STATE OF TEXAS
COUNTIES OF POTTER
AND RANDALL
CITY OF AMARILLO

On the day 6th day of December 2022, the Amarillo Hospital District Board of Managers met at 7:30 a.m. in regular session in the City Council Chamber located on the third floor of City Hall at 601 South Buchanan Street.

VOTING MEMBERS	PRESENT	NO. OF MEETINGS HELD SINCE APPOINTMENT	NO. OF MEETINGS ATTENDED SINCE APPOINTMENT
DEAN FRIGO, INVESTMENT OFFICER	Yes	28	24
PATRICK WILLIAMS	No	16	12
RODNEY YOUNG	Yes	18	17
WESTON WRIGHT	Yes	12	11
WILLIAM BIGGS, MD, CHAIRMAN	Yes	23	21
MARY BEARDEN, VICE CHAIR	Yes	15	9
MICHELLE BONNER	Yes	10	10

Also in attendance were the following:
LAURA STORRS, ASSISTANT CITY MANAGER
BRYAN MCWILLIAMS, CITY ATTORNEY
STEPHANIE COGGINS, CITY SECRETARY
MATTHEW POSTON, CITY AUDITOR
KELLY BEVIS, WELLS FARGO ADVISORS
MATT RAMSEY, AMARILLO NATIONAL BANK
MICHAEL WALTON, SAGE
TODD WETSEL, HAPPY STATE BANK

Dr. Biggs established a quorum, called the regular meeting to order at 7:33 a.m., and the following items of business were:

PUBLIC ADDRESS: Dr. Biggs inquired if there were any comments. There were none.

ITEM 1: *Consider Minutes*. Dr. Biggs presented the minutes from the last Board of Managers meeting held on August 22, 2022. Mr. Frigo made a motion to approve the minutes as presented. Dr. Young seconded, and the motion carried unanimously.

ITEM 2: *Presentation and Discussion of the Pension Fund Investment Performance*. Ms. Bevis presented investment performance of the Pension Investment Fund for the quarter ended September 30, 2022. It was a challenging quarter for investing. For the quarter, the portfolio was down 3.9% which is slightly below the total fund policy which was down 3.3%. The one-year return is down 14.4% compared to the policy being down 13.5%.

ITEM 3: *Presentation and Discussion of the AHD Corpus Investment Performance*. Ms. Bevis presented performance of the AHD Corpus Investment Performance for the quarter ended

September 30, 2022. The total portfolio was down 4.7% for the quarter versus the policy being down 3.2%. The one-year return is down 12.6% compared to the policy being down 9.8%.

ITEM 4: *Discuss and Consider Investment Strategy Changes to the District's Corpus Funds.* Mr. Walton presented an asset and liability analysis on the anticipated known liabilities of the District until the expiration of the indigent care contract in 2036. The future value of all liabilities is $167.7 million, but the present value is $132.8 million. Mr. Walton stated that the Board should consider the current assets and if they cover the present value of the liabilities. Current assets are $126.8 million. Mr. Frigo asked for clarification because we were projecting to cover the liabilities previously. Ms. Storrs stated that the market's interest rates have not performed as we projected them to which has resulted in this deficit. Mr. Walton recommended the Board should invest more in items that are not as interest-rate sensitive until the volatility in interest rates stops. Mr. Frigo asked if we made a small reduction in the budget now and continued that, if we can make up the difference. Mr. Walton shared the total deficit is approximately $6.0 million and that could be spread out over years through 2036. Mr. Wetsel presented a basic maturity time frame. They have set this up in such a way that the investment maturities line up with the expected liabilities of approximately $1.9 million per year. Mr. Ramsey shared that he spoke to the AHD Finance Committee on Friday about consolidation of the District's Corpus Funds into one portfolio. He shared that a firm like Sage can look at all investments together and have actuarial analysis for an asset-liability matching portfolio instead of a benchmark portfolio like currently structured. Dr. Wright shared the AHD Finance Committee discussed consolidating into one portfolio under Sage, but the amounts shared Friday were not showing the $6.0 million deficit. Ms. Bevis shared that the gap was made larger due to information being updated and interest rates going down in November. Ms. Storrs shared that if the Board moved forward with this change in investment strategy, they would need to enter into a Request for Proposal process to choose a money manager or money managers to manage the portfolio going forward. Mr. Frigo made a motion to do an RFP for a single money manager with actuarial support to coordinate the entire portfolio. Ms. Bearden seconded, and the motion passed unanimously.

ITEM 5: *Discuss and Consider Updated Amarillo Hospital District Corpus Investment Policy.* Ms. Bevis presented changes to the AHD Investment Policy and Strategy document. The significant revisions include changing the scope to clearly identify the funds are to provide for indigent care and other health care services and changing the Investment Objectives to reflect a strategy to match assets of the District to its liabilities. Mr. Frigo made a motion to approve the updated AHD Corpus Investment Policy. Ms. Bonner seconded, and the motion carried unanimously.

ITEM 6: *Consider Resolution for the Annual Funding of the Indigent Care Agreement.* Ms. Storrs presented an annual resolution to approve and authorize the Indigent Care Agreement for the year. Ms. Bonner made a motion to approve the resolution as presented. Dr. Young seconded and the motion carried unanimously.

ITEM 7: *Consider Resolution Approving and Authorizing Funding for the City of Amarillo Department of Public Health.* Ms. Storrs presented an annual resolution to approve and authorize funding for the Amarillo Department of Public Health for fiscal year 2022/2023. Ms. Bearden made a motion to approve the resolution as presented. Mr. Wright seconded and the motion carried unanimously.

ITEM 8: *Review and Consider the District's Bylaws.* Ms. Storrs presented the revised Bylaws which include minor revisions to change "City Commission" to "City Council. Dr. Young motioned to approve the revised Bylaws. Ms. Bonner seconded, and the motion carried unanimously.

ITEM 9: *Presentation of Quarterly Financial Statements.* Mr. Poston presented quarterly financials for the quarter ended September 30, 2022. Mr. Poston reviewed the Balance Sheet, Income Statement, and Budget versus Actual Reports for the quarter.

ITEM 10: *Presentation of Quarterly Investment Report from Investment Officer.* Mr. Frigo presented the Quarterly Investment Report. On September 30, 2022, the District's investment portfolio was in compliance with the AHD Investment Policy and the Texas Public Funds Investment Act.

Dr. Biggs adjourned the meeting at 8:58 a.m.

Dr. William Biggs, Chairman

ATTEST:

Stephanie Coggins, City Secretary