

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 seventy-two (72) hours prior to the opening of said meeting for 6:00 p.m. on the 6th day of September 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: Sherrie Norris, District Administrator; Yani Jiminez, Indigent Care Director; Hubert Oxford, IV, General Counsel; Chris Portner, counsel for Riceland Hospital; Mo Danishmund with Riceland Hospital; Tony King, Chambers County Sherriff’s Office; Wade Thibodeaux, the Hometown Press; and interested citizens found on **Exhibit “A”**.

At 6:00 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, President Murrell called on Attorney Oxford to discuss Agenda Items Nos 2-5. Per Attorney Oxford, the purpose of this series of agenda items was to request the Board to adopt or re-adopt four (4) polices so that they can be updated and posted to the District’s website. The four (4) policies were:

Policy	Exhibit No.	Summary
1. Bank Investment Policy and Bank Depository Agreement	Exhibits “B-1” and “B-2”	Updates existing Investment Policy to updated Board Members and positions; and to designate an Investment Officer.
2. District’s Public Information Act Policy	Exhibit “C”	Re-adopts prior policy
3. District’s Public Comment and Recording Policy	Exhibit “D”	Amends existing policy to provide for rules and procedures to record meetings.
4. Resolution Re-affirming the Bylaws at the January 14, 2015 Regular Meeting	Exhibit “E”	Creates a formal document to provide in response to requests for District Bylaws.

After a discussion on each of the policies set forth in Agenda Items No. 2-5, called on a vote for each agenda item. The motions made were as follows:

Agenda Item	Motion
2. Discuss and take action, if necessary, on re-approving the District’s Bank Investment Policy and Bank Depository Agreement	A motion was made by Director Rollo to approve the District’s Bank Investment Policy and Bank Depository Agreement found in Exhibits “B-1” and “B-2” . This motion was seconded by Director Burgess with the unanimous approval of all Board members.
3. Discuss and take action, if necessary, on approving the District’s Public Information Act Policy	A motion was made by Director Rollo to approve the District’s Public Information Act Policy found in Exhibit “C” . This motion was seconded by Director Espinosa with the unanimous approval of all Board members.
4. Discuss and take action, if necessary, on approving the District’s Public Comment and Recording Policy	A motion was made by Director Burgess to approve the District’s Bank Investment Policy and Bank District’s Public Comment and Recording Policy found in Exhibits “D” . This motion was seconded by Director Rollo with the unanimous approval of all Board members.
5. Discuss and take action, if necessary, on approving a Resolution of the Directors of the	A motion was made by Director Rollo to approve the Re-affirming the Bylaws Adopted by the District at the January 14, 2015 Regular Meeting found in

Winnie Stowell Hospital District, Re-affirming the Bylaws Adopted by the District at the January 14, 2015 Regular Meeting	Exhibits “E”. This motion was seconded by Director Espinosa with the unanimous approval of all Board members.
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President Murrell then called for any public comment pursuant to Agenda Item No. 6. Once again, Mrs. Janet Bergeron requested permission to make a public comment and thanked the Board and staff for the efforts they have made to upload information to the website and for Director Stramecki for taking the time to meet with her and two other interested citizens to listen to their concerns and explain the Board’s decisions.

President Murrell then asked the Board to consider and take action on Agenda Item No. 7, to review and approve the minutes of the July 26, 2017 Regular Meeting; and August 17, 2017 Special Meeting. *See Exhibits “F” and “G”.* After a review of the minutes, Director Stramecki made a motion to approve the minutes of the July 26, 2017 Regular Meeting; and August 17, 2017 Special Meeting. This motion was seconded by Director Espinosa with the unanimous consent of the entire Board.

After the approval of the minutes, the Board was asked to move to Agenda Item No. 8, 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) a list of Open Invoices, along with the invoices attached, to be approved by the Board. (*See Exhibit “H”*). Attorney Oxford explained that since the District’s CPA, David Sticker, was unable to attend the meeting because of a prior doctor’s appointment for his wife and Administrator Norris was not available, he would briefly give the Financial Report.

