

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 19th day of October 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. In addition, to the above named Board members, also present at the meeting were: Sherrie Norris, District Administrator; Yani Jimenez, Indigent Care Director; and Hubert Oxford, IV, General Counsel; David Sticker, District CPA; Chris Portner, General Counsel for Riceland Hospital; and Dr. Zubair Ashfaq with Riceland Hospital as well as citizens listed on **Exhibit “A”**.

At approximately 6:05 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 address Agenda Item No. 3, to consider and take action on reviewing and approving the minutes from the following meeting:

- September 21, 2016 Regular Meeting

After a review of the minutes, Director Murrell made a motion to approve the minutes for the September 21, 2016 Regular Meeting. This motion was seconded by Director Burgess, with the unanimous consent of all Board members present.

Thereafter, the Board was asked to move forward to Agenda Item 6(e), LTC Report in order to assist David Smith, with the LTC Group, to return back to Austin. According to Mr. Smith, the census for the District's facilities in October was up from last month by sixteen (16) patients to 1,130. Additionally Mr. Smith reported that the Golden Villa completed plans for the construction of a therapy gym to be built next year and both Rose Haven and Spring Branch hired new administrators. (See **Exhibit "B"**).

Following, the LTC Report, Chairman Henry asked the District's Indigent Director, Yani Jimenez, to introduce Ashley Francis with the Rose to discuss Agenda Item No. 8 to discuss and take action, if necessary, on potential partnership with "The Rose Mobile Mammography Program." Ms. Francis thanked the Board for the invitation to make a presentation and then gave the Board the mission of the Rose, "to save lives through quality breast health services for all". (See **Exhibit "C"**). She then explained that after reviewing the 2015 Chambers County Public Hospital District's needs assessment, her organization observed a need for free mammograms in the county and she asked to partner with the District to provide these mammograms to needy residents in the District. Specifically, the Rose received a grant from the State of Texas to perform the mammograms and she requested: 1) the District to help with locating eligible women; 2) screening the women to make sure they qualify; and 3) then arranging a location to perform the mammograms. Dan Yancy, with Riceland Hospital then spoke up and asked specific questions about the size of the room needed and offered a room at the hospital to perform the mammograms. Additionally, the Board advised Ms. Francis that the

District's Indigent Care Director was going to be on maternity leave until early in the spring and they inquired if proceeding with the program in the spring would pose any problems. Ms. Francis responded that she was aware of the maternity leave and agreed that scheduling the mammograms in spring of 2017 would be acceptable. Chairman Henry then called for a motion to move forward with partnering with the Rose to assist in providing free mammograms to the needy women inside the District. Thus, a motion was made by Director Burgess to partner with Rose by assisting with facilitating free mammograms to the needy women of the District as requested by Ms. Francis. This motion was seconded by Director Rollo, with the unanimous consent of all Board members present.

After the discussion on Agenda Items 6(e) and 8, the Board was directed back to Agenda Item No. 4, to review and approve financials report; payment of invoices, and amend budget, if necessary. According to Mrs. Norris, the District had a net cash position of \$5,241,961.48 in its various accounts paying \$400,241.97 in expenses between the September and October 2016 Regular Meeting. Included in this net cash position were: 1) \$2,027,389.99 in the District's Operating Account; 2) \$2,474,101.68 in the Interbank Account; 3) \$104,181.22 in a Prosperity CD; and 4) \$653,333.76 in its TexStar Account. In regard to the expenses for the time period between the September Regular meeting and October Regular meeting, Mrs. Norris reported to the Board the District paid interest in the amount of \$99,971.50 for Loans 8, and 9; and \$267,168.88 was paid to LTC for their February 2016 invoice. (See **Exhibit "D"**). At the Conclusion of the Report, Director Murrell made a motion to approve the payment of bills and the financial statements presented by Mrs. Norris and the District's CPA, David Sticker. (See **Exhibit "D"**). This motion was seconded by Director Espinoza, with the unanimous consent of all Board members present.

