

**Tomball Hospital Authority
Board of Directors
July 27, 2016**

Present: Jack Smith, Chairman
Danny Marburger, VP
Ellen Stutts, Secretary
Jerry Till, Treasurer
Vicki Clark
Ralph Foxworthy
Jim Ross
Latrell Shannon

Absent: Bill Hogue
Tom Kikis
Steve Vaughan

Also Present: Marilyn Kinyo (Chief Administrative Officer)
Lynn LeBouef (CEO)
Vincent Norris (Myrtle Cruz)
Kevin Reed (Reed, Claymon, Meeker & Hargett)
George Shackelford (Tomball City Manager)
Bruce Hillegeist (Tomball Chamber of Commerce President)
Clay Tarro (Wealth Advisor, Wells Fargo)
David Powell (Sr. Investment Strategist, Wells Fargo)
Angela Caraway (Sr. Fiduciary Advisory Specialist, Wells Fargo)

Tomball Hospital Authority Board Meeting

1. Call to Order
 - A. Jack Smith, Chairman of the Board, called the meeting to order at 4:00P.M. CST on Wednesday, July 27, 2016.
2. Approval of minutes from the June 22, 2016 board meeting. A motion was made by Vicki Clark and seconded by Latrell Shannon to approve the meeting minutes from the June 22, 2016. The motion was unanimously passed.
3. Community Input – There was no community input
4. Finance Committee 2nd Quarter Investment Review
 - A. David Powel reviewed the Four Steps of Successful Investing.
 1. Start with a plan – You have an Investment Policy Statement that is a plan. If you follow your Investment Policy in up and down markets, your probability of being a successful investor is high.
 2. Construct your portfolio
 3. Globalize your portfolio – diversification reduces risk and enhances return over time. You now have a more diversified portfolio, arguably the most diversified portfolio available through a money manager.
 4. Maintain alignment to your plan – sustainability requires a total focus on long term goals. A short term focus is speculative and this is the biggest mistake investors make. Maintaining a long term focus is how investors think, and eliminates the short-term-thinking risk.
 5. We discussed the difference in what the investment objective of “preserve capital” means. Being invested too conservatively is the second worst mistake investors make.

We need to have enough growth in the portfolio to have a high degree of success in maintaining the principal over the next 100 years. Inflation is the primary risk to this portfolio. Equities (growth) have been the best asset class in mitigating inflation risk. However, equity is also the key driver to the downside when we go through a recession or correction. The key is the amount of equity needed to keep the portfolio ahead of inflation and keep you invested (sustainability) during a decline. We think your Investment Policy provides a reasonable medium between keeping up with inflation and sustainability.

Returns

We have benchmark returns that provide a reference to our long term strategic target weightings in all of the asset classes in the portfolio. We also have a bottom line overall bench mark return for the portfolio. Over time, the portfolio should come in close to these bench mark returns. The variance in the short term will be our short term tactical moves.

- B. Sun Life Stock Disposition – Papers were presented to the Board to Transfer an old Stock Certificate that was acquired when the board owned the hospital to our current investment account. All necessary papers for the transfer were signed.
5. Financials - An update on the financials was given by Vincent Norris for June 30, 2016. He reviewed the balance sheet - cash total \$837,683.69, investments were up a little to \$86,653,462.57, with a total for the month of \$87,491,146.26 for June 2016. Total liabilities and equities for the month were \$87,612,186.76. Lynn reported that current investments as of midnight last night were at \$88,504,462.00. Vincent went on to review the P&L statement. Total income of \$3,100,578.61 total expenses of \$611,439.73 and net ordinary income of \$2,289,138.88, net income of \$-4,391,029.89. Marilyn presented and reviewed the cash report which showed the deposit from Sun Life dividend, Birch Communication refund and the two large Creative Risk Payments. A motion was made by Danny Marburger and seconded by Vicki Clark to approve the reports as presented. The motion carried unanimously.
- A. Legal Bills – A motion was made by Latrell Shannon and seconded by Jerry Till to approve the outstanding legal bill to Reed, Claymon, Meeker and Hargett in the amount of \$2,830.00 for May and June 2016 invoice as well as the invoice from Epstein, Becker, Green & Wickliff in the amount of \$47.25. After discussion, the motion was unanimously passed.
6. An update on the TOMAGWA dental clinic was handed out to the board for June 2016 as well as the Q4 report. They budgeted to see 333 patients in the month of June and actually saw 367. They were up for the month.

