

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 6:00 p.m. on the 23rd day of March 2016, 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 with the exception of Director Burgess. In addition, to the above named Board members, also present at the meeting was: Sherrie Norris, District Administrator; Yani Jiminez, Indigent Care Director; Hubert Oxford, IV, Attorney; District; Deputy Tony King, Chambers County Sherriff’s Office; and citizens listed on **Exhibit “A”**.

At approximately 6:01 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. There being no public comment, Chairman Henry asked the Board to move to Agenda Item 6d, the Indigent Care Director’s report, in order to accommodate Mrs. Jiminez who had a previously scheduled event. According to Mrs. Jiminez, she has completed inputting all the medical invoices for all of the District’s indigent clients through February 2016 and was able to produce accurate reports that illustrate the District’s costs of medical services incurred versus the amounts that would have actually been paid to the Hospital

and non-hospital healthcare providers such as pharmacies and lab companies. See **Exhibit “B”**. According to the reports, if the District paid for all of its services in 2015, the District’s expenses for indigent care would have been \$111,255.00. In addition, for 2016, the District would have spent \$16,283.00 for services if it paid the hospital on a fee for services basis. Following Mrs. Jiminez’s report, the Board discussed the need to re-address the issue of potentially changing the District’s Indigent Policy by decreasing the indigent poverty rate in order to be able to better promote the program and provide increased services. Presently, the District’s adopted poverty rate of 150% could result in as many as 1,400 residents in the District that could qualify for indigent care.

Following the Indigent Care Director’s report, Chairman Henry asked the Board to return to Agenda Item No. 3 consider and take action on Agenda Item No. 3, to review and approve the minutes from the following meeting:

- a. February 17, 2016 Regular Meeting
- b. February 25, 2016 Special Meeting.

After a review of the minutes, Director Espinoza made a motion to approve the minutes for February 17, 2016 Regular meeting and the February 25, 2016 Special meeting subject to changing the Motion to Adjourn the Special meeting from Rollo/Burgess to Director Rollo making the motion. This motion was seconded by Director Espinoza, with the unanimous consent of all Board members.

Chairman Henry then asked the Board to return to Agenda Item No. 4, to review and approve financial reports and payment of invoices. According to Mrs. Norris, the District received \$2,808,222.28 in income from the payment of MPAP funds and \$39,988.48 in sales tax revenue. Therefore, the District had an ending balance of \$3,936,216.74 in its operation’s

account after the payment of \$5,911.25 in expenses, not including payroll costs plus she reported that the District paid \$285,594.32 on March 15, 2016 to LTC for their August 2015 invoice and \$3,478,508.98 on March 16, 2016 to the Manager. In addition, the District had \$3,810.93 in its Texnet account at Interbank in Graham, Texas, and \$104,000.62 in a CD at Prosperity Bank and \$152,594.16 in a TexStar Account. (See **Exhibit “C”**). Following a review of the invoices and account balances, Director Espinoza made a motion to approve the payment of bills and the financial statements presented by Mrs. Norris. (See **Exhibit “C”**). This motion was seconded by Director Murrell, 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 the District closed earlier in the day on the Hwy 124 property and it now belonged to the East Chambers Independent School District.
- **Finance Committee:** Chairman Murrell reported that the Committee was trying to arrange a meeting with the Hospital administration to discuss the final close out of the \$2,000,000.00 indigent care payment; concerns with several invoices; and procedures for future payments to the Hospital.
- **Indigent Healthcare Committee:** Chairwoman Burgess informed the Board that her committee met with Hospital Administration to discuss the need for the Hospital to use the indigent payments funds received by the District to pay for outside services, except prescriptions, such as reading x-rays; laboratory work; optometrist, etc. According to Chairwoman Burgess, the Committee explained to the Hospital that the District wanted to help promote and develop additional hospital services and should not have to pay for these additional services. In response, the Hospital agreed to this requests. In addition, Chairman Burgess reported that she had asked the Indigent Care Director to begin calling the District’s indigent in order to get feedback on the service they are receiving from the District and the Hospital.
- **Personnel Committee:** Director Rollo informed the Board, this committee had nothing to report.

