

**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 pursuant to the Texas Open Meetings Act a seventy-two (72) hours prior to the opening of said meeting for 6:00 p.m. on the 26th day of July 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 Director Rollo. 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’s CPA; Chris Portner, counsel for Riceland Hospital; Mo Danishmund and Saad Javed with Riceland Hospital; Tony King, Chambers County Sherriff’s Office; Todd Beiderman and David Smith with LTC Group; Janet Bergeron, citizen; Wade Thibodeaux, the Hometown Press; and Gloria Roemer, Seabreeze Beacon.

At 6:01 p.m., President Murrell called the Regular Meeting of the Board of Directors of Winnie Stowell Hospital District to order. After a quorum was established and those present recited the Pledge of Allegiance., Mrs. Janet Bergeron requested permission to make a public comment. Mrs. Bergeron introduced herself as the daughter of James Stratton and explained that she was attending the meeting because of her concerns about the perceived lack of financial

transparency and urged the District to post its financials on the District's webpage. At the conclusion of Mrs. Bergeron's statement, President Murrell expressed his appreciation for her comments and for everything her father, James Stratton, had done for the community and the hospital.

President Murrell then asked the Board to consider and take action on Agenda Item No. 3, to review and approve the minutes of the June 21, 2017 Regular Meeting and July 10, 2017 Special Meeting. *See Exhibits "A" and "B"*. The Board reviewed the minutes and then Director Stramecki made a motion to approve the minutes of the June 21, 2017 Regular Meeting and July 10, 2017 Special Meeting. This motion was seconded by Director Espinoza with the unanimous consent of the entire Board.

After the approval of the minutes, the Board was asked to move to Agenda Item No. 4, to review and approve financials report; payment of invoices, and amend budget, if necessary. Mrs. Norris and the District's CPA, David Sticker, provided the Board with a number of documents including: 1) Balance Sheet 2) Profit & Loss Budget vs. Actual as of July 26, 2017; 3) Check Register for June 21, 2017-July 26, 2017; 4) Trial Balance as of July 26, 2017; and 5) a list of Open Invoices, along with the invoices attached, to be approved by the Board; (*See Exhibit "C"*). Per Administrator Norris, as of July 26, 2017, the District had total assets of \$6,402,034.25 of which \$2,505,335.11 was in the District's Prosperity Account and \$2,700,000.00 was in a CD at Post Oak Bank. On the other hand, the \$57,150.57 in liabilities consisted of the monthly expenses set forth in the Open Invoices page.

As for the monthly Profit & Loss Budget v. Actual Budget v. Actual through July 26, 2017, Mr. Sticker reported that the District had revenues of \$293,451.31 in the month of July 2017 and expenses of \$709,626.13. Lastly, it was discussed that the District still needed to

amend its budget to not only account for increased audit fees; create a line item for the fair market appraisal of the HMG homes; but also to adjust the lack of MPAP 3 payments; nursing home expenses for interest and LTC costs; and decreased tax revenues. Mr. Sticker stated that this would need to be done at the August meeting pending some direction by the Board at the July 26, 2017 meeting. At the conclusion of the discussion regarding the District's finances, a motion was made by Director Burgess to approve the financial report set forth in **Exhibit "C"**. This motion was seconded by Director Espinoza with the unanimous consent of all Board members present except Director Stramecki, who abstained because one of the invoices was for expense reimbursements to him following his attendance of the Texas Healthcare Trustees Healthcare Governance Conference seminar in San Antonio.

Next up for consideration was Agenda Item No. 5, Committee reports. The only committee report was by President Murrell, Chairman of the Finance Committee, who reported to the Board on the status of the Emergency Room due to its effects on the District's cash flow needs. Per President Murrell stated that the architects are in the design phase of the project and there was a meeting scheduled on August 3<sup>rd</sup>, 2017 with the County to discuss drainage requirements for the proposed Emergency Room. Following the meeting with County, President Murrell informed the Board that there would also be a meeting at the Hospital to continue work on the design phase of the project with the Project Manager, Architect, and Committee.

President Murrell then called on staff to present their reports pursuant to Agenda Item No. 6. Staff reports were as follows:

- a. **District Administrator:** Administrator Norris reported to the Board that at the annual Texas Healthcare Trustees Healthcare Governance Conference there was much discussion concerning the status of the 1115 Waiver Program that was scheduled to

expire on December 31, 2017. Since the LTC Group was there and they are very familiar with the 1115 Waiver Program, they were asked for their thoughts on the matter. According to the Mr. David Smith, the State of Texas is expected to ask for an extension of the program so that a more permanent agreement between the state and the federal government could be agreed to.

