

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE  
WINNIE-STOWELL HOSPITAL DISTRICT**

The Regular 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 21th day of February 2018, at the Winnie Community Hospital (“Hospital”)-Conference Room, Broadway, Winnie Texas (a copy of said Notice being placed amongst the files of the District).

At approximately 6:00 p.m., the public hearing was convened, and the roll was called of the members of the Board, to wit:

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

All said Board members were present. Also present at the public hearing were: Sherrie Norris, District Administrator; Yani Jimenez, Indigent Care Director; Hubert Oxford, IV, General Counsel; David Sticker, District’s CPA; Chris Portner; Mo Danishmund, Chief Financial Officer of Winnie Community Hospital; Chris Portner, General Counsel for Winnie Community Hospital; Stace Farrow, and Health Redwine, Nurse Practitioner at Winnie Community Hospital; and Wade Thibodeaux, the Hometown Press.

There being no public comment, President Murrell asked the Board to consider and take action on Agenda Item No. 4, to review and approve the minutes of the Regular Meeting held on January 24, 2018 and the Special Meeting held on January 30, 2018. The Board reviewed the minutes and a motion was made by Director Stramecki to approve the minutes of the Regular Meeting held on January 24, 2018 and the Special Meeting held on January 30, 2018. This motion was seconded by Director Burgess with the unanimous consent of all Board members.

The Board was then asked by President Murrell to pass over Agenda Item No. 5, to review and approve financial reports; payment of invoices, and amend budget, if necessary and asked Committee Chairpersons if they had anything discussed as set forth in Agenda Item No. 6. The various Chairpersons all stated that they had nothing to report.

Therefore, President Murrell turned to Agenda Item No. 7, to discuss staff reports. The reports given by staff were as follows:

- a. **District Administrator:** Mrs. Norris informed that she had two matters to report. First, she informed the Board that the District received all the necessary financials from the three (3) managers necessary to avoid any deficiencies in the 2017 audit. Additionally, she reported that the District was nearly complete with the process of closing all the accounts at Wells Fargo except the Deposit Account Instructions and Service Agreement (“DAISA”) accounts and the Deposit Account Control Account accounts for the Clairmont and Woodland’s facilities. Regarding these facilities, Mrs. Norris informed the Board that Attorney Oxford was working with counsel for Genesis and its lender, Bernakia, to close the accounts and get approval for the DAISA and DACA agreements utilized by Post Oak Bank.
- b. **District Indigent Care Director:** President Murrell then turned to the District’s Indigent Care Director, Yani Jimenez and asked for her indigent care report. Before giving her report, Mrs. Jimenez advised the Board that she had been working with Mrs. Farrow to initiate the youth counseling program and was happy to report that Mrs. Farrow had recently begun seeing clients in her temporary office provided by the Winnie Community Hospital. Likewise, Mrs. Farrow explained to the Board that she has been working with Lisa Stramecki on modifying the District’s website so that potential clients could apply online. Further, Mrs. Farrow informed the Board that she posted about the program on Facebook and had a tremendous response. However, she did mention that one (1) person questions why the program was available for younger children. In response to questions by the Board following up on the question concerning age, Mrs. Farrow explained that she needed more room because therapy for children under the age of twelve (12) required an environment that was comfortable and lots of interactive activities. Otherwise, both Mrs. Jimenez and Mrs. Farrow were enthusiastic about the program and the opportunity to help the youth of the District.

Otherwise, Mrs. Jimenez gave the Board a report on the upcoming Rose Program. Per Mrs. Jimenez, the Rose was scheduled to come to Winnie on March 14, 2018 to perform free mammograms and so far, thirteen (13) people have signed up. She also stated that this year she felt participation would be higher but the cost for a referral through a doctor was prohibiting participation. The Board responded by asking Mrs. Jimenez to work with the Winnie Community Hospital next year to arrange for no-cost referrals.

