



Amarillo Hospital District Board of Managers Regular Meeting

August 29, 2023
7:30 AM
Council Chamber, City Hall
601 S Buchanan Street
Amarillo, Texas 79101

MINUTES

1. Welcome and Introductions

On the 29th day of August 2023, 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 S. Buchanan in Amarillo, Texas.

VOTING MEMBERS	PRESENT	NO. OF MEETINGS HELD SINCE APPOINTMENT	NO. OF MEETINGS ATTENDED SINCE APPOINTMENT
Dean Frigo, Chairman	Yes	31	27
Rodney Young, Vice-Chairman	Yes	21	20
Weston Wright	Yes	15	14
William Biggs, MD	Yes	26	24
Michelle Bonner, Investment Officer	Yes	13	13
Michael Alexander	No	3	2
Laura Street	Yes	3	3

Also in attendance were the following:
Laura Storrs, Assistant City Manager
Bryan McWilliams, City Attorney
Stephanie Coggins, City Secretary
Matthew Poston, Finance Director
Jerry Danforth, Director of Facilities and CIP
Kelly Bevis, Wells Fargo Advisors
Stella Knickerbocker, Amarillo National Bank
Michael Walton, Sage
Dan Ettel, Gallagher
Sam Hartmann, Gallagher by phone

Chairman Frigo established a quorum and called the regular meeting to order at 7:35 a.m.

2. **Public Address** Citizens who desire to address the Amarillo Hospital District with regard to matters on the agenda or having to do with the City's policies, programs, or services will be received at this time. Each speaker will be limited to three minutes. The Board may not discuss items not on this agenda, but may respond with factual, established policy information, or refer to staff. The Board may choose to place the item on a future agenda. (Texas Attorney General Opinion JC-0169.)

Mr. Frigo inquired if there were any comments. There were none.

3. **Approval of Minutes** The Board will consider approval of the minutes from the last meeting of the Board of Managers held May 24, 2023.

Mr. Frigo presented the minutes from the last Board of Managers meeting held on May 22, 2023. Mr. Wright made a motion to approve the minutes as presented. Ms. Street seconded the motion, and it was carried unanimously.

4. **Regular Meeting Items**

- 4.A. **Presentation and Discussion of the Pension Fund Investment Performance**

The District's Investment Counselor will present a review of the District's Pension Fund Investment Performance from the previous quarter.

Ms. Bevis presented investment performance of the Pension Fund for the quarter ended June 30, 2023. It was a fantastic quarter for investing. For the quarter, the portfolio was up 3.7% which is in line with the total fund policy which was up 3.5%. The one-year return is up 9.2% compared to the policy being up 9.5%.

- 4.B. **Presentation and Discussion of the AHD Corpus Investment Performance**

The District's Investment Counselor will present a review of the District's Corpus Investment Performance from the previous quarter.

Ms. Bevis presented performance of the AHD Corpus Investment Performance for the quarter ended June 30, 2023. The total portfolio was down 0.7% for the quarter versus the policy being down 1.1%. The one-year return is down 1.8% compared to the policy being down 0.8%.

4.C. Presentation and Discussion of the Sage Money Manager Services

The District's money manager, Sage, will present a review of the District's Corpus Investment strategy.

Michael Walton from Sage presented a review of the District's Corpus Investment strategy for the quarter ended June 30, 2023. He stated that the funded status is currently 98%. He mentioned that they recommend selling the portfolio's agency callables and taxable munis for treasuries to match known liabilities. He went on to state that currently there is approximately a \$2.3 million gap. The Board was good with Mr. Walton's recommendation.

4.D. Presentation and Discussion of Actuarial Report on the Pension Plan

The District's Actuary will present the Retirement Plan for Employees of Northwest Texas Healthcare System Actuarial Valuation report as of October 1, 2022.

Dan Ettel, Arthur J. Gallagher & Co., the District's Actuary along with Sam Hartmann, Arthur J. Gallagher & Co., who called into the meeting, presented the Retirement Plan for Employees of Northwest Texas Healthcare System Actuarial Valuation report as of October 1, 2022. They explained that the pension liability was 88.1% funded as of 10/1/2022 from a market value, but 95.1% funded as of 10/1/2022 from an actuarial value. Mr. Ettel and Mr. Hartmann discussed buying insurance annuities in exchange for terminating the pension plan. This would in essence remove the Pension Plan from the books but ensure all members of the Plan receive their full benefit. They stated the estimated midpoint to buy these annuities was \$2.4 million. Ms. Storrs mentioned that the final \$2 million in pension plan contributions was included in the upcoming budget with an extra \$0.4 million recommended by the Finance Committee in case the Board wanted to explore this option. Mr. Hartmann mentioned the Plan has a discount rate of 6% which historically created a large gap from what insurance companies would charge. Now that rates are closer to 5.1%, the gap has lessened. He also stated this is a normal step to terminate a pension plan. The Board gave direction to explore this option more at a special meeting.

