimously.

**ITEM 2:** Presentation and Discussion of Actuarial Report on the Pension Plan. Jen Turk, Arthur J. Gallagher & Co. presented the Amarillo Hospital District’s Retirement Plan for the Employees of Northwest Texas Healthcare System Actuarial Valuation report as of October 1, 2019. Ms. Turk noted that in 2023 the assets will start dropping below the liabilities. Ms. Storrs stated she and Kelly Bevis met with Jen Turk and they recommend paying the \$2 million toward the pension plan this year, lowering the interest rate to take some of the risk out of the investments, and give it another year. They could rerun everything at that time and see if they would be

hitting the interest rate assumptions. Also, they could take the interest rate down further and see what kind of contribution would need to be made. There would most likely not be a need for the remaining planned \$4 million, and they could get the pension plan fully funded. It was recommended to pay the \$2 million this year and change the interest rate down to 6.5% and then revisit this fund next year.

**ITEM 3:** Discuss and Consider Changes to the Pension Plan Investment Policy. Kelly Bevis presented the Asset Allocation Update portfolio statistics. She stated they looked at what the District could get on an 6.5% return. She presented asset mixes to reach the 6.5% assumption and changes that would need to be incorporated into the investment policy.

Mr. Wright made a motion to approve the changes to the Pension Plan Investment Policy, the motion was seconded by Mr. Williams, this motion as approved by a 3:0 vote.

**ITEM 4:** Discuss and Consider Changes to the Amarillo Hospital District Corpus Investment Policy. Ms. Storrs stated there is a recommended change of adding a statement in case of a conflict between this policy and the Public Fund Investment Act (PFIA), that the PFIA prevails. She also reviewed that originally the plan was that the District could earn 7% and spend less than .75% of the overall corpus balance each year. However, the fund has not always been able to achieve 7%. She stated the main need is to make sure the Corpus lasts through 2036 when the indigent care agreement ends. However, it will be spent down and the District will need to consider levying a tax at that point. She reviewed the projections prepared for Item 6 showing the projected earnings and expenditures until 2036. It showed there will be enough funds to meet all the obligations until 2036 with approximately \$21 million left. Ms. Storrs stated the recommendation is to remove the expenditure policy from the investment policy so it would not restrict the spending of the District.

Mr. Wright made a motion to approve the changes to the Amarillo Hospital District Corpus Investment Policy, the motion was seconded by Mr. Williams, and this motion was approved by a 3:0 vote.

**ITEM 5:** Discuss and Consider Amarillo Hospital District Money Manager Services Request for Proposal Responses. Mr. Frigo stated the Finance Committee had discussed adding one more money manager. Through the RFP process, the Board received some good responses. Ms. Bevis stated there was a higher number of responses this time including Amarillo National Bank, Herring Bank, Happy State Bank, Valleyview, Sage Investment Managers and Chandler Asset. She stated Amarillo National Bank currently has the majority of the assets, half of Herring's portion will be sent to Happy State Bank, and the remaining would go to the manager selected in this process. Ms. Bevis stated her firm recommended Sage Investment Managers and that Sage would reduce their fee and look for ways to enhance the return.

Mr. Wright made a motion to approve Sage Investment Managers as a money manager, the motion was seconded by Mr. Williams, this motion as approved by a 3:0 vote.

**ITEM 6:** Consider Amarillo Hospital District Budget. Ms. Storrs presented the proposed AHD Budget. She stated she anticipated coming close to the budget.

Prior to 2013, the District was assisting with funding pediatrics. The current contract has been terminated and Northwest will no longer be funding the pediatric specialties. Texas Tech has asked the District to fund that contract again in the amount of \$1,350,000.

Ms. Storrs spoke on the Local Provider Participation Fund (LPPF). These funds are assessed by all the local hospitals. LPPF intergovernmental transfers are paid out of these funds. This item would come back to the District to set the LPPF assessment rate in October. Ms. Storrs stated the Budget was set with the highest amount available so there wouldn't be a need for a budget amendment.

Ms. Storrs reviewed the AHD spending policy and cash flow projections through 2036. The District is barely able to come under the spending policy limit. The Board could decide to take out of spending policy and the Corpus would show it would end with \$21 million in reserves when the indigent care agreement is over in 2036. The Board will need to take action in 2029 to set a property tax rate to fund indigent care. Beginning in 2031, the District will need to start the RFP process for a new indigent care contract May of 2036. Mr. Norris stated the need to move forward in the special legislation years 2031-2036 to reinstitute an indigent tax. The District will most likely not be able to get a indigent tax approved in one session. He suggested to plan on at least three sessions.

Mr. Wright made a motion to approve the 2020/2021 Amarillo Hospital District Budget, the motion was seconded by Mr. Williams, this motion as approved by a 3:0 vote.

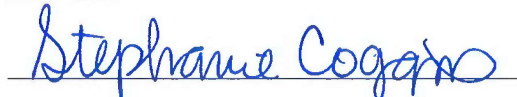
**ITEM 7:** Discuss and Consider Lease Payment Arrangement with Familia Dental Clinic. Ms. Storrs stated there is a letter from Familia Dental Clinic concerning proposed payment arrangements. There is currently a lease agreement in place with the District. Familia Dental Clinic got behind on rental payments for four months due to COVID-19. They are asking the Board if they would let them pay those payments (\$2,300/month) in September and October.

Mr. Wright made a motion to approve the lease payment arrangement with Familia Dental Clinic, the motion was seconded by Mr. Williams, this motion as approved by a 3:0 vote.

There being no further business, Mr. Frigo made a motion to adjourn the meeting and the meeting adjourned. This meeting was recorded and all comments are on file with the City Secretary.

  
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Dean Frigo

ATTEST:

  
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Stephanie Cogano