- **Hospital Liaison:** Director Espinoza had nothing to report except that he would be meeting with the Hospital discuss the issues previously reported by Finance Committee Chairman Murrell.

Following the brief committee reports, Chairman Henry called for reports by the staff. First, Mrs. Norris advised the Board that she was working with the District's CPA to convert the District's finances to Quickbooks. Attorney Oxford reported on three matters. First, Attorney Oxford informed the Board that the LTC Group engaged VMG Healthcare to re-evaluate their fees and services provided in relation to the number of nursing facilities being examined by LTC on behalf of their hospital district clients. Once this evaluation was complete, LTC agreed to review their rates with the District to make sure the amounts paid by the District were consistent with the fair market value of the services received. Secondly, Attorney Oxford reported that he had performed a review of invoices billed and paid by the District for the LTC Group and believes there may be a \$10,000.00 credit due the District resulting from the August 2015 invoices. Lastly, Attorney Oxford informed the Board that Genesis has agreed to reimburse the District \$47,100.00 for legal fees incurred by the District to assist in Genesis' HUD transactions. Otherwise, there were no further reports by the District's CPA or Nursing Home Consultant.

After the staff reports, Chairman Henry asked the Board to begin considering the action items on the Agenda. First, he turned to Agenda Item 7, to discuss and take action, if necessary on authorizing the engagement of Health Data Resources to perform a needs assessment on the Winnie Community Hospital. Chairman Henry called on Director Murrell to explain this agenda item. According to Director Murrell, the Hospital has agreed to perform a needs assessment using Health Data Resources to assist the Hospital by providing an objective review of the Hospital's performance and to create a road map of capital projects and services that need to be offered by the Hospital in order to ensure the Hospital's success and the prudent expenditure of

the District's public funds. Director Murrell also advised the Board that Health Data Resources was recommended by New Light because of the quality of their work in Liberty, Texas and Orange, Texas. Director Murrell's request was to get Board approval to allow the Hospital to use \$24,500.00 from the \$2,000,000.00 in indigent care funds to pay for the needs assessment. Thereafter, a motion was made by Director Murrell to allow the Hospital to use \$24,500.00 from the Indigent Care funds given to the Hospital by the District for the needs assessment by Health Data Resources. This motion was seconded by Director Rollo and passed with the unanimous consent of all Board members.

Next, Chairman Henry addressed Agenda Item 8, to discuss and take action, if necessary, on providing assistance to Winnie Stowell Volunteer EMS. In so doing, Chairman Henry called on Attorney Oxford to provide an update on the proposed agreement between District and the Winnie Stowell Volunteer EMS to provide reimbursements to the EMS for services provided to the District's Indigent. In addition, Chairman Henry called on Mr. Steve Fitzgerald to participate in the discussion. Attorney Oxford informed the Board that the two sides had not had the chance to meet to discuss an interlocal agreement but he did review the Texas Health and Safety Code and other District's indigent policies and told the Board the District could amend its policies to provide emergency and non-emergency transport for its indigent clients. Moreover, Attorney Oxford responded to the concerns of Mr. Fitzgerald about the issue of uncompensated care and reported to the Board that he was able to locate an uncompensated care program through the State of Texas similar to the uncompensated care program for hospitals. Attorney Oxford suggested to the Board that part of the District's assistance to the EMS service could be to help the EMS find out if they qualify for the program and then to assist them with intergovernmental

transfers. Otherwise, no action was taken on this matter and it was tabled until Attorney Oxford was able to draft an interlocal agreement and the District was able to amend its indigent policy.

