

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE  
WINNIE-STOWELL HOSPITAL DISTRICT**

The meeting of the Board of Directors of the Winnie-Stowell Hospital District (“District”) was noticed and filed pursuant to the Texas Open Meetings Act a full 72 hours prior to the opening of said meeting for 6:30 p.m. on the 16<sup>nd</sup> day of September 2015, at the Winnie Community Hospital (“Hospital”)-Conference Room, Broadway, Winnie Texas (a copy of said Notice being placed amongst the files of the District).

The roll was called of the members of the Board, to wit:

Elroy Henry, Chair  
Jeff Rollo, Vice-Chair  
Ed Murrell, Secretary  
Sharron Burgess, Director  
Raul Espinosa, Director

All said Board members were present. In addition, to the above named Board members, also present at the meeting was: Sherrie Norris, District Administrator; Hubert Oxford, IV, Attorney; Mary Ellen Robertson, CPA District; Deputy Blaze Crowell, Chambers County Sherriff’s Office; Mo Danishmund on behalf of the Winnie Community Hospital; and David Smith with the LTC Group.

At approximately 6:34 p.m., a quorum was established and Chairman Henry made introductions that were followed by a request for public comment. There being no public comment, Chairman Henry asked the Board to consider and take action on Agenda Item No. 3, to review and approve the minutes from the following meetings:

- August 19, 2015 Regular Meeting; and
- October 5, 2015 Emergency Meeting.

After the minutes were reviewed, Director Murrell made motion to approve the August 15, 2015 Regular Meeting; and the October 5, 2015 Emergency Meeting. This motion was seconded by Director Burgess, with the unanimous consent of all Board members.

Next, Chairman Henry asked the Board to consider Agenda Item No. 4 to review and approve financial reports and payment of invoices. According to Sherrie Norris, the District had \$332,037.19 in its Operations Account with \$50,575.80 in sales tax revenue to be received from the Texas Comptroller for Public Accounts within the next week. However, expenses for the previous month amounted to \$53,150.18 which will leave a balance of \$329,462.81 in the Operations account after the sales tax revenue deposited and expenses were paid. In addition, there was \$103,817.03 in a CD at Prosperity Bank; and \$152,455.57 in the District's TexStar account. As for the financial statements, the District's CPA presented the Board with a draft Statement of Revenues, Expenditures, and Changes in Net Position. (*See Exhibit "A"*). In so doing, Mrs. Robertson explained she was waiting on figures for August and September for the Minimum Payment Amount Program ("MPAP") that were expected but never received. Therefore, she reported that she would present the Board with a follow up statement in October and make any recommendations needed in order to make amendments to the budget. Following a review of the financial statements and bills payable, Director Murrell made a motion to approve the consent agenda. This motion was seconded by Director Espinoza with the unanimous consent of all Board members present.

Chairman Henry then asked Board to turn its attention to Agenda Item No. 7, discuss and take action, if necessary on obtaining a status report by the Winnie Community Hospital on projects funded by the District. In so doing, Chairman Henry asked Director Espinoza to address this agenda item. Director Espinoza reminded the Board that he and the District's CPA had

previously met with the Hospital to review invoices for the projects the District agreed to fund pursuant to the Indigent Care Agreement with the Hospital to ensure that the District's funds were being spent properly. However, the two had not had a chance to have a follow up meeting in order to review the to review the proof of payment for the invoices previously reviewed but intended on doing that before the October 2015 Regular meeting. With this said, Director Espinoza then asked Mo Danishmund to give the Board an update. Mo presented the Board with a draft report prepared by the Hospital for the Hospital District Board that identifies 1) the status of each project funded by the District; 2) a percentage complete; 3) cost incurred to date; and 4) photographs. (See **Exhibit "B"**). Afterwards, the group discussed that this report would be given by the hospital on a quarterly basis starting on November 16, 2015. Otherwise, no action was taken on this Agenda Item

