

**MINUTES OF THE SPECIAL 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 9:00 a.m. on the 6th of April, 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
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; Yani Jiminez, Indigent Care Director; Hubert Oxford, IV; Wendy Benoit; Dan Yancy, and Tim Garton with Health Data Resources. At approximately 9:13 a.m., a quorum was established and Chairman Henry and then a request for public comment.

There being no public comment, Chairman Henry immediately called on the Administrator Norris, to discuss Agenda Item No. 3, Agenda Item No. 3, approve financials report; payment of invoices, and amend budget , if necessary. According to Mrs. Norris, there was only one invoice to approve and that was for the transfer of Intergovernmental Transfer (“IGT”) funds on behalf of the Winnie Community Hospital so that the Hospital can participate in the DY 5 Uncompensated Care Program. The requested to be transferred to the District’s Texnet Account at Interbank in Graham, Texas was \$61,492.71. Following Administrator Norris’s presentment of the request, Director Murrell made a motion to transfer \$61,492.71 to

the District's Texnet Account for the IGT on behalf of the Winnie Community Hospital's participation in the DY 5 Uncompensated Care program. This motion was seconded by the Director Espinoza with the unanimous consent of the Board.

Next Chairman Henry called on the Chairman of the Finance Committee, Edward Murrell, to discuss Agenda Item No. 4, to discuss and take action on Reports by Finance Committee to reconcile indigent care payment to the Winnie Community Hospital. Chairman Murrell informed the Board that he, along with Attorney Oxford and Director Espinoza met again with the Hospital to go over concerns raised with spending the District's funds and to close-out the reconciliation for the original \$2,000,000.00 given to the Hospital pursuant to the Indigent Care Agreement. In regard to the concerns raised, the Finance Committee informed the Board that it was their recommendation that future funding procedures be put in place to ensure qualified vendors were used for Hospital District funded projects and payment of the Hospital District's obligations would be made at pre-determined dates following the Board's review of the underlying project and documentation requested by the Board to ensure the public's funds were being spent as intended.

Otherwise, Chairman Murrell explained to the Board that it was the Finance Committee's recommendation that the District adopt a motion to close-out the reconciliation for the \$2,000,000.00 indigent care payment made to the Hospital pursuant to the Indigent Care Agreement. Chairman Murrell and Director Espinoza discussed their recommendations for each of the payment categories of payments. Their recommendations were as follows:

1. **Hospital Room Renovation:** In regard to the renovation of hospital rooms, Chairman Murrell explained that the District allocated \$825,000.00 to renovate twenty-five inpatient rooms, or \$25,000.00 per room, but there was some miscommunication because

the Hospital only has thirteen inpatient rooms that each has two hospital beds for a total of twenty-five hospital beds. Therefore, Director Murrell stated the Committee recommended the amount allocated for the Hospital Room Renovation be cut to \$437,500.00 to account for the reduction in rooms as well as the estimated \$100,000.00 in invoiced and proof of payment that have not been reviewed; and twenty-five hospital beds that are estimated to cost between \$5,000.00 and \$6,000.00 per bed.

2. **CT Machine and Room Renovation:** Chairman Murrell recognized that the Hospital was given \$750,000.00 for a CT Machine and renovations to the real property to accommodate the CT Machine but the Hospital only spent \$410,000.00 on the CT Machine, the service contract, and the renovations. Therefore, it was the Committee's recommendation to verify that the Hospital should have \$340,000.00 in unspent District funds for the CT Machine.
3. **PHP Program:** In regard to the PHP Program, the District allocated \$425,000.00 for this project, but the Committee recommended giving the Hospital credit for \$736,279.05 in funds that were previously verified by the Hospital District for start-up cost for this program. As for the extra \$311,279.05 in funds over the budgeted amount, the Finance Committee recommended that this be paid for using the excess hospital room renovation funds and CT machine funds.
4. **Miscellaneous Other:** Next, Chairman Murrell recommended that the Hospital be allowed to use \$339,951.63 on six items in which the invoices and proof of payments were previously verified. These include:

• Operating Room Report	\$26,000.00
• LED Sign For WCH	\$24,951.63

• Sign For Outside Hospital	\$2,500.00
• Payment to Healthland (3 Payments)	\$250,000.00
• Needs Assessment	\$24,500.00
• Marketing Vehicle	\$12,000.00
Total Miscellaneous	\$339,951.63

Lastly, Chairman Murrell reported that if the Board agreed to allow the Hospital to use excess funds on the PHP program and the miscellaneous things set forth above, there would remain \$76,269.32 in unspent funds remaining from the \$2,000,000.00 payment. Concerning the remaining funds, Chairman Murrell stated that it was the Committee's recommendation that the Hospital be allowed to use these funds on the three things:

1. Pediatric Waiting Rooms;
2. Physical Therapy Department; and
3. Patient Tables.

After the conclusion of Chairman Murrell's report and recommendation, Director Rollo made a motion to accept the Finance Committee's reconciliation recommendations set forth above and summarized, in the following table:

• Hospital Room Renovation	\$437,500.00
• CT Machine and Room Renovation	\$410,000.00
• PHP Program	\$736,279.05
• Miscellaneous Other	\$339,951.63
• Remaining Funds to be spent on: Pediatric Waiting Rooms; Physical Therapy Department; and Patient tables	\$76,269.32

In addition, Director Rollo included in his motion that within the next two months, Finance Committee still needed to verify invoices and proof of payment for the final Hospital Room

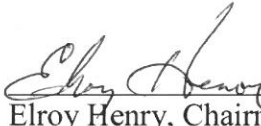
Renovation invoices expected to around \$100,000.00; twenty-five hospital beds; and how the remaining \$76,269.32 were spent. Director Rollo's motion was seconded by Director Burgess with the unanimous consent of all Board members.

Following the extensive conversation on Agenda Item No. 4, Chairman Henry asked Attorney Oxford to address Agenda Item No. 5, to consider and take action, if necessary, on adopting policies and guidelines for indigent care payments to the Winnie Community Hospital. Attorney Oxford advised the Board that it was his recommendation that the Board adopt a set of guidelines and procedures similar to private foundations that give money for donations, grants, capital projects, or sponsorships in order to be able to evaluate request for funding; monitor projects from the beginning to end; to establish a payment process; account for public funds; adopt a conflicts of interest policy; and close-out procedures to ensure that the residents of the District are receiving. In so doing, Attorney Oxford presented the Board with a draft Grant/Sponsorship Policy and Procedure guideline he asked the Board to consider. Attorney Oxford explained there was still many details to be considered but requested the Board to review the draft to make sure they this document is something the Board wanted to consider. After Attorney Oxford's presentation, Chairman Henry asked to table this agenda item until the Board had a chance to review the draft guidelines and was able to provide guidance to Attorney Oxford on the idea and scope of the procedures needed in order to safeguard public funds.

Lastly, Chairman Henry asked the Board to consider and take action on the status of the Hospital needs assessment. Tim Garton with Health Data Resources was at the meeting and Chairman Henry asked Mr. Garton to give a report on the status of the assessment. Mr. Garton informed the Board that his company was hired by the Winnie Community Hospital, at the suggestion of the District, to perform a needs assessment and he would be making several trips to

Winnie, Texas to inspect the Hospital; meet with Hospital personnel; and to meet with interested citizens to learn the history and issues in order to provide a complete needs assessment and road map for success. Otherwise, no action was taken on this agenda item.

Before asking for a motion to adjourn, Chairman Henry then reminded the Board that the next Regularly Scheduled Board meeting was set for April 20, 2016 at 6:00 p.m. A motion was then made by Director Murrell to adjourn at 9:50 a.m. This motion was seconded by Director Rollo, with the unanimous consent of all Board members to adjourn.


Elroy Henry, Chairman


Jeff Rollo, Vice-Chairman