

**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 18th day of November 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 Tony King, Chambers County Sherriff’s Office; Chris Portner and Mo Danishmund, Winnie, and citizens listed on **Exhibit A**.

At approximately 6:30 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:

- October 28, 2015 Regular Meeting; and
- November 9, 2015 Emergency Meeting

After the minutes were reviewed, Director Rollo made a motion to approve the October 28, 2015 Regular Meeting Minutes and the November 9, 2015 Special Meeting Minutes; and the

October 5, 2015 Emergency Meeting. This motion was seconded by Director Murrell, with the unanimous consent of all Board members.

Chairman Henry then asked the Board to consider 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 \$1,251,838.94 after the payment of \$4,887,814.55 in expenses which includes the repayment of Loan 3, interest for December 1, 2015 and March and April 2015 LTC invoices. 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. Mary Ellen Robertson then reported on the District's Statement of Revenues, Expenditures, and Changes in Net Position as of October, 31, 2015. For then ten months of 2015, had received \$15,302,786 in revenues of which sales tax revenue accounted for \$460,691.00 and revenues for the nursing home UPL program were \$14,506,634.00. After expenses incurred, Mrs. Robertson reported that the net position for the District as of the end of October 2015 was \$5,560,252.00. *See Exhibit B.* Following a review of the invoices and account balances, Director Murrell made a motion to approve the payment of bills and the financial statements presented by the District's CPA and set forth in **Exhibit B**. 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 asked to give his report during Agenda Item No. 8.
- **Finance Committee:** Chairman Murrell deferred to Agenda Item No. 7.

- **Indigent Healthcare Committee:** Chairwoman Burgess reported that she had nothing to report.
- **Personnel Committee:** Chairwoman Burgess presented a job description that the Committee had been working on and set forth in **Exhibit C** and advised that the Committee believed the job of the Indigent Care Director should be take approximately 32 to 36 hours a week with a salary of \$30,000.00 to \$40,000.00 per year. Moreover, Director Burgess reported that the Committee had hoped to have all resumes in by November 30, 2015.
- **Hospital Liaison:** Director Espinoza deferred to Agenda Item No. 8.

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.
- b. **District General Counsel:** Attorney Oxford advised that in regard to posting notice, it was his recommendation that the public be given notice to check website in the event that there was a special meetings, emergency meetings, or change in the regular meetings schedule. Otherwise, Attorney Oxford deferred his comments to the remaining Agenda Items.
- c. **District Accountant/CPA:** District's CPA previously presented her financial report in Agenda Item 3.

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 Murrell, Finance Committee, to give a report on his meeting with Hospital personnel, Director Espinoza and Mrs. Robertson. According to Director Murrell the meeting with the Hospital went fairly well but the two sides were going to continue to work on getting more data, in particular, copies of original checks requested by the Mrs. Robertson and Mrs. Burgess. In addition, Mr. Danishmund presented the Board with **Exhibit D**, which was a one page summary of the expenses incurred to date on the projects funded by the District for indigent care. According to the report, of the

\$3,700,000.00 called for in the Indigent Care Agreement, the Hospital has not spent \$2,637,886.25. Of the unspent funds, there remains \$1,674,000.00 to be spent for the operating rooms but there also remains \$340,000.00 in unspent funds for the CT Scan after the CT Scan had already been installed and operational. Following the report, Director Murrell made a motion to authorize Mrs. Robertson to review documents for the 3rd Quarter report due at the February 2016 Regular Meeting. This motion was seconded by Director Burgess with the unanimous consent of all Board members present.

Next, Chairman Henry asked the Board to move forward to Agenda Item No. 8, to discuss and take action, if necessary, on authorizing the 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. No action was taken on this agenda item because a meeting needed to be set up with the School District to finalize a sales price and to identify the healthcare services the District wanted to help fund.

Next, Chairman Henry as Attorney Oxford to discuss Agenda Item No. 9, to discuss and take action, to discuss and take action, if necessary 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. Attorney Oxford presented the Board with an Exhibit B to the previously executed Interlocal Agreement in which he recommended the District execute. *See Exhibit E.* According to Attorney Oxford he has conferred with the District's nursing home Managers who did not oppose the District joining TAPNH but he did advise that Genesis requested that Genesis be paid the amounts they would be

scheduled to receive under the MPAP, not a negotiated rate between TAPNH and the Managed Care Organizations (“MCOs”). In explaining this, Attorney Oxford spent time explaining to the Board the benefits and risk of joining TAPNH but explained that at this point, the organization did not appear to have the support to move forward and that the District would only incur expenses from the organization of the organization as able to perform by negotiating a contract with the Managed Care Organizations that would result in benefits to the District. After Attorney Oxford’s explanation, a motion was made by Director Rollo and seconded by Director Murrell to execute Exhibit B to the Interlocal Agreement that would obligate the District to remain in TAPNH throughout the pendency of the MPAP. This motion and second were unanimously approved by all Board members.

The Board was then directed to Agenda Item No. 10, to discuss and take action, if on approving funding for nursing home operations, including participating in Eligibility Period 2, 2nd Quarter of the MPAP program. Attorney Oxford explained that the Board needed to ratify the execution of the loan documents for Loan 7 in the amount of \$3,610,000.00. The proceeds for Loan 7 were for nursing home operations including making the IGT so that the District could participate in Eligibility Period 2, 2nd Quarter of the MPAP program. *See Exhibit F.* A motion was made by Director Murrell and seconded by Director Rollo to ratify the funding documents for Loan 7 so that the District could fund nursing home Operations, including funding the IGT for Eligibility Period 2, 2nd Quarter. This motion and second were unanimously approved by all Board members.

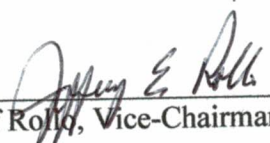
Lastly, Chairman Henry asked the Board to consider and take action, if necessary on Agenda Item 11, approving distributions and reconciliations for Eligibility Period 1, 1st Quarter. Again, Attorney Oxford was called and reported that the District was in the process of receiving

all of the MPAP funds for Eligibility Period 1, 1st Quarter and all the District's obligations had been paid or were going to be paid except for the payment to the Managers because the District was still awaiting the Manager's reconciliation reports as required by the Management Agreements. As such, Attorney Oxford advised the Board that the Board would need to take action in order to make the payments to the Managers upon receiving the reconciliation for this time period. In response, several Board members inquired as to the status of the Genesis 2014 missing audit material and Attorney Oxford reported that there has been discussions about this information with the District's Auditors but nothing has still been received. Thereafter, a motion was made by Director Murrell to pay the managers upon receiving a reconciliation report but to hold the payment to Genesis until such time as the District had received verification from its auditors that the auditors had received all the information they have requested. This motion was seconded by Director Burgess with the unanimous consent of all Board members present.

In closing, Chairman Henry advised the next regularly scheduled meeting would be held on December 16, 2015. A motion was then made by Director Murrell and was seconded by Director Espinoza, with the unanimous consent of all Board members to adjourn at 8:12 p.m.



Elroy Henry, Chairman



Jeff Roloff, Vice-Chairman