Salaries and Insurance

April 2016	\$27,992.00
May 2016	\$30,633.45
June 2016	\$27,784.57

\$86,409.99

Patient Visits

April 2016	355
May 2016	347
June 2016	367

1,069

Per the contract THA reimburses \$45.00 per patient visit up to 1000 patients. So for 2016 Dental Program Q4 THA will pay TOMAGWA \$45,000.00 for patient fees. And total for salaries and patient fees in the amount of \$131,409.99.

7. A brief overview of the current funding quests was given to the board. Lynn briefly reviewed the project budget as of today with the board members.

A. TOMAGWA 2016 Medical Grant Request – TOMAGWA has come to us with a request for the medical program for FY2016. They are requesting \$120,000 to see an additional 80 patients at the cost of \$125.00 per visit. In the course of the discussion with TOMAGWA we established that they see a baseline of 800 patients per month. TOMAGWA explained with the opening of the Magnolia clinic their numbers will decrease, but it will give them the opportunity to see new patients that they couldn't have seen before.

TOMAGWA went on to explain to the Committee the amount of funds that were raised for the expansion into Magnolia. TOMAGWA formed a funder group that last year raised 90% of the operation fees for the first year and 20% of the second and third years operating funds.

A motion was made by the Funding Committee and was seconded by Ralph Foxworthy to approve payment to TOMAGWA for the medical clinic 2016 funding request in the amount of \$120,000 per year. This will allow them to see 80 additional patients a month in the Tomball location. As stated above a baseline of 800 patients a month has been established and the Foundation will pay for 80 additional patients if the base line is met at \$125.00 per patient. The motion was passed unanimously.

B. TOMAGWA 2016 Dental Program Request – A request was made to the board to fully fund the dental program for the fiscal year 2016/2017 in the amount of \$562,869. An additional request was made that the board fund the salary for the one of the dental hygienist to go from 3 days to 5 days in the amount of \$30,776. A motion was made by the Funding Committee and was seconded by Danny Marburger for the 2016/2017 funding period in the amount of \$593,645.00. The motion was passed unanimously.

C. The JoyRide Center – They submitted a grant to the board for 2016 in the amount of \$6,889.00 to purchase three pieces of therapy equipment. 1.) Bareback Dynamic Riding Surface (\$6500.00); 2.) a Therapist Chair (\$191.75); And 3.) a Wingman Sports Harness (\$197.00). A motion was made by the Funding Committee and was seconded by Jerry Till. The motion carried unanimously.

D. Tomball Police Department/Tomball Explorer Post - Tomball Police Department has come to Board to ask if we could possibly fund their new Car Temperature Card Program. The card has an indicator on it that warns you when the heat in a vehicle is potentially dangerous to children and pets. They are requesting the funds to purchase 1000 cards at \$1.21 each with an initial setup fee of \$31.25. So the total cost would be around \$1,241.25. A motion was made by the Funding Committee and seconded by Latrell Shannon to fund the request in the amount of \$1,241.25 for the Car Temperature Card Program. The motion was passed unanimously.

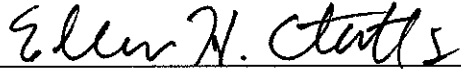
8. Foundation Website Redesign – The Foundations website is in dire need of a facelift. Marilyn and Lynn have been working with the web designer to not only secure our site, but to make the necessary updates at are needed to the site to make it user friendly. The cost to update the site is \$4,750.00. A motion was made by Danny Marburger and was seconded by Vicki Clark to make the updates. The motion was passed unanimously.

9. FEMA – There is no update for the month of July.

The board went into Executive Session at 5:45PM to discuss Employee Matters and came out at 6:20PM.

Adjournment

There being no further business, the meeting was adjourned at approximately 6:25PM CST.


Ellen Stutts, Secretary