Per Attorney Oxford, as of the date of the meeting, the District had total assets of \$13,219,984.63 of which \$8,345,690.49 were current funds on deposit at various banks. With this said, of the \$8,345,690.49, \$1,934,725.49 at Wells Fargo was designed for nursing home operations; and the \$828,909.00 in Graham Bank was pre-paid interest payments and funds for the Uncompensated Care program if the District approved the payments later in the meeting. On the liability side, Attorney Oxford explained to the Board that the \$1,573,820.30 was the incentive fee owed to Genesis Healthcare to be paid using the MPAP settlement funds.

As for the monthly Profit & Loss Budget v. Actual Budget v. Actual through September 6, 2017, Attorney Oxford reported that the District had revenues of \$296,131.10 through the date of the meeting and has incurred \$958,029.99 in expenses. Attorney Oxford informed the Board that he had met with Mr. Sticker to discuss the budget and necessary amendments. According to Oxford, the largest amendments were to account for no MPAP 3 and associated expenses and to re-apportion the cost for the emergency room because the costs for the emergency room in 2017 were going to be well below the \$2,000,000.00 budgeted. In addition, the budget would need to be amended to add an additional \$221,000.00 in funds for the 1115 Waiver Program line item. At the conclusion of the discussion regarding the District's finances, a motion was made by Director Rollo to approve the financial report set forth in **Exhibit "H"**. This motion was seconded by Director Espinosa with the unanimous consent of all Board members present.

Next up for consideration was Agenda Item No. 9, Committee reports. The only committee report was by President Murrell, Chairman of the Hospital Emergency Room Committee. President Murrell informed the board that prior to Hurricane Harvey, he, along with the District's project manager and architects, met with the Chambers County engineer to discuss potential drainage issues with the emergency room and was pleased to announce that the county

said everything seemed on track and they didn't see any problems arising from the proposed plan presented by the Project Manager and architects. Next, Director Espinosa, acting as the Hospital Liaison, asked Mo Danishmund if there were any flooding issues with the Hospital during Hurricane Harvey. In response, Mr. Danishmund stated that there were no flooding problems but the Hospital did bring in extra pumps. Additionally, Mr. Danishmund explained to the Board that the hose leading from the courtyard through the hospital was extremely helpful to drain rainwaters from the courtyard. However, he did acknowledge that it was not cosmetically pleasing but the Hospital was studying alternative solutions so that he hose would no longer be needed.

President Murrell then called on staff to present their reports pursuant to Agenda Item No. 10. Staff reports were as follows:

- a. **District Administrator:** Administrator Norris had no report.
- 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 July 2017. In July 2017, there were seventy (70) residents enrolled on the District's indigent care program. Additionally, Mrs. Jiminez informed the Board that in July 2017, the District incurred nearly \$100,000.00 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 \$46,514.60 based on Medicaid rates. Moreover, Mrs. Jiminez presented the Board with a chart illustrating the UTMB referrals from June, July, and August of 2017. In total, there had been thirty-eight (38) referral request received and twenty-nine (29) were approved. Furthermore,

Mrs. Jiminez presented the boards with two invoices from UTMB for \$95.54 and \$234.08 for physician services, outpatient care, and x-rays. (See **Exhibit “I”**).

- c. **District General Counsel:** Attorney Oxford reported that MPAP 3 was not approved by the federal government because the State of Texas did not provide the Centers for Medicaid and Medicare Services (“CMS”) with updates of the State’s regulations that no longer required IGT User Agreements for intergovernmental transfers (“IGTs”). Attorney Oxford referred the Board to his e-mail dated August 7, 2017 for more details but also explained the nursing homes were now working with a group of other interested parties to persuade the state to provide CMS with the necessary information in order for CMS to reconsider its position. (See **Exhibit “J”**).
- d. **LTC Report:** The LTC Report for July was distributed and can be found in **Exhibit “K.”**
- e. **Hospital Report:** Lastly, President Murrell called on Mo Danishmund to give the Hospital report. Mr. Danishmund took this time to report that because of the aftermath of Hurricane Harvey, the Hospital was opening its clinic to the public in the short term at no costs to the uninsured. Additionally, Mr. Danishmund reported that he and his fellow employees at the Hospital have worked tirelessly to keep the Hospital open and provide assistance to the District before, during, and after Hurricane Harvey. Likewise, Mr. Danishmund reported on the use of the of the Partial Hospitalization Program vans by the WSEMS to rescue patients and save lives. Ron Nichols, Coordinator for the WSEMS affirmed these statements and stated that the Hospital was an invaluable resource to the area during Hurricane Harvey.