4.E. Discuss and Consider Amarillo Hospital District Budget

The Board will discuss and consider the Amarillo Hospital District Budget for the 2023/2024 fiscal year.

Ms. Storrs presented the proposed budget for 2023/2024. The proposed budget includes estimated available funds of \$140.9 million to start the next fiscal year 2023/2024. Revenues are proposed at \$3.4 million, and expenditures are

proposed at \$14.5 million, leaving proposed available funds of \$129.8 million at the end of fiscal 2023/2024. The proposed budget includes a decrease to Public Health funding due to the normalization of their annual funding need, level funding for Texas Tech University Health Sciences Center contract for its Department of Pediatrics and Psychiatry, and level funding for Tobacco Free Amarillo to match the expected tobacco settlement proceeds the District would receive. Ms. Storrs shared there is no need to make a pension contribution in the current fiscal budget, but the Finance Committee discussed increasing the \$2 million budgeted funding to \$2.4 million to allow the Board the option to consider terminating the Plan in the next fiscal year. For the Local Provider Participation Fund, available funds at October 1, 2023 are anticipated at \$21.8 million. Proposed revenues for fiscal 2023/2024 are \$55.2 million and proposed expenditures are \$77.0 million, leaving available funds at October 1, 2024 proposed at \$17,632. Ms. Bonner made a motion to approve the Amarillo Hospital District Budget for 2023/2024 from the Finance Committee with the pension contribution being increased from \$2 million to \$2.4 million. No seconded was needed, and the motion carried unanimously.

4.F. Discuss and Consider Addendum for the Tech University Health Science Center Psychiatry Residency Program

The Board will discuss and consider an addendum to the funding of the Texas Tech University Health Science Center Psychiatry Residency Program.

Ms. Storrs presented an Addendum that provides an extension of the contract for the Psychiatry Residency funding with no change to the annual funding level of \$100,000. Ms. Bonner moved to approve the Addendum. Ms. Street seconded the motion. Dr. Young abstained, and the motion passed 5-0-1.

4.G. Discuss and Consider Agreement for Texas Tech University Health Sciences Center Department of Pediatrics

The Board will discuss and consider an agreement for the funding of Specialized Pediatric Services through Texas Tech University Health Sciences Center

Ms. Storrs presented the item recommending level funding of \$1.6 million for TTUHSC Department of Pediatrics. Ms. Street made a motion to approve the item as presented. Mr. Wright seconded the motion. Dr. Young abstained, and the item passed by a vote of 5-0-1.

4.H. Discuss and Consider Agreement for Tobacco Free Amarillo

The Board will discuss and consider an agreement for Tobacco Free Amarillo.

Ms. Storrs presented the item recommending level funding of \$375,000 based on the Tobacco Settlement proceeds the District anticipates receiving. Dr. Biggs motioned to approve the item as presented. Mr. Wright seconded the motion. Ms. Bonner and Dr. Young abstained, and the motion passed 4-0-2.

4.I. Discuss and Consider Change Order for Roof Replacement

The Board will discuss and consider a change order to Parsleys Roofing in the amount of \$12,600 for the roof replacement on the building located at 206 NE 7th Avenue.

Mr. Danforth presented an update on the completion of the roof replacement project. He stated that during the initial stages of the replacement, it was determined the entryway to the building did not meet code. Ms. Storrs explained that Mr. Danforth, Mr. Frigo, and Ms. Storrs met to discuss the implications of proceeding without addressing the entryway. Mr. Frigo gave direction to proceed with a change order to address the entryway while the project was under construction and to have Familia Dental Clinic pay for an ADA entryway door. Ms. Storrs stated this item was to formalize the approval of the change order. Dr. Young made a motion to approve the change order as presented, Ms. Street seconded, and the item passed unanimously.

4.J. Presentation of Quarterly Financial Statements

City staff will present a summary of the District's revenue and expenditures from the previous quarter.

Mr. Poston presented quarterly financials for the quarter ended June 30, 2023. Mr. Poston reviewed the Balance Sheet, Income Statement, and Budget versus Actual Reports for the quarter.

4.K. Presentation of Quarterly Investment Report from Investment Officer

The District's Investment Officer will present the District's Quarterly Investment Report.

Ms. Bonner presented the Quarterly Investment Report. On June 30, 2023, the District's investment portfolio was in compliance with the AHD Policy and the Texas Public Funds Investment Act.

- 5. Discuss Items for Future Agendas** – The Board asked to have a special meeting to consider an agreement with Gallagher to assist with pension plan termination and any other items needed to facilitate that process. The Board also asked for presentations from Texas Tech and Tobacco Free Amarillo on their annual funding. Ms. Bonner requested information about the donor restricted funds and the ability to ask the Attorney General for an opinion for those funds to be used for other purposes to support the District.

Mr. Frigo adjourned the meeting at 9:23 a.m.

ATTEST:


Stephanie Coggins, City Secretary


Dean Frigo, Chairman

