

MINUTES OF THE PUBLIC HEARING 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 25th day of January 2017, 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; Yani Jiminez, District’s Indigent Care Director, Hubert Oxford, IV, General Counsel; David Sticker, District CPA; Mr. Mo Danishmund, Riceland Hospital Chief Financial Officer; Chris Portner, General Counsel for Riceland Hospital; Tony King, Chambers County Sherriff’s Office; Wade Thibodeaux, the Hometown Press; and Gloria Roemer.

At 6:02 p.m., President Murrell called the Regular Meeting of the Board of Directors of Winnie Stowell Hospital District to order. A quorum was established and Ms. Gloria Roemer requested to make a public comment. During her public comment, Ms. Roemer once again

expressed her disagreement with the District providing financial support for the Winnie Community Hospital in exchange for providing care to the District's indigent population and requested copies of the Texas Attorney General Opinions relied on by Attorney Oxford that state the payments by the District to the hospital were legal. (See **Exhibit "A"** for copies of the opinions.)

After Ms. Roemer's statement and requests for information, President Murrell asked the Board to consider and take action on Agenda Item No. 3, to review and approve the minutes of the December 15, 2016 Public Forum-Budget 2017 and Regular Meeting. Director Burgess questioned the naming of Line Item 601 in the budget and requested that it be changed from "Hospital Equipment" to "Hospital Emergency Room" in the District's financial reporting system. The Board agreed this needed to be done and requested staff to make the change. Subsequently, Director Burgess made a motion to approve the December 15, 2016 Public Forum-Budget 2017 and Regular Meeting minutes. This motion was seconded by Director Stramecki with the unanimous consent of the entire Board.

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. Mrs. Norris provided the Board with a number of documents including 1) Transaction by Account; 2) Balance Sheet; 3) Profit Loss; 4) 2016 Profit Loss Statement; and 5) copies of invoices to be paid. (See **Exhibit B**). Per Administrator Norris, as of the meeting, the District had a total \$5,164,316.13 in its various bank accounts, including \$1,952,977.65 in its Prosperity Bank account. Otherwise, the District's total assets were \$13,420,534.17 with liabilities of \$10,334,017.55. In regard to expenses for the month, the District incurred \$97,351.19, including \$49,985.75 in interest due on February 1, 2017 and invoices for \$504.03 to update the District's

Website submitted by Lisa Stramecki. In addition, Mr. David Sticker recommended that the Board amend its budget so that the money in Line Item 601 is transferred to a new line item, 606, and name the new line item "Emergency Room". At the conclusion of the presentation by Mrs. Norris and Mr. Sticker, Director Anthony Stramecki explained to the Board that he wanted to recuse himself from approval of Mrs. Stramecki's invoice due to a conflict of interest. Also, Director Burgess requested that Attorney Oxford get caught up with his submission of legal fees. Attorney Oxford advised it was his goal to submit November and December 2016 at the February 2017 Regular Meeting. As such, Director Burgess made a motion to approve the payment of bills and the financial statements presented by staff and to amend the Budget to add line item 606 for the Emergency Room and to adjust the funds budgeted for the Emergency Room from Line Item 601 to 606. (See **Exhibit "B"**). This motion was seconded by Director Rollo, with the unanimous consent of all Board members except Director Stramecki who abstained from voting on Lisa Stramecki's invoice.

Next up for consideration was Agenda Item No. 5, Committee reports. The only person to have a report was Director Espinosa, the District's Hospital Liaison. According to Director Espinosa, the issues involving the Hospital flooding have been resolved by adding a third three (3) inch pump and replacing the existing two pumps with three (3) inch pumps. By doing this, there should be enough capacity to discharge the excess water flow from the pitches roof that is causing the problem.

Therefore, President Murrell moved to Agenda Item No. 6, reports by staff. The reports presented were as follows:

- a. District Administrator: Mrs. Norris reported that she received an e-mail from the District's Auditor on the information they were still waiting on from Genesis and Caring Healthcare in order to finish the 2014 and 2015 audit.
- b. District Indigent Care Director: The District's Indigent Care Director, Yani Jimenez then reported that in December 2016. She also reported that if the District were to receive invoices from the Hospital and local pharmacies, the bills would have amounted to \$24,820.03 however, if paid, the District's expenses would have been \$13,175.84 of which \$5,838.89 was actually paid for prescription drugs. (See **Exhibit "C"**).
- c. District Accountant/CPA: In addition to the assistance with the financial report presented by Mrs. Norris during the financial reports, Mr. Sticker advised the Board that he completed and filed various payroll reports for the quarter and year. In addition, Mr. Sticker reported to the Board that he had reconciled the bank statements and everything was in order.
- d. District General Counsel: Mr. Oxford reported he had nothing to report but would like to address Agenda Item No. 8.
- e. Report by ECISD: There was no East Chambers Independent School District report.
- f. LTC Report: LTC submitted their report for December 2016 that can be found in **Exhibit "D"**. Some highlights of the report are:
 - Marshall Manor was participating in a meals on wheels program which should help with efficiencies at the facility and the facility is having renovations done to A and B halls.
 - Golden Villa finished its plans for a new therapy gym to be built next year.

