

**Tomball Hospital Authority
Board of Directors
May 24, 2017**

Present: Jack Smith, Chairman
Vicki Clark, VP
Jerry Till, Treasurer
Tom Kikis, Secretary
Bill Hogue
Jim Ross
Latrell Shannon
Steve Vaughan

Absent:
Danny Marburger
Ralph Foxworthy
Lori Wilson

Also Present: Marilyn Kinyo (Chief Administrative Officer)
Lynn LeBouef (CEO)
Vincent Norris (Myrtle Cruz)
Robert Spurck (Reed, Claymon, Meeker & Hargett) - Telephonically
George Shackelford (Tomball City Manager)
David Powell (Wells Fargo)
Melissa Greer (V.P. Wells Fargo)
Angela Caraway (Wells Fargo)
Denise A. McClintic (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, May 24, 2017.
2. Approval of minutes from the April 26, 2017 board meeting.
 - A. A motion was made by Vicki Clark and seconded by Tom Kikis to approve the meeting minutes from the April 26, 2017. The motion was unanimously passed.
3. Community Input –George Shackelford said that there was nothing to report this month. The park is progressing.
4. Financials
 - A. An update on the financials was given by Vincent Norris for April 30, 2017. He reviewed the balance sheet - cash total \$ 155,172.63, total checking and savings for the month of for April 2017 in the amount of \$93,178,366.36. Total current liabilities \$542,310.24, total liabilities and equities for the month were \$93,095,980.17. Vincent Norris went on to review the P&L statement. Total income of \$1,347,940.34 total expenses of \$483,168.22 and net ordinary income of \$864,772.12 net income of \$5,762,962.70. Marilyn presented and reviewed the cash report. No major changes. P&L Budget Performance we are \$402,559.66 below on income and \$327,807.18 below on expenses. Lynn LeBouef reported that our investment account was up for the month, he also reviewed charts on total expenses from this year versus last year as well as

investments. A motion was made by Tom Kikis and was seconded by Latrell Shannon to accept the financials as presented. The motion was unanimously passed.

B. Legal Bills – An invoice was submitted by Reed, Claymon, Meeker & Hargett for March – April 2017 charges in the amount of \$3,537.00. A motion was made by Jerry Till and was seconded by Vicki Clark to approve the Reed, Claymon invoice in the amount of \$3,537.00. The motion was unanimously passed.

C. Consider and take action to approve outstanding obligations of the Authority.

1. FEMA update – No update to report.

5. Wells Fargo Q1 Investment Review by David Powell. The investment allocations on the “Portfolio Summary” page drive roughly 92% of the returns of the portfolio (Ibbotson). The other 8% are driven by ancillary things such as security selection, tactical allocations, and timing.

These allocations are driven by the Investment Policy Statement. The IPS is an investment plan that encourages the diligence and discipline required for an investor to be successful and achieve their goals. Benchmarking an investment portfolio against anything other than its allocations from the IPS can cause confusion and eventually, investor mistakes.

The next page shows the dollar returns line by line for the individual investment classes and for the overall portfolio. Since inception (5/1/2016), the portfolio has made \$8,305,189 gross of fees, or 9.80% through 3/31/2017 (not annualized). The net return has been \$8,119,264 net of fees, or 9.57% (not annualized; \$8,305,189 minus fees of \$185,925).

In Q1 2017, the portfolio made \$3,791,657 gross of fees. A disbursement plus fees (\$56,385) equaled \$884,893. The net return for the portfolio in the first quarter was \$3,735,272 or 4.22% net (not annualized).

Overall, the portfolio is reasonably tracking its benchmarks. However, Alternative Investments have struggled slightly relative to their benchmarks. This is normal as we are using liquid mutual funds to try to keep up with illiquid benchmarked investments. Alternatives are the most difficult investments to benchmark whether using liquid, illiquid, or a combination of the two. More sophisticated investors look at alternative investments in regards to their lower correlations to other parts of the portfolio.

We view this asset class as important to the portfolio. Our experience is that they enhance returns and reduce risk over time. Also, we have observed that the cash alternatives have spent windows of time beating their benchmarks and windows of time not keeping up.