Next, Chairman Henry called on the Committee Chairman to provide reports, if any. The reports by each Committee Chair are as follows:

- **Finance Committee:** Chairman Murrell advised the Committee had nothing to report and deferred to the District's CPA, David Sticker for an update on the status of the budget.
- **Indigent Healthcare Committee:** Chairwoman Burgess advised the Indigent Healthcare Committee had nothing to report.
- **Personnel Committee:** Likewise, Chairwoman Burgess informed the Board there was nothing to report concerning personnel.
- **Hospital Liaison:** Director Espinoza also stated that he had nothing to report.

Given that there were no Committee reports, Chairman Henry returned to Agenda Item No. 6, so that the remaining staff reports could be discussed. Mrs. Norris reported she is continuing to work on converting the District's finances into QuickBooks and is presently working on with the District's CPA on coding the entries into the correct category. Otherwise, she had nothing further to report and deferred to the District's Indigent Director for her report.

Mrs. Jiminez was proud to announce to the Board that the District had forty-seven (47) indigent clients in the month of September 2017. (See **Exhibit "E"**). She also reported that there were forty-nine (49) clients but one client moved and the other got insurance. In addition, Mrs. Jiminez advised the Board that the District's accrued \$15,360.94 indigent care expenses in September of which \$5,140.58 was for prescription costs that were actually paid by the District.

After the completion of Indigent Care Report, Attorney Hubert Oxford was asked to give his Attorney's report. Attorney Oxford reported that he had no report and deferred to the District's CPA to give a report.

Per David Sticker, he has been working extensively with the District's Administrator on updating QuickBooks and all information requested by the auditors for 2014 and 2015 audits

were given to the auditors. In regard to the Budget amendments, Mr. Sticker explained that after QuickBooks was updated and the nursing home payments and expenses were accrued, the District would be able to amend the budget. Mr. Sticker informed the Board that the QuickBooks update and budget would be ready by the next board meeting.

Lastly, Chairman Henry called on the Hospital personnel to give their report. Attorney Chris Portner, speaking on behalf of the Hospital, requested a Special meeting on October 28, 2016 so that the Hospital District could receive a report from the results of the Feasible Study performed on the Hospital. After checking schedules and availability, the Board agreed to have a Special Meeting on the 28th of October to receive the study findings. Dan Yancy then advised the Board that he needed to clarify the status of the change in radiologist because it was brought to his attention that the District was under the impression that no change had, in fact, occurred. According to Mr. Nancy, the Hospital has entered into an agreement with Green Imaging to perform x-ray and image reading for the Hospital but Green Imaging has not actually started to perform these services because the Hospital was still waiting on approvals from various insurance companies.

At the conclusion of Committee Reports and Staff reports, Chairman Henry requested Administrator Norris to discuss Agenda Item No. 7, to discuss and take action, if necessary; on the status of the Election for 2016. Sherrie Norris again reminded the Board of her plan to post Notices of Cancellations at the early voting locations inside the District and at voting locations on the day of the election. Otherwise, no action was taken.

Turning to Agenda Item No. 9, to discuss and take action, if necessary, on authorizing the Chairman to execute letter agreement with Neches Capital concerning Eligibility Period 2, 4th Quarter MPAP payment, attorney Oxford explained to Attorney Oxford reminded the Board that

this Agenda Item was to be discussed at the October Regular Meeting but it was tabled in order to give the Board time to review the agreement. (See **Exhibit “F”**). According to Attorney Oxford explained to the Board that the purpose of the agreement is to get permission from the District’s Lender, LTC Capital, Inc., to close its existing depository accounts for the Clairmont and Woodlands facilities and open new depository accounts for each facility that would be subject to Depository Account Control Agreements (“DACA”) with a Lender for the Federal Housing Administration (“FHA”), and Wells Fargo. The District is seeking this permission because it is required by the Loan Agreements with LTC Capital, LLC for Loans 8 and 9. In exchange for giving consent, this agreement requires the District, within forty-eight (48) hours after the implementation of a DACA Agreement impacting the depository accounts for either facility, to pay the unpaid balance of the average amount unpaid MPAP funds to either facility through direct deposit into the District’s account at Interbank in Graham, Texas. Following the explanation by Attorney Oxford, several of the Board members had a number of questions and Attorney Oxford attempted to answer the questions but suggested that the agenda item be tabled until the Special Meeting in order to give the Board time to read the agreement more carefully. Therefore, no action was taken on this matter.

