

**Tomball Hospital Authority
Board of Directors
November 15, 2017**

Present: Jack Smith, Chairman
Vicki Clark, VP - Telephonically
Danny Marburger
Tom Kikis, Secretary
Ralph Foxworthy
Bill Hogue
Latrell Shannon
Steve Vaughan
Lori Wilson

Absent: Jerry Till, Treasurer
Jim Ross

Also Present: Marilyn Kinyo (Chief Administrative Officer)
Lynn LeBouef (CEO)
Vincent Norris (Myrtle Cruz)
Kevin Reed (Reed, Claymon, Meeker & Hargett) - Telephonically
George Shackelford (Tomball City Manager)
David Powell (Wells Fargo)
Melissa Greer (Wells Fargo)
Angela Caraway (Wells Fargo)
Lee Ann Kroon (TOMAGWA)
Rob Hauck (TOMAGWA President)
Deborah Petty (TOMAGWA Treasurer)
Cliff Rampy (TOMAGWA Secretary)
Kevin Rudolph (TOMAGWA Board Member)
Tom Gloyer (TOMAGWA Board Member)

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, November 15, 2017.
2. Approval of minutes from the October 25, 2017 board meeting.
 - a. A motion was made by Tom Kikis and seconded by Bill Hogue to approve the meeting minutes from the October 25, 2017. The motion was unanimously passed.
3. Oath of Office – The oath of office was given to Latrell Shannon, Jim Ross and Bill Hogue.
4. Community Input – No report for this month.
5. Wells Fargo Q3 presentation. David Powel came to present to the board the Q3 results. The portfolio allocations are very close to our long term strategic targets. We are a little underweight Real Assets and a little overweight Alternative Investments. Alternative Investments do well when interest rates go up. In Real Assets, we do not currently own commodities as we see them range bound for a while. The 3rd slide shows the Growth over time. The portfolio is growing (blue bars), and the disbursements are not really

noticeable (black line). The portfolio has made \$14,122,947 since inception and \$13,821,847 after fees, for a net annualized return of 11.33%. Year to date the portfolio has returned \$9,437,855 net, or a non-annualized return of 10.73%. Our expected return over the next two business cycles is an average return of 8.2%. The returns have come in right on top of their benchmarks. This just shows where we are in the cycle. Generally, there appears to be no recession on the horizon. So, normal corrections should be expected while the economy continues to grow.

6. TOMAGWA Executive Director Lee Ann Kroon and several board members came to speak with TRHF Board and answer some questions that have been on their minds for some time. The board also would like a state of the clinic report. A brief overview of TOMAGWA's strategic plan was handed out to the board members. Rob Hauck told the board that they are open up to any and all questions that the board may have. Vicki Clark spoke frankly about the financial information that has been requested several times by the funding committee. The committee would like to see a monthly breakout of sources of income as well as what the monthly expenses are. Eighteen months ago, the committee was worried about being their largest funder. This is why we granted TOMAGWA the funds for grant writer and there still is not one in place. They went on to explain that the 1st grant writer that they hired didn't work out, the 2nd one had medical issues and 3rd one was just hired. Bottom line is that we want to help TOMAGWA get other funders so that TRHF is not their main funder.

The board went on to talk about how the cost of the medical visits per person went from \$125.00 per patient visit to \$165.00. In the original medical proposal that we received there was a three-year plan that would get them to the \$165 price per patient visit, but it jumped from year 1 to year 3. They are not exactly sure where the \$125.00 number came from. They hired a new Executive Director that has financial background to look into all their pricing and financials and get them where they feel they should be. In looking at supply cost and personnel they feel the \$165.00 per patient visit is more in the realistic ball park. They have added a new EMR System that can track patients and cost better.

Bill Hogue went on to speak to the TOMAGWA Committee and wanted them to know that we support TOMAGWA and want to continue to help them, but also would like to support others as well and we do have limitations. They did let the Board know that they are actively looking for other funders such as the United Way. They had their initial meeting with them in July and it was very informative. They had a follow up meeting scheduled for August 31st, but it didn't happen because of the hurricane. They were sent information to apply for a smaller grant. This was kind of like a pre-application. A question was asked if TOMAGWA would survive without TRHF's funding. Rob Hauck said yes. TOMAGWA has been around for over 20+ years. They have had to look at their finances and budgets but feel they would be fine. They can't sell anything and have no legacy funds. They asked that the board not look at the dealing with United Way as a negative, but as something that will take time to cultivate.

They just had their annual golf tournament in which they raised \$28,000. This is down from years past where they have raised \$40,000.

They board then went on to discuss the Magnolia clinic. The first question that was asked was if this is cannibalizing what they have in TOMAGWA? The answer was no. The Tomball clinic has been open for years. Lots of folks have been asking for this clinic in Magnolia. The next question is there funding to support it for years to come. They let the board know that there is a funders group that has raised the funds for the buildout, staff and rent for the first year and they are working on securing funding for future years. The Magnolia clinic has two-part time nurse practitioners, one nurse and several volunteers that run the clinic. Patients with specialized medical issues still will have to be seen in the Tomball

office. That is why a great deal of the patients seen in the Tomball location in October were from Magnolia. The services in Magnolia are limited for now.

TOMAGWA has promised to get TRHF a detailed monthly report showing a breakout of income and expenses from the previous month.

7. The 2018 Myrtle Cruz contract renewal was passed out for the Board to review. A nominal increase was made to the cost of their fees for the coming year. A motion to approve the contract with Myrtle Cruz for the 2018 year at the rate of \$1,300.00 plus expenses as outlined in Exhibit B of the contract was made by Lori Wilson and was seconded by Latrell Shannon. The motion was unanimously passed.
8. Financials
 - a. An update on the financials was given by Vincent Norris for October 31, 2017. He reviewed the balance sheet - cash total \$187,957.22, total Investments \$97,696,276.32, total checking and savings for the month of October 2017 in the amount of \$97,884,233.54. Total current liabilities \$722,655.92, total liabilities and equities for the month were \$97,961,503.12. He then went on to review the P&L statement. Total income of \$449,270.57 total expenses of \$190,963.18 and net ordinary income of \$258,307.39 net income of \$3,825,127.48. Marilyn Kinyo presented and reviewed the cash report. No major changes. Lynn LeBouef reviewed the P&L Budget Performance we are \$82,709.82 below on income and \$66,621.30 below on expenses. Lynn LeBouef reported that our investment account was up for the month. A motion was made by Steve Vaughan and was seconded by Tom Kikis to accept the financials for October 2017 as presented. The motion was unanimously passed.
 - b. Legal Bills – An invoice was submitted by Reed, Claymon, Meeker & Hargett for October/November 2017 charges in the amount of \$3,397.00. A motion was made by Latrell Shannon and was seconded by Vicki Clark to approve the Reed, Claymon invoice in the amount of \$3,397.00. The motion was unanimously passed.
 - c. The Board discussed transferring funds from Investment Account to Checking Account for Projects and Administrative Fees. A motion was made by Steve Vaughan and was seconded by Tom Kikis to transfer \$867,960.76 if needed prior to the January 2018 board meeting. The motion was unanimously passed.
9. Smith Pilot update. The board then went into Executive session at 5:35PM to discuss employee related matters. They came out of Executive Session at 6:37PM.

Adjournment:

There being no further business, the meeting was adjourned at approximately 6:45PM CST.


Tom Kikis, Secretary