

STATE OF TEXAS
COUNTIES OF POTTER
AND RANDALL
CITY OF AMARILLO

On the 25th day of October 2021, the Amarillo Hospital District Finance Committee met at 3:00 p.m. in regular session in Room 306, located on the third floor of City Hall at 601 South Buchanan Street, Amarillo, Texas.

VOTING MEMBERS	PRESENT	NO. OF MEETINGS HELD SINCE APPOINTMENT	NO. OF MEETINGS ATTENDED SINCE APPOINTMENT
PATRICK WILLIAMS	Yes	8	7
WESTON WRIGHT	Yes	5	5
DEAN FRIGO	Yes	19	19

Also in attendance were the following:

BRYAN MCWILLIAMS, CITY OF AMARILLO, CITY ATTORNEY
LAURA STORRS, ASSISTANT CITY MANAGER
STEPHANIE COGGINS, CITY SECRETARY
KELLY BEVIS, WELLS FARGO ADVISORS
JAKE MARETTE, ARTHUR J. GALLAGHER & CO.
SAM HARTMANN, ARTHUR J. GALLAGHER & CO. (BY TELEPHONE)

Mr. Frigo established a quorum, called the meeting to order at 3:00 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. Mr. Frigo presented the minutes from the last Finance Committee meeting held on August 8, 2021. Mr. Wright made a motion to approve the minutes as presented. Mr. Williams seconded the motion, and it carried unanimously.

ITEM 2: Discuss and Consider Actuarial Contract for Pension Risk Transfer Services. Jake Marette, Arthur J. Gallagher & Co. ("Gallagher"), the District's Actuary shared a presentation on de-risking the pension plan by offering a one-time lump sum window to terminated vested participants, retirees, and active participants over the age of 59 1/2. Mr. Marette shared that as a governmental entity, the District would be able to pay out at a higher treasury rate of six percent (6%). Currently, it is expected that the plan will continue making benefit payments into the year 2063. And it is estimated that over \$1.5 million in administrative costs will be spent over this life of the plan. Mr. Marette shared that expected take rates by category and stated that Gallagher goes through a diligent process to identify terminated and retired members to offer the lump sum. Using the expected take rate assumptions if the District completes a lump sum payment offer, Gallagher would anticipate paying out approximately \$12.0 million in pension assets with a reduction in

pension liability of \$13.3 million, with the difference being arbitrage. If approved, this process would tentatively begin in November 2021 with checks to be issued March 2022. Mr. Frigo asked Matt Ramsey, Amarillo National Bank, to talk to the feasibility to have cash available to pay out the lump sum payments. Mr. Ramsey felt it would be reasonable to have the cash ready, pending any unusual market events that may present challenges in getting cash. Mr. Marette shared that the closing window is flexible, and Gallagher would work with plan members who send their information back after the deadline. Ms. Storrs shared that Kelly Bevis, Wells Fargo Advisors, recalculated the plan assets and they are still aligned with this process. Mr. Marette shared that the life expectancy in the District's plan is a big part of the savings that would be experienced. Ms. Bevis shared that once that cash is settled on, Wells Fargo will not include it in the performance reports any more since the District wouldn't be trying to get six percent (6%) on that cash any more. Mr. Frigo asked what Gallagher can do about reducing the implementation fee proposed in the presentation. Mr. Marette said it's based on a review of the plan, complexities in the plan, and the size of the plan, and that he could ask Alan Pitts with Gallagher to consider a fee change. Sam Hartmann, Gallagher, shared that if the District moves forward with this process, there will be a full call center team dedicated to the District for this process, and that the fee presented is competitive to the market. Mr. Wright indicated he would like legal review and assistance in the letters drafted to send to plan members through this process. Mr. Wright made a motion to recommend to the full District Board that they enter into an agreement for the services presented, dependent upon the final fee schedule received from Gallagher. Mr. Williams seconded the motion, and it carried unanimously.

ITEM 3: Item removed from consideration.

There being no further business, the meeting was adjourned at 3:42 p.m.



Dean Frigo

ATTEST:


