

**MINUTES OF THE PUBLIC HEATING AND 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 ten days prior to the meeting in the Hometown Press pursuant to Section 286.125 of the Texas Health & Safety Code and Chapter 551 of the Texas Government Code seventy-two (72) hours prior to the opening of said meeting for 5:00 p.m. on the 15th day of December 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:

Ed Murrell, President
Jeff Rollo, Vice-President
Raul Espinosa, Secretary
Sharon Burgess, Director
Anthony Stramecki, Director

All said Board members were present. In addition, to the above named Board members, also present at the meeting were: Former Board Member and President of the Board, Mr. Elroy Henry; Sherrie Norris, District Administrator; Hubert Oxford, IV, General Counsel; David Sticker, District CPA; Mr. Mo Danishmund, Riceland Hospital Chief Financial Officer; and Chris Portner, General Counsel for Riceland Hospital; as well Gloria Roemer with the Seabreeze Beacon and Tony King, Chambers County Sherriff’s Office.

At approximately 5:02 p.m., a quorum was established and President Murrell called the Public Hearing to discuss the 2016 proposed budget to order and asked the District’s CPA, David Sticker to discuss the budget. President Murrell informed the Board that prior to the public hearing; the Finance Committee met and reviewed the budget with Mr. Sticker. He also thanked

Mr. Sticker and staff for their hard work in preparing the 2017 budget and recommended changes to the 2014, 2015, and 2016 budgets.

With this said, President Murrell asked for copies of the budget to be distributed and called on Mr. Sticker to present the budget recommended by the Finance Committee. For 2017, Mr. Sticker advised the Board of a number of caveats that he took into account in preparing the 2017 District budget. First, in order to establish the 2017 Budget, Mr. Sticker and staff were required to make adjustments to the 2014, 2015, and 2016 budgets in order to establish the appropriate reserves from one year to the next. To do this, Mr. Sticker explained that revenues and expenses resulting from the District's participation in the Upper Payment Limit Program ("UPL") and the Minimum Payment Amounts Program ("MPAP") needed to account for on a consistent accrual basis. Furthermore, as it relates to the 2017 Budget, Mr. Sticker informed the Board that the budget was prepared as if there were no Quality Improvement Payment Program ("QIPP") or MPAP extension for the upcoming year because projecting the revenue and expenses from two programs was too speculative at the moment. However, he did advise the Board that if the Board continued participating in the various nursing home programs, the budget would have to be amended for 2017 and the prior year's budget would potentially need to be adjusted to account for QIPP and/or MPAP payment and expenses incurred from September 2016 through December 2016 and to be incurred for 2017. Additionally, Mr. Sticker reported to the Board that the figures in the adjusted 2016 budget and the proposed 2017 budget included an expected \$3,200,000.00 reconciliation payment for Eligibility Period 2 of the MPAP program scheduled to be paid in February 2017. (See **Exhibit "A"**).

Using the 2016 budget as a basis for the 2017 budget, some highlights of the 2017 Budget are as follows:

Line Item	Budget	Notes
Beginning Year Fund Balance	\$3,742,216.00	This fund balance attributes the anticipated \$3,200,000.00 in expected Eligibility Period 2, excess fund payments to four months in 2015 (i.e., September 2015-December 2015 and eight months in 2016 (i.e., January 2016-August 2016).
Total Income	\$574,800.00	As stated above, until such time as the District has accurate information on revenue generated by QIPP or the potential MPAP extension, the proposed 2017 budget is based entirely on the 2016 sales tax revenue for the District.
600 East Chambers ISD Partnership	\$180,000.00	If approved, the budget provides \$180,000.00 for the continued support of the services to the indigent children of the East Chambers Independent School District.
601 IC-Pmt to Hosp-Equip.	\$2,000,000.00	The Committee recommended budgeting \$2,000,000.00 for an emergency room to be proposed by the Hospital in 2017. However, the Board was very clear that there would be no consideration of this line item until the District's upcoming financials were clarified and the Hospital and the District were able to come to agreement on terms for the conveyance of funds that include safeguards for the expenditure of public funds.
602 IC-WCH 1115 Waiver UC/IGT Prog	\$275,000.00	The Board budgeted \$275,000.00 to serve as Intergovernmental Transfer Funds so that the Winnie Community Hospital can participate in the Uncompensated Care Program. These funds are anticipated to generate \$650,000.00 in Uncompensated Care payments.
Total Budgeted Expense	\$2,837,860.00	
Expected Fund Balance	\$1,461,156.00	

After Mr. Sticker's presentation, several of the Board members and members of the audience inquired as to the District's obligation to fund the proposed Emergency Room. Specifically, the Board members were concerned about the timing of any funding and safeguards to ensure the District's funds were spent properly. Attorney Oxford was given permission to address the concerns. According to Attorney Oxford, the District simply budgeted the funds for the Hospital emergency room but the District was not in a position to approve the payment to the hospital for a number of reasons. Those include:

- Uncertainty concerning the funds needed to participate in any MPAP extension or the QIPP program and therefore, the District needed to preserve its funds until more details were known about both programs;
- Additional program details relating to timing; cost to the District; and return to the District would not be available until February of 2016;
- Questions concerning method of funding the project (i.e., donation, loan, etc.); and
- In the event that the District is able to fund the project, the Board has previously stated that future agreements to fund capital projects would require the grantee, to agree to payment terms similar to those set forth in the Local Government Code and American Institute of Architects.

Following this discussion, the Board and members of the audience were asked if there were any further questions. There being none, a motion was made at 5:35 p.m. by Director Rollo to close the public meeting. This motion was seconded by Director Espinosa and passed with the unanimous consent of all Board members present.

Immediately thereafter, at 5:36 p.m., President Murrell called the Regular Meeting of the Board of Directors of Winnie Stowell Hospital District to order. Again, a quorum was established and there being no public comment, President Murrell asked the Board to consider and take action on Agenda Item No. 3, to review and approve the minutes of the November 22, 2016 Regular Meeting. The Board reviewed the minutes and a motion was made by Director Burgess to approve

the minutes of the November 22, 2016 Regular Meeting. This motion was seconded by Director Espinosa with the unanimous consent of all Board members.

After the approval of the minutes, the Board was asked to address Agenda Item No. 4, to review and approve financials report; payment of invoices, and amend budget, if necessary. This month, Mrs. Norris, Mr. Sticker, and Attorney Oxford presented the Board with a number of reports generated by QuickBooks in hopes of replacing the prior monthly financial report. (See **Exhibit “B-1” through “B-3”**). According to Mrs. Norris, the District had a total income from November 16, 2016 to December 15, 2016 of \$2,175,481.06 and expenses during this time period of \$1,615,187.38 leaving a net income of \$550,293.68. (See **Exhibit B-1**). Included in these expenses were \$1,415,616.16 paid to Managers of the District’s nursing facilities for incentive payments and \$99,971.50 in interest expenses. In addition, at the meeting, Mrs. Norris provided the Board with a list of open invoices for which she was requesting approval to pay. (See **Exhibit B-2**). Lastly, the Board was given a Profit and Loss Budget vs. Actual statement for review. (See **Exhibit B-3**). Because the budget was recently amended and discussed at length during the last meeting, the Board briefly reviewed this document to approve its production for future meetings. At the conclusion of the presentation by Mrs. Norris, Mr. Sticker, and Attorney Oxford, Director Rollo made a motion to approve the payment of bills and the financial statements presented by staff. (See **Exhibit “B-1” through “B-3”**). This motion was seconded by Director Burgess, with the unanimous consent of all Board members.

Next up for consideration was Agenda Item No. 5, to discuss and take action, if necessary, on adopting a District Budget for 2017. There was little discussion on this agenda item since it was discussed at length during the Public Hearing immediately prior to the Regular Meeting. Again, Director Rollo made a motion to approve the budget for 2017 as set forth in **Exhibit “A”**.

This motion was seconded by Director Espinosa with the unanimous consent of all Board members.

President Murrell then moved swiftly moved to Agenda Item No.6, Committee reports and called on the various Committee Chairpersons for reports. According to the various Chairpersons, there were no reports. Therefore, President Murrell moved to Agenda Item No. 7, reports by staff. Mrs. Norris did not have anything to report and in light of Indigent Care Director's absence, Attorney Oxford presented the Board with the indigent care report; East Chambers Independent School District Report ("ECISD" Report); and the LTC Report. There were no reports by the District's CPA or Hospital. According to Attorney Oxford, he informed the Board of the following:

1. **Indigent Care Report:** The current informed number of indigent clients being assisted by the District had grown to fifty-two (52) in the November 2016. He also reported that the District's incurred \$28,271.02 indigent care expenses in November of which, \$15,061.93 is the amount that the District would have been billed at the Medicaid rate. Of this, the District actually paid \$3,470.81 in prescription drug care charges for the past month. (*See Exhibit "C"*).
2. **ECISD Report:** This month, Attorney Oxford provided the Board with a report by the ECISD that illustrates to the Board the number of children enrolled in the ECISD that have been assisted in the last school year and the this school year by the District's contribution for Student Accident Insurance; payment for the registered nurse; and various therapies that can now be provided thanks to the District. (*See Exhibit "D"*). Attorney Oxford explained that in 2015-2016 there were a total of 1,453 enrolled in ECISD and 1,464 students enrolled this year. Of the total population 816 students, or 55%, on average were covered by the school lunch program because they satisfied the criteria of falling within the 120% of poverty rate. As such, Mr. Oxford was proud to announce that thanks to the District's contributions, all students in the School District received healthcare benefits provided for by the school nurse, and in each of the last two years, the following number of children on the lunch program (i.e., indigent) received a number of benefits, including:
 - An average of 530 students had their hearing and vision tested each of the last two years;
 - Over 120 students were tested for Scoliosis;

- Two (2) and seven (7) children were screened for lice;
 - Twenty-nine (29) and thirty-five (35) kids were afforded the opportunity to receive counseling;
 - Fourteen (14) children each year given occupational therapy;
 - Up to forty-three (43) kids had speech therapy; and
 - Two (2) children had physical therapy each year.
3. **LTC Report:** Per LTC, November was a good month for the District’s nursing facilities. Overall, the total census among all of our facilities is up five residents to 1,131. (*See Exhibit “E”*). All of the facilities hosted Thanksgiving celebrations and each of them were decorating for Christmas. Otherwise, some highlights from the various facilities are as follows:
- Highland Park Care Center recently hired a new activities director that is bilingual;
 - Marshall Manor is hosting a community outreach event for their community to speak about how Medicare, Medicaid and HMO's work;
 - Garrison Nursing has recently hired a new marketing director that has ties to the local hospitals, and the facility is hopeful that the strengthened relationship with the hospitals will lead to more referrals for residents;
 - Clairmont Beaumont was recently upgraded to a four star facility, and the staff is very happy with this;
 - The Woodlands reported a resident fall with a major fracture. While this is not good, it is not unusual, and is something that is being tracked closely to make sure the patient is treated properly and for purposes of determining the impact on QIPP participation. Since this is a large facility with a census of 158, the overall impact should not be too bad on a percentage basis; and
 - Oak Manor Nursing went through its survey in November, and was happy to come out of it with only four minor tags. Their plan of correction is being prepared for submittal to the State.

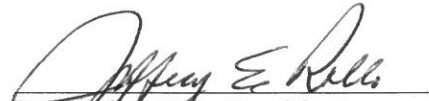
Turning to next Agenda Item, No. 8, President Murrell called on Administrator Norris to address the need to discuss and take action, if necessary, on authorizing staff and Board members to change signature pages at the District’s depository banks. According to Administrator Norris, new signature cards needed to be executed by the Board and staff at the various depository banks

to remove Mr. Elroy Henry from the accounts and to add Director Anthony Stramecki as a signor on the accounts. At the conclusion of Administrator Norris's explanation, Director Burgess made a motion to authorize the execution of new signature page at the District's depository accounts by removing Mr. Elroy Henry as a signor and replacing him with Director Anthony Stramecki. This motion was seconded by Director Espinosa, with the unanimous consent of all the Board members.

Finally, President Murrell moved to Agenda Item No. 10, to establish a date for an Appreciation Dinner for staff and Mr. Elroy Henry. The Board was reminded that this agenda item was discussed at the prior meeting but no action was taken. However, at this meeting, the Board reviewed potential dates and locations tentatively scheduled the dinner for 6:30 pm on January 27th, 2017 at Pappadeaux in Beaumont, Texas. In response to questions of whether the dinner needed to be posted as a public meeting, Attorney Oxford advised that pursuant to Section 551.001(4)(B) of the Texas Government Code that the Act's definition of a "meeting" expressly excludes gatherings of a "quorum of a governmental body at a social function unrelated to the public business that is conducted by the body." *See* Tex. Gov't Code Ann. § 551.001(4)(B). Since a date was not formally adopted, there was no action on this agenda item.

There being no other business, Chairman Murrell informed the Board that the next Regularly Scheduled meeting would be held on January 25, 2017 at 6:00 p.m. instead of January 18, 2017 because Director Stramecki had a prior work commitment. At 6:30 p.m., a motion was then made by Director Espinosa to adjourn the meeting. This motion was seconded by Director Rollo, with the unanimous consent of all Board members.


Edward Murrell, President


Jeff Rollo, Vice-President