Chairman Henry then moved to Agenda Item 6(e) in the staff reports and allowed Davis Smith, with the LTC to give his monthly nursing home report so that he could return to Austin, Texas. Mr. Smith presented the Board with a two page executive summary that discussed each of the District's facilities. (See **Exhibit "C"**). This summary provides an overview of the detailed monthly report given to the District by the LTC Group for each facility. Before going over the report with the Board, Mr. Smith prefaced the report with the fact that the nursing home industry was heavily regulated in the State of Texas and facility operators often report issue or violations to the State of Texas (i.e., reportable incidents) on their own. This is called "self-reporting." Mr. Smith made this statement because, according to the summary, a handful of the District's facilities were in compliance with state nursing home regulations but a number of them were either 1) "tagged" for issues by inspectors from the Department of Disability and Aging during their annual survey; or 2) had reportable incidents. "Reportable incidents" are events that arise in the normal

course of business that are reported to the State by anyone, most often the Managers self-reporting. With this said, Mr. Smith advised that the issues have been resolved or the managers for each facility have submitted plans for correction to the State and those plans have been accepted or the State and the Managers were in discussions to resolve the tags or reportable incidents. Again, despite their being facilities with compliance issues, Mr. Smith Advised the Board that this is not uncommon and the LTC Group has seen no compliance issues that could be a threat to the District at this time. In any event, the LTC Group has been working with the Managers to make sure all tags for each facility was getting resolved with the state inspectors. Otherwise, no action was taken.

After Mr. Smith was excused, Chairman Henry asked the Board to return to Agenda Item No. 5 and called on the Committee Chairman to give committee reports. The reports by each Committee Chair are as follows:

- **Building Committee:** Chairman Espinoza reported that he received a response from the Hospital that they were no longer interested in attempting to acquire the District's portable building located on the Highway 124 property and that the District was free to pursue another buyer. Moreover, Mr. Espinoza reminded the Board that the School District was interested and he would contact the District about purchasing the property.
- **Finance Committee:** Chairman Murrell advised that there was nothing to report except that we were waiting on the District's MPAP for the first quarter of the program and that it was expected to be returned to the District in October 2015.
- **Indigent Healthcare Committee:** Chairwoman Burgess reported that she had nothing to report.
- **Personnel Committee:** Chairwoman Burgess reported the committee had been reviewing resumes for the Indigent Care Director's position but the committee was also discussing with staff and the District's CPA's whether the District needed a full time or part time employee and whether there was the need to modify the Job Description to include other administrative and administrative assistant job duties.
- **Hospital Liaison:** Dir. Espinoza did not have anything extra to report other than what had been discussed during the Agenda Item No. 7 conversation.

Following the brief committee reports, Chairman Henry called for reports by the District's Administrator, Attorney, and Certified Public Accountant. Their reports were as follows:

- a. **District Administrator:** Sherrie Norris had nothing to report but called on Lisa Stramecki to present the Board with a draft of the website. Mrs. Stramecki reported to the Board she was finished with the website but asked the Board to review the website for content to make sure it was correct. She then spent a considerable amount of time going through each page of the website and asked content related questions.
- b. **District General Counsel:** Attorney Oxford gave the Board a summary of the HUD transactions as well as the Agency and reported that both issues were still being worked on but from the District's perspective, the HUD matters would be resolved if the cash flow model by the Agency was established in a way that the District could instruct the Agency to circumvent the District's depository accounts and send the IGT/MPAP funds directly to the District's account at Interbank in Graham, Texas and then distributed to the various vendors.

Moreover Attorney Oxford explained to the Board that the Genesis group offered to pay one half of the legal fees incurred by the District for the HUD transactions involving the Woodhaven and Clairmont facilities and then offered to pay 100% of the District's fees for any other HUD transaction in the future. After some discussion, the Board recognized that this was not an action item but requested that Attorney Oxford return to Genesis with a demand for payment of Genesis to pay 3/4<sup>th</sup> of the fees for these facilities and then then pay 100% of the fees for all the other HUD transactions that may arise in the future. Director Espinoza advised that he wanted Genesis to pay 100% of the fees across the Board.

- c. **District Accountant/CPA:** See Agenda Item No. 4.
- d. **District Indigent Care Director:** No report.

Following the reports by staff, Chairman Henry turned to Agenda Item No. 8 to discuss and take action on potential sale or lease of District's modular building and/or real property and improvements located on Highway 124. Since this matter was previously addressed, Chairman Henry asked if there was anything further to discuss. There being none, Chairman Henry quickly turned to Agenda Item No. 9, to discuss and take action on replacing the Indigent Care Director. Like Agenda Item No. 8, Agenda Item No. 9 was also previously discussed. As such, there was no discussion or action taken on this agenda item either.

In closing, Chairman Henry advised the next regularly scheduled meeting would be held

on October 21, 2015. A motion was then made by Director Espinoza and was seconded by Director Murrell, with the unanimous consent of all Board members to adjourn at 8:30 p.m.

  
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Elroy Henry, Chairman

  
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Jeff Rollo, Vice-Chairman