- Rose Haven Retreat has hired a new administrator.
- Spring Branch had two (2) reportable incidents since the last visit but both were unsubstantiated and uncited. Like Rose Haven, Spring Branch has also recently hired a new administrator.
- Monument Hill established procedures to maintain healthy living weight for all its residents. The facility was anticipating a class in January 2017, to help with staffing issues.
- Oakland Manor had their full-book survey at the end of November, they received tags for quality of life and infection control, none of which were major. The staffing situation continues to improve at the facility.
- Oak Manor Nursing Center lost both their Director of Nursing (“DON”) and their assistant DON at the end of December because they resigned and we are still trying to determine who will replace them at the facility.

g. Hospital Report: The Hospital representatives at the meeting did not have a report.

Following the reports, President Murrell requested Agenda Item No. 8, to discuss and take action, if necessary, on authorizing staff and Board members to change signature pages at the District’s depository banks be removed from future agendas because the matter had been addressed at the December 2016 Regular Meeting. Thus, no action was taken.


President Murrell then skipped Agenda Item No. 8, and asked the Board to consider Agenda Item No. 9, to discuss and take action, if necessary, on approving IGT for the Winnie Community Hospital in order for the Hospital to participate in the Uncompensated Care Program administered by the Texas Health and Human Services Commission. Staff and Attorney Oxford explained that they had received a request by the Winnie Community Hospital to make an IGT for the first payment of DY 6 1115 Waiver Program. The Board was informed that the amount of the IGT was expected to be around \$90,000.00 but staff requested \$120,000.00 in transfer authority in order to make sure they had sufficient funds once the final IGT transfer amount had been set by the State of Texas. Additionally, Attorney Oxford explained that this would be the

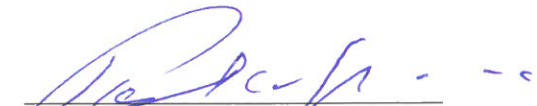
eleventh (11th) IGT made on behalf of the Hospital since June 17, 2013. (*See Exhibit “E”*). In response to questions by the Board about the total IGTs made so far, Attorney Oxford reported that the District had made \$864,913.98 in IGT transfers which has resulted in the Hospital receiving \$2,136,644.11 in Uncompensated Care Payments. After confirming the District had properly budgeted for the payment of this IGT, Director Rollo made a motion to approve the IGT up to \$120,000.00. This motion was then seconded by Espinosa with the unanimous consent of all Board members.

Returning to Agenda Item No. 8, to discuss and take action, if necessary, on starting the Change of Ownership (“CHOW”) process for six (6) nursing facilities owned by HMG Healthcare, attorney Oxford was asked to address this matter. According to Mr. Oxford, he was contacted by LTC Group about the possibility of requesting the Board to consider acquiring six (6) additional nursing homes within 200 miles of the District that are owned by HMG in order to enable these facilities to participate in the upcoming Quality Incentive Payment Program (“QIPP”). Attorney Oxford presented a PowerPoint prepared by HMG; an unverified profit and loss statement for the District’s participation in the QIPP program over the next five (5) years; and a one page Automatic Achievement summary of the District’s existing nursing facilities and potential six (6) additional facilities. (*See Exhibit “F”*). Given the complex nature of the information presented, Attorney Oxford asked for a Special Meeting to discuss the QIPP program and the financial benefits, costs, and any risk. The Board agreed and set a Special Meeting for February 8, 2016. Afterwards, Attorney Oxford briefly explained the program called for the repayment IGTs funds plus 10% of the IGT funds starting five months after they were made but over a six (6) month period and the QIPP fund payments were going to be made on a quarterly basis. Additionally, the Board was advised that the splits for all nursing homes

were based on equal shares with the District keeping the IGT plus 10% and then adjustments were going to be made on the quarterly QIPP payments in favor of the nursing facilities to equalize the previously received 10% payment made to the District. Attorney Oxford then informed the Board that the numbers presented were based on an overall achievement percentage of 75% for all four metric achievement rates chosen by the Texas Health and Human Services Commission. As such, Attorney Oxford then presented the Board with documentation that if all nineteen (19) homes were participating in the program at the time of the meeting, the District would have a 58.33% automatic achievement rate because the nineteen (19) homes were already better than the national averages set by the Five Star CMS Rating system for the respective metric. At the conclusion of the discussion, Attorney Oxford asked for a motion to move forward with the CHOW process to acquire the six (6) HMG facilities and reminded the Board that after the CHOWs were filed, the District had thirty (30) days to review the program and facilities to make a final determination whether to move forward. A motion was then made by Director Espinosa to move forward with the CHOW Process for the six qualifying (6) HMG facilities. This motion was seconded by Director Rollo and passed with the unanimous consent of all Board members present.

There being no other business, Chairman Murrell informed the Board that the next Regularly Scheduled meeting would be held on February 22, 2017 at 6:00 p.m. instead of February 15, 2017 and there was special meeting set for 3:30 p.m. on February 8, 2017. At 7:32 p.m., a motion was 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~~
Raul Espinosa, Secretary