The next agenda item discussed was Agenda Item 9, to discuss and take action, if necessary, on authorizing the District to execute the Certification of Eligibility for Nursing Facility Minimum Payment Amounts Program; Period Three - September 1, 2016 - February 28, 2017. Attorney Oxford was once again called on to address this agenda item. Attorney Oxford told the Board that the State of Texas postponed the QIPP program because of concerns raised by the CMS and in lieu of this postponement, the State of Texas was having to extend the MPAP for six months. Thus, the District needed to execute a Certification of Eligibility for Nursing Facility Minimum Payment Amounts Program; Period Three - September 1, 2016 - February 28, 2017 if the District wanted to continue in the nursing home MPAP program. Director Murrell then made a motion to execute the Certification of Eligibility for Nursing Facility Minimum Payment Amounts Program; Period Three - September 1, 2016 - February 28, 2017 and to continue in the MPAP program. This motion was seconded by Director Rollo and was unanimously approved by all Board members present.

The Board was then asked to address Agenda Item 10, to discuss and take action, if necessary, on the feasibility study for a Federally Qualified Healthcare Clinic ("FQHC") and School Based Healthcare Clinic. Again, Attorney Oxford was asked to give an update on the "FQHC" study commissioned by the District. Per Attorney Oxford, the feasibility report is being drafted by FQHC & Associates and he was been informed by the consultants that the Hospital has provided them with all the information they have requested. At the end of his discussion, Chairman Henry informed the Board that no action needed to be taken on this agenda item.

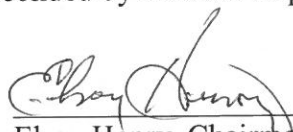
Next, Chairman Henry addressed Agenda Item 11, to discuss and take action, if necessary, on starting a business account with Enterprise for yearly rental use to attend conferences by board members and staff. Chairman Henry called on Director Espinoza to review this requests. According to Director Espinoza, this agenda item initially arose out of a concern that the District have insurance coverage when staff is operating a motor vehicle while performing work. However, after a review of the corporate agreement, Director Espinoza discovered the cost to rent a vehicle on a full time basis would be excessive and the insurance coverage is available through a hired and no-owned policy that protects the District from liabilities. On the other hand, Director Espinoza did recommend obtaining an Enterprise corporate account so that staff and Board members can rent vehicles on a cheaper rate when there are travel related needs. Therefore, a motion was made by Director Murrell to authorize staff to get a corporate account with Enterprise. This motion was seconded by Director Rollo and was unanimously approved by all Board members present

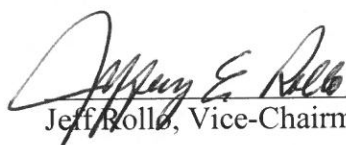
In a related matter, Chairman Henry asked the Board to table Agenda Item 12, to discuss and take action, if necessary, on obtaining a hired and non-owned insurance policy on behalf of the District because the District did not receive its quote as of the time of the meeting.

Lastly, Chairman Henry called on Administrator Sherrie Norris to address Agenda Item 13, to discuss and take action, if necessary, on authorizing District staff to establish a bank account at Wells Fargo to serve as a trust account for money owed to Managers of Nursing Facilities and LTC Group. Administrator Norris requested permission to open a bank account at Wells Fargo or Prosperity Bank in serve as a trust account to move funds owed pursuant to Management Agreements and the Service Agreement as they became available, following the repayment of the District's Intergovernmental Transfer funds. By doing this, Administrator

Norris explained that she would be able to assess the District's financials because the money remaining in the District's Operating Account or savings account would belong entirely to the District. At the conclusion of Mrs. Norris' explanation, Director Rollo made a motion to authorizing Administrator Norris to establish a trust account at either Wells Fargo or Prosperity Bank in order to store funds owed to the District's nursing home managers or LTC Group. This motion was seconded by Director Murrell and passed with the unanimous consent of all Board members.

Upon the conclusion of all the action items, Chairman Henry advised the Board that it needed to have a special meeting on April 6th, 2016 at 9:00 a.m. to address a number of matters that were not able to be addressed during the meeting. Chairman Henry then announced that the Board would meet again on April 20, 2016, for its regularly scheduled meeting in March 2016. A motion was then made by Director Murrell at 7:55 p.m. to adjourn the meeting. This motion was seconded by Director Espinoza, with the unanimous consent of all Board members.


Elroy Henry, Chairman


Jeff Rollo, Vice-Chairman