

**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 11:00 a.m. on the 1st of June, 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 with the exception of Sharon Burgess. In addition, to the above named Board members, also present at the meeting were: Sherrie Norris, District Administrator; Yani Jiminez, Indigent Care Director; Hubert Oxford, IV, General Counsel; David Sticker, District CPA; Tommy Davis with Durbin & Company, LLC; Steve Lucas with Post Oak Bank; Stephanie Spiller with Post Oak Bank; Chris Portner, Attorney for Winnie Community Hospital; Mo Danishmund, Chief Financial Officer for Winnie Community Hospital; and Wade Thibodeaux, Hometown Press.

At approximately 11:02 a.m., a quorum was established and President Murrell made introductions that were followed by a request for public comment. There being no public comment, President Murrell asked the Board to address Agenda Item No. 3, to review and approve financials report; payment of invoices; receive Accountants report, and amend budget, if necessary. Administrator Norris informed the Board she had no invoices to be paid but introduced Mr. Steve Lucas with Postoak Bank who requested

the Board to deposit \$100.00 in each of its accounts at Post Oak Bank so that the Bank and staff could set up the accounts. In total, there are thirty-six (36) accounts, fourteen (14) for Caring and (12) for HMG. Therefore, the total deposit would need to be \$3,600.00. Following this request, a motion was made by Director Espinoza to deposit \$100.00 in each of the District's thirty-six (36) nursing home accounts at Post Oak Bank. This motion was seconded by Director Stramecki and passed with the unanimous consent of all Board members present.

After the discussion of the Post Oak Bank accounts, President Murrell introduced Tommy Davis, with Durbin & Company, LLC to present the Districts 2014 and 2015 audit as provided for in Agenda Item No. 4, to discuss and take action, if necessary on approving the District's audit for 2014 and 2015. Mr. Davis then gave the District's Board and staff a draft of the 2014 and 2015 audit and explained that if the Board didn't have any questions following his presentation, the Board could accept the Draft audit report subject to there being no material changes to the final version. Before his presentation, Mr. Davis apologized to the Board for the length of time it took complete the audits and explained some of the problems they encountered. However, he also stated that after going through the process, he believes his company can complete the 2016 audit by the end of August 2016. Mr. Davis then moved on to his presentation and summarized the District's financials and any material deficiencies. Overall, Mr. Davis reported that the District was in great financial shape and has put in place the necessary financial controls to properly account and protect the District's funds. In response to questions about any material deficiencies, Mr. Davis explained that auditors were bound by rules to report deficiencies and in the case of the District, they found two deficiencies. Both deficiencies concerned the nursing home accounts and the financial statements prepared and submitted by the nursing homes. First, he stated that accounts needed to be reconciled throughout the year and

second, the District needed to record all the operating revenues and expenses for the nursing homes on an accrued basis, not just the supplement funds. At the conclusion of this presentation, Director Stramecki made a motion to approve the draft version of the 2014 and 2015 audits presented by Durbin & Company, LLC subject to there not being any substantial changes. This motion was seconded by Director Espinosa with the unanimous approval of all Board members present.

Next, President Murrell called on Attorney Oxford to discuss Agenda Item No. 5, to discuss and take action, if necessary, on matters concerning QIPP Program and Minimum Payment Amount Program Period 3 (“MPAP 3”). Attorney Oxford reported that there was no action to be taken and recommended that the Board move to Agenda Item No. 6.

President Murrell concurred with recommendation to move to Agenda Item No. 6 and asked the Board to discuss and take action, if necessary, on approving any architect recommendations to begin the process of designing the Emergency Room for the Winnie-Stowell Hospital. President Murrell and Director Stramecki updated the Board on the interviews they participated in involving three architectural firms and made the recommendation to use Johnston Architects based on a comparison of their experience with similar project and the fact that their proposal was more comprehensive because it included civil engineering. (*See Exhibit “A”*). The two also recommended that that the architect be hired and paid by the District as part of the Board’s continued effort to retain control of the project and the District’s funds. After the recommendation was made to select Johnson Architects to design the emergency room at the Winnie Community Hospital, Attorney Oxford reviewed the Johnson Architect proposal with the Board and explained the costs for their services was fixed at \$95,000.00 plus an estimated \$6,000.00 in expenses. (*See Exhibit “B”*). In response to these recommendations, fellow Board

members asked the Hospital representatives at the meeting if they agreed. Speaking on behalf of the Hospital, Mr. Mo Danishmund informed they Board that they too had participated in interview process and concur with the recommendation to hire Johnson Architects. Afterwards, a motion was made by Director Stramecki to accept the proposal by Johnson Architects to work on behalf of the District to design the emergency room at the Winnie Community Hospital. This motion was seconded by Director Espinoza, and passed with the unanimous consent of all Board members present.

There being no other business, President Murrell advised the Board that the next Regularly Scheduled Board meeting would be on June 21, 2017 at 6:00 p.m. At 1:05 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