- b. **District Indigent Care Director:** Following the Administrator's report, President Murrell called on the District's Indigent Care Director for her report. Mrs. Jiminez presented the Board with the District's Indigent Care reports for June 2017. In June 2017, there were sixty-six (66) residents enrolled on the District's indigent care program. Additionally, Mrs. Jiminez informed the Board that in June 2017, the District incurred \$57,047.46 in fees and services from Winnie Community Hospital and for prescriptions. If the District did not have an indigent care agreement, the costs to the District for these fees incurred by the Hospital would have been \$26,686.06 based on Medicaid rates. Meanwhile, the amount paid to local pharmacies in June 2017 for prescriptions was \$5,587.46. (*See Exhibit "D"*).
- c. **District General Counsel:** Attorney Oxford reported that on July 14, 2017, the District made an Intergovernmental Transfer to fund the Minimum Payment Amount Program 3 ("MPAP 3"). However, as of the meeting, MPAP 3 was not yet approved and the approval was allegedly contingent on the State of Texas complying with the Centers for Medicare and Medicaid ("CMS's") demands that the State of Texas discontinue the requirement of making participating governmental entities enter into IGT User Agreements. Otherwise, Attorney Oxford presented the Board members with revenue calculations for the MPAP 3 and QIPP programs. (*See Exhibit "E"*). Finally, Attorney

Oxford informed the Board of discussions with Managers to make adjustments to the incentive fees in the Management Agreements that would benefit the District.

- d. **LTC Report:** LTC presented their report for June 2017 and the report can be found in **Exhibit “F”**.
- e. **Hospital Report:** None.

Following the staff reports, President Murrell asked the Board to take no action on Agenda Item No. 7, to discuss and take action, if necessary on improvements and additions to the Hospital Emergency Room because he had given a status report on the Emergency Room during his Finance Committee report.

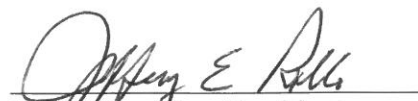
President Murrell then turned the Board’s attention to Agenda Item No. 8, to discuss and take action, if necessary, on entering into an audit engagement letter for 2016. Attorney Oxford presented the Board with a revised Audit Engagement Letter by Durbin & Company and reminded the Board that at a prior meeting, the Board asked that the firm include a cost not to exceed number in the agreement. (*See Exhibit “G”*). Attorney Oxford explained that in the proposed letter, the firm agreed that their gross fee should be within the range of \$20,000.00 to \$24,000.00. Upon the receipt of the revised Audit Agreement submitted by Durbin in Company with the not to exceed figure included, a motion was made by Director Stramecki to engage the firm to perform the 2016 audit per the agreement set forth in **Exhibit “G”**. This motion was seconded by Director Espinoza and passed with the unanimous consent of all Board members present.

At the conclusion of action items, President Murrell asked the Board for a ten minute recess to be followed by an executive session pursuant to Texas Government Code Section 551.085 of the Texas Government Code to discuss Health Care Services. However, after the

break, Attorney Oxford suggested that the executive session was not needed as LTC was there to provide the Board with an update on MPAP 3 as set forth in Agenda Item 6(d). The Board then reconvened and was given a detailed narrative by Mr. Todd Biederman, with LTC Group, concerning: 1) the history of the MPAP settlement and the importance of the settlement in order to persuade the Texas Health and Human Services Commission to move forward with MPAP 3; and 2) LTC Group's work with other stakeholders to finalize the MPAP settlement and obtain a commitment from the state to move forward with MPAP 3. In addition, the LTC Group raised the issue of a proposed reduction in fees starting in September 2017 and brought to the Board's attention that the firm had not billed the District since September of 2016.

There being no further business to discuss, President Murrell informed the Board that the next regularly scheduled meeting would be on August 30, 2017 at 6:00 p.m. in order to accommodate vacation schedules. At 8:39 p.m., a motion was made by Director Espinosa to adjourn the meeting. This motion was seconded by Director Burgess and unanimously approved by all the Board members present.

  
Edward Murrell, President

  
Jeff Rollo, Vice-President