Following the staff reports, President Murrell asked the Board to take no action on Agenda Item No. 11, to discuss and take action, if necessary on approving the amended and restated Management Agreements with Caring Healthcare and Genesis Healthcare. President Murrell asked for motion to table this agenda item because the agreements were not finalized. Thus, a motion was made by Director Rollo to table Agenda Item No. 11. This motion was seconded by Director Espinosa with the unanimous consent of all Board members.

President Murrell then turned the Board's attention to Agenda Item No. 12 discuss and take action, if necessary on approving assistance with student loan repayments in exchange for assistance with treating the District's needy. President Murrell reminded the Board that at the May 17, 2017 Regular Meeting, the Board adopted a policy that provides for financial assistance for student loan payments to Healthcare Providers inside the District that supply healthcare services to the District's indigent subject to the following conditions. If the provider was an employee of the Hospital, the Hospital needs to make a recommendation to support the provider's request. If the request were granted by the District's Board, the Board would pay the amount due on a monthly basis; subject to the receipt of a current invoice from the lending institution; and only for so long as the recipient provided healthcare services to the District's Indigent.

Once he completed his review of the policy, President Murrell informed the Board that the District had received a request and recommendation from Riceland Hospital to pay the student loan costs for Sherry Stern, a full time nurse at the Winnie Clinic for nineteen (19) months where she assist in treating the District's Indigent. (See **Exhibit "L"**). Mrs. Stern's loan payments were approximately \$150.00 per month. The Board then confirmed the recommendation and then a motion was made by Director Espinosa to approve the assistance for

Mrs. Stern pursuant to the Board's policy. This motion was seconded by Director Burgess and received unanimous support from all the other Board members.

Turning to Agenda Item No. 13, President Murrell asked the Board to discuss and take action, if necessary, on making the second IGT on behalf of the Winnie Community Hospital for the DY6 1115 Waiver Program by September 7, 2017. Attorney Oxford reminded the Board that at the Special Meeting on August 17, 2017, the Board agreed to submit an IGT Commitment Form for the Hospital for up to \$531,987.61 so that the Hospital could participate in the 1115 Waiver Program-Uncompensated Care. Since then, Attorney Oxford informed the Board that they had received notice that the final IGT amount was \$404,191.89 and the purpose of this agenda item was to give authority to make the IGT on behalf the Hospital for the 1115 Waiver Program by September 7, 2017. (See **Exhibit "M"**). In exchange for making the IGT, the Hospital would receive \$922,391.37 in Uncompensated Care funds for treating the uninsured at the Hospital during DY6. Furthermore, the Board was reminded that the first payment for DY6 was \$91,335.09 that yielded \$208,432.42 in Uncompensated Care funds. Attorney Oxford was also asked by Mrs. Bergeron to confirm the IGT amount because a handout given to Mrs. Bergeron stated that the amount of the IGT was \$401,191.89. This was double checked and Attorney Oxford recognized the error but confirmed that the correct amount of the IGT was \$404,191.89. Once the amount of the IGT was clarified, a motion was made by Director Stramecki to authorize staff to fund the second IGT for the DY6 1115 Waiver Program-Uncompensated Care payment in the amount of \$404,191.89. Director Stramecki's motion was seconded by Director Burgess and was unanimously approved by all the Board members.

