

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 28th day of October 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
Sharon 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 Tony King, Chambers County Sherriff’s Office; Scott Campbell, superintendent of East Chambers Independent School District (“ESISD”), and Mr. James Gibson, Board President of the ECISD, along with several members of the community listed on **Exhibit “A”**.

At approximately 6:35 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:

- September 16, 2015 Regular Meeting; and
- October 5, 2015 Emergency Meeting

After the minutes were reviewed, Director Murrell made a motion to approve the September 16, 2015 Regular Meeting Minutes and the October 5, 2015 Special Meeting Minutes; 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 move forward to Agenda Item No. 8, to discuss and take action, if necessary, on authorizing the Building Committee and Finance Committee to engage in negotiations for potential sale of land and property belonging to the District on Highway 124 to the East Chambers Independent School District and to develop a potential partnership with the School District for healthcare related student services. In so doing, Chairman Henry called on Scott Campbell, Superintendent for the East Chambers Independent School District, who presented the Board with proposals for assistance with various healthcare needs of the nearly 1,400 students attending East Chambers schools. (See **Exhibit "B"**). According to Mr. Campbell, of the 1,400 students attending schools in the East Chambers School District, 800 students qualify for the free lunch program which means that they live at a poverty level of at least 130%. Therefore, Mr. Campbell suggested that given the District's mission is to provide healthcare to the residents of the District that qualify for District's Indigent Care program because their income level is at 150% or below of poverty, the District would be able to help nearly 800 residents of the District that would qualify for the District's Indigent program. The various proposals for assistance presented by Mr. Campbell were for the following:

- Accident Insurance;
- Athletic Trainer;
- Licensed Vocational Nurse;
- Immunizations and Lice;
- Licensed Professional Nurse; and
- Physical and Speech Therapy.

In regard to the sale of the property belonging to the District on Highway 124 to the East School District, Mr. Campbell reported that the School District was interested in purchasing the property. Moreover, he advised that the lawyers for the School District and the District were working on a mechanism to facilitate the sale of the property to the School District in compliance with Chapter 272 of the Texas Local Government Code. In conclusion, Mr. Campbell asked the Board to consider the School District's requests for assistance and looked forward to a partnership with the District.

Following Mr. Campbell's presentation, Chairman Henry steered the Board back to Agenda Item No. 4, to review and approve financial reports and payment of invoices. Administrator Norris was called on to address this matter and she reported that the District had a balance of \$63,724.13 after the payment of \$37,119.46 in expenses. In addition, she reported that there was currently \$103,817.03 in a CD at Prosperity Bank; \$152,468.02 in the District's TexStar account; and \$3,951,425.16 in the District's Interbank account. As for the financial statements, the District's CPA explained to the Board that she would have a final September 30, 2015 Statement of Revenues, Expenditures, and Changes in Net Position at the Special Meeting but provided a draft to the Board members for this meeting. (See **Exhibit "C"**). According to Mrs. Robertson, she was unable to finalize the statement because of all the reconciliation that had to take place with the March and April Proxy Payment for the MPAP program. Following a review of the draft financial statements and bills payable, Director Murrell made a motion to approve the payment of bills and the draft September 30, 2015 financial statements presented by the District's CPA with the understanding that final September 30, 2015 financial statement would be presented at an upcoming Special Meeting. This motion was seconded by Director Espinoza with the unanimous consent of all Board members present.

After the presentation of the District's financials, 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 he had nothing further to add to Mr. Campbell's statements in regard to the sale of the property located on Highway 124.
- **Finance Committee:** Chairman Murrell advised the committee was going to convene to review the District's budget.
- **Indigent Healthcare Committee:** Chairwoman Burgess reported that she had nothing to report.
- **Personnel Committee:** Chairwoman Burgess reported the committee had been meeting on a weekly basis to revise the Job Description for the Indigent Care Director's position and would hopefully have a final description, with modifications, at the next meeting.
- **Hospital Liaison:** Director Espinoza reported that the District's CPA and himself were scheduled to meet with the Hospital's financial personnel on Wednesday, November 4, 2015 to review proof of payment for the expenses incurred by the Hospital resulting from funds paid by the District pursuant to the Indigent Care Agreement.

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

- a. **District Administrator:** Sherrie Norris had nothing to report except to advise the Board that the District's website was now online.
- b. **District General Counsel:** No report given by Attorney Oxford as he deferred to specific agenda items.
- c. **District Accountant/CPA:** See agenda item No. 4.
- d. **District Indigent Care Director:** No report.