6. Denise A. McClintic, Philanthropic Specialist from Wells Fargo Private Bank, made a presentation on Board Member Responsibilities. The presentation included discussions on the following:

A) Fiduciary Duties of Board Members

- Duty of Care
- Duty of Loyalty
- Duty of Obedience

B) Ten Basic Responsibilities of Board Members

- 1) Determine Mission and Purpose
- 2) Select Chief Executive
- 3) Support and Evaluate Chief Executive
- 4) Ensure Effective Planning

- 5) Monitor and Strengthen Programs and Services
- 6) Ensure Adequate Financial Resources
- 7) Protect Assets and Provide Financial Oversight
- 8) Build a Competent Board
- 9) Ensure Legal and Ethical Integrity
- 10) Enhance the Organization's Public Standing

C) Different Roles of Board and Staff

Following the presentation, Board members received the Third Edition of "Ten Basic Responsibilities of Nonprofit Boards" by Richard T. Ingram, part of the Board Source Governance Series.

7. Lynn LeBouef presented the 2017'2018 Operational Budget to the board for review and approval. A question arose about why there was a 19% increase in healthcare costs. Lynn explained that this was the amount of the increase last year so that is why he used the same number for the coming year. A motion was made by Tom Kikis to approve the 2017/2018 Operational Budget as presented and was seconded by Bill Hogue. The motion was unanimously passed.
8. An update on the TOMAGWA dental and medical clinics was handed out to the board for April 2017. The dental clinic budgeted to see 366 patients in the month of April and actually saw 507. The medical clinic budgeted to see 800 patients in the month of April and actually saw 906. They were both up for the month.
9. Funding Committee Report
 - A. Boys & Girls Country - Boys and Girls Country They are requesting \$20,000.00 to provide health, dental, vision and emergency care to the children who call Boys and Girls Country their home. About half of the children that come to Boys and Girls Country have not received routine dental and healthcare; 85% of the children are on Medicaid or CHIP. The breakdown of funds is below:

i. Dental	\$ 1,000
ii. Orthodontics	\$ 5,000
iii. Vision	\$ 1,000
iv. Prescriptions	\$12,000
v. Medical Equipment	\$ 3,000

A comment was made by Jim to make sure that no expenses are paid that will compromise their Medicaid status. Boys and Girls Countries total budget for the year for these expenses is \$22,000. They only requested \$20,000. A motion was made by Vicki Clark to fund Boys & Girls Country \$22,000 to provide dental, orthodontics, vision, prescriptions and medical equipment and was seconded by Latrell Shannon. The motion was unanimously passed.

- B. American Heart Association Community CPR Training Kits - AHA requests \$86,828.00 to support the implementation of our community-wide CPR training Programs. CPR Anytime is a cost effective self-paced learning program that has been proven to be educationally effective in a group of individual setting. This money will equip 3,000 members in the TRHF service area the CPR Anytime Kits. They have seven Community Programs that have already signed on to participate in this program. The Funding Committee feels that it is going to be difficult to assure that they train 3000 community members with in a year. The committee discussed the proposal and agreed to break up the funding into quarterly payments. This way each quarter we can pay them for the amount of kits that were used per quarter and they will not owe us any unused funds at the end of the agreement. A motion was made by Vicki Clark and was seconded by Steve Vaughan to approve the AHA Community CPR Training Kits. The motion was unanimously passed.

10. The Board reviewed and discussed the Executive Committee Meeting Minutes they evaluated the Smith Pilot Contract to review the evaluation and duties of the CEO and CAO. After the contract with Smith Pilot is signed the review will be complete in 45-60 days. After the review is complete a presentation to the full board with their recommendations will be done. Smith Pilot was recommended by Georgetown Health and Kevin Reed. A motion to enter into the contract with Smith Pilot was made by the Executive Committee and was seconded by Steve Vaughan. The motion was unanimously passed.

Adjournment:

There being no further business, the meeting was adjourned at approximately 5:21PM CST.


Tom Kikis, Secretary