Lastly, Mrs. Jiminez reviewed the January 2018 indigent care report. (See Exhibit "A"). A summary of the report is as follows:

	January				Year to Date			
<b># of Clients:</b>	66				66			
	<b>Billed Amount</b>	<b>Medicaid Rate</b>	<b>% of Services</b>	<b>Actually Paid</b>	<b>Billed Amount</b>	<b>Medicaid Rate</b>	<b>% of Services</b>	<b>Actually Paid</b>
<b>Summary by Facility</b>								
Winnie Community Hospital	\$55,933.00	\$22,932.53	41.54%	\$0.00	\$55,933.00	\$22,932.53	41.54%	\$0.00
<b>Pharmacy</b>								
Brookshire Brothers Pharmacy	\$8,990.41	\$8,056.18	14.59%	\$8,056.18	\$8,990.41	\$8,056.18	14.59%	\$8,056.18
Wilcox Pharmacy	\$1,565.61	\$1,006.98	1.82%	\$1,006.98	\$1,565.61	\$1,006.98	1.82%	\$1,006.98
<b>Total</b>	<b>\$10,556.02</b>	<b>\$9,063.16</b>		<b>\$9,063.16</b>	<b>\$10,556.02</b>	<b>\$9,063.16</b>		<b>\$9,063.16</b>
<b>UTMB</b>								
UTMB Hospital	\$78,503.23	\$18,840.76	34.13%	\$18,840.76	\$78,503.23	\$18,840.76	34.13%	\$18,840.76
UTMB Physician Services	\$13,371.00	\$4,368.74	7.91%	\$4,368.74	\$13,371.00	\$4,368.74	7.91%	\$4,368.74
<b>Total</b>	<b>\$91,874.23</b>	<b>\$23,209.50</b>		<b>\$23,209.50</b>	<b>\$91,874.23</b>	<b>\$23,209.50</b>		<b>\$23,209.50</b>
<b>Grand Totals</b>	<b>\$158,363.25</b>	<b>\$55,205.19</b>		<b>\$32,272.66</b>	<b>\$158,363.25</b>	<b>\$55,205.19</b>		<b>\$32,272.66</b>
<b>Summary by Service Provided</b>								
Prescription Drugs	\$10,556.02	\$9,063.16	16.42%	\$9,063.16	\$10,556.02	\$9,063.16	16.42%	\$9,063.16
WCH Clinic	\$11,261.00	\$4,617.01	8.36%	\$0.00	\$11,261.00	\$4,617.01	8.36%	\$0.00
WCH ER	\$35,670.00	\$14,624.70	26.49%	\$0.00	\$35,670.00	\$14,624.70	26.49%	\$0.00
WCH Inpatient	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
WCH Observation	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
WCH Labs	\$2,471.00	\$1,013.11	1.84%	\$0.00	\$2,471.00	\$1,013.11	1.84%	\$0.00
WCH Physical Therapy	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
WCH Ultrasound	\$656.00	\$268.96	0.49%	\$0.00	\$656.00	\$268.96	0.49%	\$0.00
WCH Lab/Xray	\$4,901.00	\$2,009.41	3.64%	\$0.00	\$4,901.00	\$2,009.41	3.64%	\$0.00
WCH CT Scan	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
WCH Xray	\$930.00	\$381.30	0.69%	\$0.00	\$930.00	\$381.30	0.69%	\$0.00
Lab/Xray readings	\$44.00	\$18.04	0.03%	\$0.00	\$44.00	\$18.04	0.03%	\$0.00
UTMB Outpatient	\$78,503.23	\$18,840.76	34.13%	\$18,840.76	\$78,503.23	\$18,840.76	34.13%	\$18,840.76
UTMB Anesthesia	\$1,680.00	\$1,155.00	2.09%	\$1,155.00	\$1,680.00	\$1,155.00	2.09%	\$1,155.00
UTMB Physician Services	\$11,691.00	\$3,213.74	5.82%	\$3,213.74	\$11,691.00	\$3,213.74	5.82%	\$3,213.74
<b>Grant Totals</b>	<b>\$158,363.25</b>	<b>\$55,205.19</b>		<b>\$32,272.66</b>	<b>\$158,363.25</b>	<b>\$55,205.19</b>		<b>\$32,272.66</b>

