



Amarillo Hospital District Finance Committee Regular Meeting

August 28, 2023
1:00 PM
City Hall - Room 306
601 S. Buchanan
Amarillo, Texas

MINUTES

1. Welcome and Introductions

On the 24th day of August 2023, the Amarillo Hospital District Finance Committee met at 1:00 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
DEAN FRIGO	Yes	23	23
WESTON WRIGHT	Yes	9	9
MICHELLE BONNER	Yes	1	1

Also in attendance were the following:

BRYAN MCWILLIAMS, CITY ATTORNEY
 LAURA STORRS, ASSISTANT CITY MANAGER
 STEPHANIE COGGINS, CITY SECRETARY
 MATT POSTON, FINANCE DIRECTOR
 KELLY BEVIS, WELL FARGO ADVISORS
 MICHAEL WALTON, SAGE
 SAM HARTMANN, ARTHUR J. GALLAGHER & CO (by TEAMS)

Mr. Frigo established a quorum, called the meeting to order at 1:07 p.m.

2. **Public Address** Citizens who desire to address the Amarillo Hospital District Finance Committee 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 Committee may not discuss items not on this agenda, but may respond with factual, established policy information, or refer to staff. The Committee may choose to place the item on a future agenda. (Texas Attorney General Opinion JC-0169.)

No one present wished to comment.

3. **Approval of Minutes** The Committee will consider approval of the minutes from the last meeting of the Finance Committee held February 24, 2023.

Mr. Frigo presented the minutes from the last Finance Committee meeting held on February 24, 2022. Mr. Wright made a motion to approve the minutes as presented. Ms. Bonner seconded the motion, and it carried unanimously.

4. **Regular Meeting Items**

- 4.A. **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.

Sam Hartmann, Arthur J. Gallagher & Co., joined the meeting over Teams, and presented the Retirement Plan for Employees of Northwest Texas Healthcare System (Plan) Actuarial Valuation report as of October 1, 2022. He explained the pension liability was 88.1% funded as of October 1, 2022 based on market value. He stated the equity market was not favorable from October 1, 2021 to September 30, 2022. Mr. Frigo asked if they could contribute \$2 million more to the Plan in order to fully fund it. Mr. Hartmann said that would be possible.

Mr. Hartmann then covered termination options for the Plan. He stated that \$2.4 million was the midpoint needed to buy insurance annuities for the Plan. The Committee discussed the possibility of calling a special meeting of the Board to allow the Chairman to enter into a contract with Gallagher to terminate the Plan and allow the Chairman to buy insurance annuities not to exceed a certain amount. The Committee also asked to have the Plan's attorney, Mark Miller, review the termination contract. They also directed staff to work with Amarillo National Bank on a strategy of investment for the annuity purchase.

- 4.B. **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%. She also mentioned the pension plan termination is a favorable idea at this point.

4.C. 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.D. 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 deficit this quarter was decreased to \$2.3 million versus the previous \$3.7 million deficit. He mentioned that they recommend selling the portfolio's agency callables and taxable munis for treasuries to match known liabilities.

4.E. Discuss and Consider Amarillo Hospital District Budget

The Committee will 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 \$14.1 million, leaving proposed available funds of \$130.2 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 and the pension contribution was left flat at \$2 million for 2023/2024. 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. Mr. Wright seconded, and the motion carried unanimously.

5. Discuss Items for Future Agendas

The Committee discussed bringing a contract with Gallagher for services to terminate the pension plan and have Mark Miller review everything. They also discussed working with Amarillo National Bank on a strategy for investments.

Mr. Frigo adjourned the meeting at 2:23 p.m.

ATTEST:

Michelle Banner

Dean Frigo
Dean Frigo