

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^h day of December 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 6:33 p.m., a quorum was established and Chairman Henry made introductions that were followed by a brief moment of silence, the Pledge of Allegiance, and then a request for public comment. Hazel Meaux requested to make a statement and her requested was granted. Mrs. Meaux then proceeded to use her three (3) minutes to complain about the District, its operations, and its expenses.

After the 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 meeting:

- November 18, 2015 Regular Meeting;

Director Murrell then made a motion to approve the November 18, 2015 Regular Meeting Minutes. This motion was seconded by Director Espinoza, 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. Before this agenda item was addressed, Attorney Oxford suggested that it may be better to review the invoices and allow the District's CPA to present the financial report at the same time. Thus, Administrator Norris was called on first to address the payment of invoices and financial status of the various District accounts. According to Mrs. Norris, the District had a balance of \$1,289,008.52 in operation's account after the payment of \$31,144.53 in expenses. However, included in the balance for the operating account is \$678,000.00 in Managers fees owed to Genesis that are being held until the District receives the 2014 audit information it has been requested. In addition, she reported that there was currently \$103,908.62 in a CD at Prosperity Bank; \$152,496.69 in the District's TexStar account; and \$100.00 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 November 30, 2015. For the eleven months of 2015, the District received \$15,528,284 in revenues of which sales tax revenue accounted for \$511,907.00 and revenues for the nursing home UPL program were \$14,680,615.00. After expenses incurred, Mrs. Robertson reported that the net position for the District as of the end of November 2015 was \$5,045,038.00. *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.** In addition, Mrs. Robertson also presented the Board with an amended budget for 2015. The amendments to the budget accounted for the loss \$130,000.00 in sales tax revenue

that was different from 2015; Loan Proceeds from for the Nursing Home UPL program of \$22,630,000.00 instead of \$19,640,000.00; a reduction of \$123,815.00 for the 1115 waiver program; another reduction of \$13,887,369.00 for Management Fees resulting from the ownership of nursing homes; and a \$1,750,000.00 balance owed to the Hospital for the Indigent Care Contract. After some discussion on the proposed Budget amendment, a motion was made by Director Burgess to approve the payment of invoices; accept the financial statements and Budget Amendment 3 presented by the District's CPA. *See Exhibit B.* This motion was seconded by Director Rollo, with the unanimous consent of all Board members.

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:** No report.
- **Finance Committee:** Chairman Murrell deferred to Agenda Item Nos. 7 and 8.
- **Indigent Healthcare Committee:** No report.
- **Personnel Committee:** Chairwoman Burgess reported the committee extended deadline to receive applications for the Indigent Care Director's position to January 11, 2016.
- **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 reported that all documents have been reviewed and submitted to Genesis to present to Department of Housing and Urban Development, except for the Collection Account Agreement and Depository Account Control Agreement ("DACA"). Attorney Oxford explained that the problems caused by these documents are:

- i. District's Lender would no longer be secured and are not in agreement with the documents submitted; and
- ii. District will have to close the depository accounts it is currently using and open six new accounts for Collection Agreements and six new accounts with DACA agreements.

As a result, Oxford informed the Board that he has had to spend a significant amount of time attempting to satisfy the District's lender's demands but the two sides have arrived on a general agreement that would need to be incorporated into the District's Transfer Policies. Since the District is currently receiving MPAP payments from all of the MCO organizations, except one, by way of a check, Neches Capital has agreed, in principle, that if the District can assure Neches that these funds will continue to receive MPAP payments in the form of checks from four of the five MCOs and the District will deposit the funds into its Interbank Account for the amount of the loan plus the upcoming interest payment, Neches Capital will remove their DACA agreement from the District's Depository accounts at Wells Fargo and therefore, eliminate all issues for HUD loans.

In addition, Attorney Oxford reported to the Board that the Board needed to have a workshop be January 4-8th, not January 7th to discuss the Quality Incentive Payment Program ("QIPP"). The QIPP program is the third evolution of the original UPL program and the District needed to decide by February 1, 2016 if they were interested in continuing in the program. After some discussion on dates for a workshop, the Board agreed to hold the workshop on January 8th, 2016 at 9:00 a.m.