President Murrell then introduced WSEMS Coordinator Ron Nichols to address Agenda Item No. 14, discuss and take action, if necessary, on approving the Business Associate

Agreement with the Winnie Stowell EMS. Mr. Nichols informed the Board that he had been given authority by the WSEMS Board to enter into a Business Associate Agreement so that the two entities could exchange patient information. (See **Exhibit “N-1”**). However, Mr. Nichols explained that the WSEMS Board expressly stated that he did not have authority to bill the District for any patient transported. Attorney Oxford then told Mr. Nichols that if receiving payments for transporting the indigent patients arose out of a concern that this may be perceived by the County as a violation of their agreement, he felt this concern was not invalid because per the terms of the agreement with the County, Section 2 states that the WSEMS must provide service to all residents of the county, but Section 3 also states that the WSEMS may bill and collect fees from a patient for which EMS. (See **Exhibit “N-2”**). Despite this directive, Mr. Nichols expressed that WSEMS needed to receive payment from the District for providing services to the District’s residents because Medicaid was reducing its reimbursements and thus, reducing the WSEMS’s revenue. In response, Attorney Oxford returning to his statement about the concern of billing the District, commented that if the WSEMS could invoice Medicaid and Medicare, receiving payments for invoices to the District would be no different.

In addition, Attorney Oxford read to Mr. Nichols, the terms of the District’s Indigent Care Assistance Policy that names the WSEMS as its preferred provider. In particular, Attorney Oxford emphasized the statement in Section 5(B)(2) that says:

EMS is independently responsible in determining the most appropriate treatment provided to HCAP clients and healthcare provides as set forth by its policies and procedures for all transported patients, including HCAP client patients.

After reading the statement, Attorney Oxford asked Mr. Nichols if he felt the EMS was obligated to transport all of their patients to the Hospital in Winnie. Mr. Nichols confirmed, that was not the intent of the policy and that his employees use their best judgment when transporting patients to a healthcare facility.

At the conclusion of Mr. Nichols's discussion, a motion was made by Director Stramecki to enter into a Business Associate Agreement with the Winnie Stowell Emergency Medical Service. This motion was seconded by Director Espinosa and passed with the unanimous consent of all Board members.

Moving to the Agenda Item No. 15, President Murrell asked the Board to discuss and take action, if necessary on approving plans and recommendations by Architect and/or Project Manager regarding hiring a surveying company to perform surveying services at the Emergency Room site. President Murrell explained to the Board that the District needed to hire a surveyor per the requests of the District's Project Manager for the Emergency Room to study provide elevations and the location of utility lines. Attorney Oxford provided the Board with a proposal received by the Project Manager by Mark W. Whiteley and Associates for \$2,750.00. (*See Exhibit "O"*). Attorney Oxford explained to the Board that Mr. Henry, former Board President, did not qualify to perform the work because it had not been a year since his resignation from the Board and he would be in violation of Texas conflict of interest laws. Attorney Oxford also explained that Texas Local Government Code Chapter 271 sets forth rules for hiring professionals such as surveyors and these rules require proposals for professional services to be approved by the Board. The Board briefly discussed alternative surveyors from the area but ultimately, a motion was made by Director Burgess to approve the proposal by Mark W. Whiteley and Associates found in **Exhibit "O"**. This motion was seconded by Director Espinosa and approved with the unanimous consent of all Board members.

Prior to closing the meeting, President Murrell asked Dirk Harmson, with the Winnie Community Hospital Foundation, if he wanted to make a statement as provided for in Agenda Item No. 16, to discuss any other such matters before the Board. Mr. Harmson thanked President

Murrell for the opportunity to address the Board and those members of the community present at the meeting. According to Mr. Harmson he had been hearing rumors around town involving the Hospital and we wanted to take some time to provide accurate information on the Hospital since being acquired in April of 2014. According to Mr. Harmson, the new owners have:

- Increased the number of employees from seventy-nine (79) to 143 from 2014 to 2017;
- The number of Emergency Room visits have increased from 2,400 in 2014 to 2,600 in 2016;
- Monthly payroll direct deposit are \$170,000.00;
- Deposited \$500,000.00 in 2014 in order to deal with expenses and vendors that had not been previously;
- Sustained losses at the Hospital from the Emergency Room in excess of \$1,300,000.00 per year.