- c. **District General Counsel:** Attorney Oxford ask that he be allowed to give his report as part of the discussion for Agenda Item No. 9. The Board agreed, and Mr. Oxford held his comments for later in the meeting.
- d. **LTC Report:** This month LTC provided its quarterly report attached as **Exhibit "B"**. Attorney Oxford presented the report on behalf of LTC. Some highlights of the report were as follows:
- Park Manor facilities (HMG Managed) have all implemented fall prevention programs that appear to be yielding positive results.
  - Cy Fair reported that they had some staffing needs that they were trying to address, but they were managing well for the time being.
  - Cypress Station had several reportable incidents in the last month, but all of them were cleared by the state.
  - Monument Hill reported that their Hurricane Harvey evacuees were scheduled to leave in February 2018, and this should stabilize their census.

- Oak Manor also reported that they were still housing evacuees from Hurricane Harvey and they did not give a timeline for those residents to relocate.
- Oakland Manor had their annual survey in December and performed well but still received a few minor tags.
- Hallettsville reported that they were working on meeting their quality goals and performing better month to month.

e. **Hospital Report:** None.

Following the staff reports, President Murrell asked the Board to address Agenda Item No. 8, to discuss and take action, if necessary, on approving loan assistance request by Riceland healthcare provider. Once again, President Murrell read the request by Health Redwine, a Nurse Practitioner for Riceland at the Winnie Community Hospital, and the recommendation by Dan Yancy, the hospital Administrator for the Winnie Community Hospital and asked Mr. Redwine if he was interested in making a comment. (See **Exhibit “C”**). Mr. Redwine thanked the board for their gracious consideration of the requests and explained that he was asking for assistance with two loans totaling \$122,774.62 or \$1,145.00 per month due on March 20, 2018. Mr. Redwine continued by confirming that he understood that the payments were: 1) contingent on providing the District with a monthly statement; 2) that they were taxable; and 3) only available while he was providing healthcare services through the Winnie Community Hospital to the residents of the District. At the end of the conversation, a motion was made by Director Burgess to approve the payment of Mr. Redwine’s monthly student loan payments contingent upon receipt of the loan statements and for so long as Mr. Redwine was providing healthcare services to the residents of the District through the Winnie Community Hospital. This motion was seconded by Director Stramecki and approved with the unanimous consent of all Board members.

Next, President Murrell called on Attorney Oxford to discuss Agenda Item No. 9, to consider taking action on approving amendments to Loan 10 and Loan 12 Promissory Notes and Security Agreements. Attorney Oxford explained that he had been working with Salt Creek

Capital on the terms of the amendments to Loan 10 and Loan 12 documents in order to enable to the District to remove excess Component 1, 2, 3, and lapsing funds from the Interbank Account before all of the principle on the notes were received by the District. (See Exhibits “D-1” and “D-2”). However, as part of the extensive process to obtain the release of these excess funds, Attorney Oxford reported to the Board that a number of other significant issues had developed, including the following:

- **Increase in QIPP Pool of Funds:** Attorney Oxford explained that LTC had been reporting that it has reliable information from the State of Texas that starting in Year 2 of the QIPP program, the pool of funds available to be distributed in the QIPP program for the first six months (i.e., September 2018 through March 2019) was going to be increased from \$450,000,000.00 to \$550,000,000.00 and then for the second half the year (i.e., April 2018 through August 2018), the pool of funds to be distributed through the program would increase up to \$750,000,000.00. With this, however, the amount of the District’s IGT for May 2017 would increase to approximately \$7,762,369.25 and then \$10,585,417.16 in November 2018. (See Exhibit “E”). As a result, Attorney Oxford explained that the District would see far higher returns than previously anticipated starting in January of 2019. In addition, Attorney Oxford reviewed various charts he prepared that illustrated the District’s cash flow needs explained that starting in April 2018, the District should start having a positive cash flow for the program and then break even on its expenses starting in September 2019.
- **LTC Payment Schedule:** Attorney Oxford also reviewed a proposed LTC Payment Schedule found in Exhibit “E” and recommended that the payment schedule because it: 1) provides for payments at times when the District should be receiving Component 2, 3, and lapsing funds and therefore, the cash will be available; and 2) it keeps LTC Group current with the payments owed.
- **Salt Creek Capital, LLC Future Loan Terms:** Lastly, as part of the discussion, Attorney Oxford informed the Board he has received correspondence from Salt Creek Capital, LLC concerning future loan terms and that return the District to terms like the prior loans that prohibit the District from paying down the loan until the end of the loan. Attorney Oxford suggested that these terms would cost the District significantly more than Loans 10 and 12 and requested the assistance of the Board President in negotiating with Salt Creek Capital because they have asked for an answer by February 28, 2018 as to whether the District was going to utilize the company for Loan 13 to be made in May 2018. President Murrell agreed and stated that he would call the Manager of Salt Creek Capital before the end of the month.

After the lengthy discussion of changes to the QIPP program and loan terms for future loans, a motion was made by Director Burgess to approve the amendments to the Loan 10 and Loan 12 documents set forth in **Exhibits “D-1” and “D-2”**. This motion was seconded by Director Rollo with the unanimous consent of all Board Members.

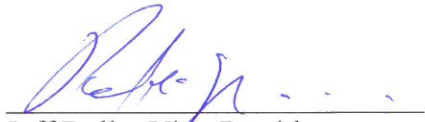
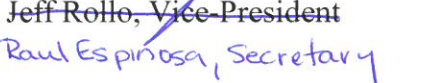
President Murrell then returned the Board’s attention to Agenda Item No. 5, to review and approve financials report; payment of invoices; receive Accountants report, and amend budget, if necessary and called on the District’s CPA, David Sticker, to review the financials. Mr. Sticker then provided the Board with the following: 1) Balance Sheet as of January 31, 2018; 2) Profit & Loss Budget vs. Actual as of January 31, 2018; 3) Profit & Loss v. Actual as of December 31, 2017; and 4) a list of open invoices to be approved by the Board. (*See Exhibit “F”*). According to Mr. Sticker as of January 31, 2018, the district was well within its budget since there was only month for into the new year but warned the Board, in light of Attorney Oxford’s presentation, that it needed to be careful with its cash flow until it had a better understanding of future IGT needs and interest costs. Furthermore, Mr. Sticker reviewed the revised December 31, 2017 Profit and Lost Statement and reminded the Board that after the last Board meeting, he needed to make some adjustments to Quickbooks to match the budget adopted by the Board. Lastly, Mr. Sticker and Assistant Administrator Norris reviewed the list of outstanding invoices. During the review of invoices, Director Espinosa questioned Attorney Oxford about getting his invoices caught up. Attorney Oxford advised that he was going to present the Board with invoices through December 31, 2018 at the next meeting and if he didn’t submit the invoices, he would waive the fees. Thus, a motion was made by Director Stramecki to: 1) approve the December 31<sup>st</sup>, 2017 revised cash flow and other reports found in **Exhibit “F-1”**; approve the payment of LTC’s fees and the payment schedule set forth in **Exhibit “F-2”**; and to pay down the line of credit by wire



transferring \$421,500.00 from the District's Interbank Account to Post Oak Bank. This motion was seconded by Director Burgess and approved with the consent of a Board members.

At the end of the action items, President Murrell called for any other such matters before the Board. There being none, President Murrell informed the Board that the next regularly scheduled meeting would be one week later than usual due to scheduling conflict and would take place on March 21<sup>st</sup>, 2018 at 6:00 p.m. At 8:13 p.m., a motion was made by Director Stramecki 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  
  
Raul Espinosa, Secretary