- 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, 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. According to Director Murrell, the Finance Committee met with the School District and agreed to recommend the Hospital District begin paying \$15,000.00 per month, starting in January 2016, or \$180,000.00 per year, to pay for the following:

- Accident Insurance coverage for all students while at school or at school function: \$33,685.
- Health related services including RN salary/benefits, supplies/materials: \$65,000.
- Student health related vision, hearing, scoliosis screenings, lice treatment, preventive care, immunization assistance: \$15,000.
- Mental health licensed professional counseling services, occupational/speech therapy, physical therapy: \$60,000.

In addition, Director Murrell reported that the two parties are meeting to negotiate a final price for the sale of the property on highway 124.). Following Director Murrell's report, Director Murrell made a motion to approve the Finance Committee's recommendation to begin paying East Chambers ISD, \$15,000.00 in January, or \$180,000.00 per the services outlined above, Accident insurance coverage for all students; a Registered Nurse; immunization assistance; and a licensed professional counselor. This motion was seconded by Director Espinoza 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 adopting a budget for 2016. Again, Chairman Henry requested that Director Murrell address this Agenda Item. Director Murrell reported that the Finance Committee met prior to the Board meeting with the District's CPA and asked that Mary Ellen Robertson present the Board with the proposed 2016 budget. *See Exhibit "C"*. According to Mrs. Robertson, she recommended the Board adopt a budget that provides for \$29,154,700.00 in revenue and \$27,861,353.00 in expenses (which includes the \$1,750,000 still due the hospital for the District responsibilities pursuant to the Indigent Care Agreement entered between the District and the Hospital in March of 2015.), which would leave an estimated increase in the net position of \$1,293,347.00. On the revenue side, Mrs. Robertson included estimated loan proceeds needed for the Nursing Home UPL program for 2016 to be \$14,440,000 in income along with \$450,000.00 for the sale of property on Highway 124. As for the expenses, she

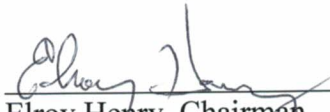
recommended the administrator was to be paid a salary of \$41,600.00; an assistant, budgeted to cost \$13,000.00; and a part time indigent care director's position, budgeted for \$30,000.00. The District set aside \$160,000.00 for Indigent Care cost, of which \$130,000.00 is for Indigent care through participating in the 1115 Program and \$30,000.00 in indirect indigent expenses for prescriptions, x-rays, and other medical services not covered or provided for by the Hospital. Lastly, the Budget accounts for \$180,000.00 to spent on the East Chambers Independent School District programs previously adopted by the Board. At the conclusion of the Budget discussion, Director Burgess made a made a motion to approve the Finance Committee's 2016 Budget recommendation set forth in **Exhibit "C"**. This motion was seconded by Director Murrell with the unanimous consent of all Board members.

After the budget for 2016 was discussed and approved, Chairman Henry asked the Board to discuss and take action, if necessary, Agenda Item No. 9, amending the District's Indigent Care Policy. In so doing, Chairman Henry called on Yannie Sepulvedo, a citizen for her thoughts and requests. Ms. Sepulvedo explained to the Board that both of her parents were non-documented residents of the District and due to the Board's Indigent Care policy that prohibits the non-documented residents from participating in the program, her parents were without healthcare. Chairman Henry responded with a request to Attorney Oxford to remind the Board of the issues concerning non-documented residents. Attorney Oxford then explained that this issue was discussed when the current Indigent Policy was adopted and the Board had a choice to either include or exclude non-documented residents and at the time, the Board excluded non-documented residents. Attorney Oxford suggested that before considering this request, the District needed to finish hiring an Indigent Care Director; receive comments from the Hospital;

and then give the public a chance to comment. Therefore, no action was taken on this agenda item and it was tabled.

The Board was also asked to table Agenda Item No. 10, to discuss and take action, if necessary on amending the District's Transfer Procedures Policy for nursing homes. Attorney Oxford explained that the transfer procedures had not been agreed to with Neches Capital and this matter would have to be considered at the January 20, 2016 Regular Meeting. Thus, no action was taken.

In closing, Chairman Henry advised the next regularly scheduled meeting would be held on January 20, 2016 at 6:00 p.m. and a Workshop was scheduled for January 8, 2016 at 9:00 a.m. A motion was then made by Director Espinoza and was seconded by Director Burgess, with the unanimous consent of all Board members to adjourn at 8:32 p.m.



Elroy Henry, Chairman



Jeff Rollo, Vice-Chairman