Furthermore, during Hurricane Harvey, Riceland Hospital helped the community tremendously by:

- Providing volunteers from Riceland provided food and water at the shelter in Anahuac;
- Providing volunteers from Riceland made sure that the food was provided to the patients and the staff at the hospital;
- Riceland Hospital stayed open during the peak of the storm and had staff who stayed at the hospital for several days, leaving their families behind to take care of the patients;
- Riceland was offering free clinic to the uninsured patients effected by Hurricane Harvey;
- The licensed therapists at Riceland are offering free counselling for patients hit by Hurricane Harvey;
- Riceland gave four (4) vehicles to the EMS in Winnie so that they use them to rescue the victims. We also provided them with a driver so that they could use the van to pick up dialysis patients who were in critical need; and
- Dr. Slayton & Dr. "A" visited the shelters to provide free medical assistance to the victims.

In response, Mrs. Bergeron inquired why it was prudent to enlarge and enhance the Emergency Room if the Emergency Room is losing so much money. At this point, Attorney Oxford intervened and reminded the group that the Emergency Room losses were attributable to the uncompensated care given to the uninsured at the Emergency Room resulting from the requirements set forth in Emergency Medical Treatment and Labor Act (EMTALA) laws. EMTALA require anyone seeking treatment at an emergency department to be stabilized and

treated, regardless of their insurance status, if the Hospital participated in the Medicare and Medicaid programs. This year, the Hospital received nearly \$1,000,000.00 from the Federal Government in the form of the 1115 Waiver Program-Uncompensated Care as reimbursement for the free treatment. Moreover, Attorney Oxford reminded the group that another goal in making improvements to the Hospital was to increase Hospital bed nights.

Further, to address Mrs. Bergeron's question, Attorney Oxford asked Mr. Nichols for his assessment of the Hospital and the emergency room as well as the need for improvements to the Hospital. Mr. Nichols responded very candidly that he felt strongly that improvements and additions to the emergency room at the Hospital were critical. As an example, during Hurricane Harvey, since there is no waiting room for the emergency room, often those providing healthcare services were working around family members standing in the hallway. In addition, Mr. Nichols thanked the Hospital and the District for allowing him to participate in the design planning for the emergency room.

Returning to some of the Hospital's deeds during Hurricane Harvey as discussed by Mr. Harmson's, Mr. Nichols thanked the Board and Mo Danishmund for being available and offering assistance to the WSEMS and the residents throughout Hurricane Harvey. He also thanked the Hospital for providing food and water at local shelters but most importantly, restated what was discussed earlier regarding the vans for the PHP program. Mr. Nichols emphasized that by allowing the EMS to use the PHP vans, EMS was able to save the lives of many residents of the District by enabling them to get critically needed healthcare.

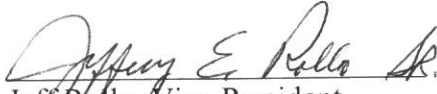
Lastly, Attorney Oxford asked Mr. Nichols to clarify the issues surrounding the helipad and relocating the helipad. Mr. Nichols told those in attendance that helicopter paid cost \$5,600.00 to construct and at the present time, he and the emergency room Project Manager, Bob

Walker did not believe that the helipad had to be relocated. He further explained that the same Federal Regulations discussed earlier, ETMALA, required the helipad to be 100 feet away from the closet edge of the emergency room or else patients transported by the EMS to the helipad had to be admitted to the Hospital, costing precious time. As designed, the addition to the emergency room would still be over 100 feet away. Therefore, he stated those involved in the process have little concern about relocating the helipad based on current laws and regulations. On the other hand, if the helipad must be relocated, the cost of relocation and compliance with more recent regulations could be in excess of \$25,000.00.

Once Mr. Nichols was finished answering questions, President Murrell finished the conversation by making it very clear that the District appreciated his efforts and involvement. Mr. Murrell also requested that if the District could the WSEMS in any way, they would welcome the opportunity.

There being no further business to discuss, President Murrell informed the Board that the next regularly scheduled meeting would be on September 20, 2017 at 6:00 p.m. in order to accommodate vacation schedules. At 7:53 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