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. No action was taken on this agenda item because Director Espinoza and Mary Ellen Robertson were scheduled to meet with the hospital financial personnel

on November 4, 2015 as previously reported.

Next, Chairman Henry as Attorney Oxford to discuss Agenda Item No. 9, to discuss and take action, if necessary, on authorizing General Counsel to seek reimbursement from Genesis for fees incurred on behalf of Genesis to refinance their Nursing Facility with loans secured by the United States Department of Housing and Urban Development (“HUD”). Attorney Oxford reminded the Board that at the last Board meeting, the desire of the Board was for Attorney Oxford to request reimbursement from Genesis Healthcare for three-fourths of the legal fees incurred for work performed on the Clairmont and the Woodlands facilities HUD Loan packages and then request that Genesis Healthcare pay 100% of the legal fees for all HUD Loan work going forward. Attorney Oxford reported to the Board that Genesis offered to pay one-half of the legal fees for all HUD Loan work through August 31, 2015 then they would pay 100% of the legal fees for HUD work going starting September 1, 2015. After analyzing the fees incurred and to be incurred, it was Attorney Oxford’s recommendation that the District accept the Genesis’s offer. In making this recommendation, Attorney Oxford presented the Board with a PowerPoint presentation that supports his recommendation. *See Exhibit “D”*. Following a review of this presentation, a motion was made by Director Rollo to accept the offer by Genesis to pay one-half of the legal fees incurred by the District for work incurred on HUD Loan transactions for the Genesis facilities through August 31, 2015 and then seek reimbursement for 100% of the legal fees incurred for these transactions after September 1, 2015. This motion was seconded by Director Murrell with the unanimous consent of all Board members present.

The Board was then directed to Agenda Item No. 10, to discuss and take action, if necessary on authorizing the District’s administrator to open Government Receivable accounts at Wells Fargo for the six facilities being managed by Genesis Healthcare. Attorney Oxford

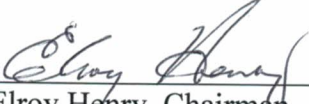
explained that the agenda item was related to the Genesis Healthcare HUD Loans and requested that this matter be discussed at a special meeting because an explanation of this agenda item was going to be very time consuming. Chairman Henry then tabled the matter so that it could be discussed during a Special Meeting.

Thereafter, Chairman Henry called on Administrator Norris to explain Agenda Item No. 11, to discuss and take action on authorizing staff to post agenda notices and other public notice on the District's website pursuant to recently enacted legislation, House Bill 3357. Administrator Norris explained that during the last legislature, House Bill 3357 was passed and it enables various political subdivisions, including Hospital Districts, with Websites to post notice of agendas on the websites instead of filing with the County Clerks. In addition, the entities still had to post notice in a visible location at the District's offices. Sherrie Norris asked for a motion to authorize this change and to be able to post notice as specified by House Bill 3357. Director Espinoza then made a motion to authorize staff to post notice on the District's website rather than at the Chambers' County Clerk's office as provided for in House Bill 3357. This motion was seconded by Director Rollo with the unanimous consent of all Board members present.

The Board was then asked to address Agenda Item No. 12, to discuss and take action, on the District's continued participating in the Texas Association of Public Nursing Homes ("TAPNH") and in the Interlocal Cooperative Agreement with other non-state owned governmental entities to assist the District in maximizing reimbursement; reduce certain cash flow and economic risks, and resolve certain inequities related to the Texas Nursing Facility Minimum Payment Amount Program. Like Agenda Item No. 10, Attorney Oxford explained that this agenda item was not ripe and needed to be discussed at a Special Board Meeting after more details of TAPNH were discovered. Chairman Henry then tabled Agenda Item No. 10.

Likewise, in regard to Agenda Item No. 13, to discuss and take action, on approving the disbursement of MPAP Funds, Chairman Henry advised that this matter needed to be tabled because the District had not received all of the MPAP payment as of the meeting.

In closing, Chairman Henry advised the next regularly scheduled meeting would be held on November 18, 2015 and that there would be a special meeting held on November 11, 2015. A motion to adjourn was then made by Director Espinoza and was seconded by Director Murrell, with the unanimous consent of all Board members to adjourn at 9:00 p.m.



Elroy Henry, Chairman



Jeff Bollo, Vice-Chairman