On the same subject of Housing and Urban Development Loans (“HUD”), or FHA Loans, for the Clairmont and Woodlands facilities, Chairman Henry asked Attorney Oxford to explain Agenda Item No. 10, to discuss and take action, if necessary, on authorizing staff to close existing depository accounts for the Woodlands and Clairmont facilities and to open two new government receivable accounts and two new depository accounts for each facility. Attorney Oxford explained that the HUD loan process he has been working on with Genesis since the summer of 2015 was coming to the point where the documents had all been approved and it was

time to start implementing the process for governmental receivable accounts; depository accounts; and transfers as called for by HUD. As such, he explained that the District would need to close its existing depository account for the Clairmont and Woodland's facilities at Wells Fargo bank and open two new accounts for each facility. (See **Exhibit "G"**). Specifically, each facility is going to need a governmental receivables account and a depository account. Attorney Oxford explained that revenue for the respective nursing home paid for treatment of Medicare or Medicaid would be deposited into the governmental receivable account and transferred each evening to the depository account. Other non-governmental funds are to be deposited directly into the depository account. Thereafter, money in the depository account for each facility will be transferred to the facility owned operating account on regular basis. Practically, Attorney Oxford explained that these two facilities would be removed from the current cash flow structure and it should result in less work for staff because the transfers would all be automated. Following this extensive explanation, a motion was made by Director Murrell to give staff authority to close the existing Wells Fargo depository accounts for the Clairmont and Woodlands facilities and to give the Chairman authority to execute the documents prepared by Wells Fargo so that the District can open a governmental receivables account and depository account for each facility. This motion was seconded by Director Espinoza, with the unanimous consent of all Board members present.

Following the explanation of the status of the HUD loan process, Chairman Henry asked the Board to turn to Agenda Item 11, to discuss and take action, if on authorizing Chairman Henry to execute HUD documents for the Woodlands and Clairmont facilities. Quickly, Attorney Oxford explained that the documents he had been working on with Genesis since 2015 had been approved by HUD and he was satisfied that the District's funds were excluded from the

HUD Loans and that the District was protected in the event of a default by Genesis on the refinance loans for Clairmont and the Woodlands facilities. Director Murrell then made a motion to give Chairman Henry authority to execute the various HUD documents approved by Attorney Oxford. This motion was seconded by Director Rollo and passed with the unanimous consent of all Board members.

Lastly, Chairman Henry asked staff to discuss Agenda Item No. 12, entering into a technology agreement with Arch Business Solution. Staff explained they had received a bid from Arch Business Solution to assist with computer maintenance problems that arise during the course of business operations. The bid presented was for 20 hours of work at a cost of \$1,900.00. (See Exhibit "H"). After some discussion on the need for this service, the Board agreed to take no action.

After the Board action items were addressed, at 7:31 p.m. Chairman Henry called the Board into Executive Session to discuss personnel matters as provided for in Section 551.074 of Government Code. Chairman Henry invited staff members Sherrie Norris and Yani Jimenez to attend. The Board came out of Executive Session at 8:01 p.m. but took no action.

There being no other business, Chairman Henry advised the Board that the next Regularly Scheduled Board meeting would be on November 16, 2016 at 6:00 p.m. At 8:04 p.m., a motion was then made by Director Burgess to adjourn the meeting. This motion was seconded by Director Espinoza, with the unanimous consent of all Board members.


Edward R. Murrell
Edward Murrell


Jeff Rollo, Vice-Chairman