

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 19th day of September 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 meeting 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

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 for the District; Mr. David Sticker, the District’s CPA; Mr. Saad Javid, Interim Administrator for Riceland Hospital (“Hospital”); Mr. Mo Danishmund, Chief Financial Officer for Hospital; Mr. Chris Portner, General Counsel for Hospital; Mr. Bobby Way, citizen and candidate; Mr. Ron Nichols, Winnie Stowell Emergency Medical Services (“WSEMS”); Mr. Wade Thibodeaux, the Hometown Press; and Gloria Roemer, Seabreeze Beacon;

President Murrell presided over the meeting. After calling the meeting to order at 6:00 p.m., President Murrell asked for Public Comment. There being none, the Board was then asked return to Agenda Item No. 4, to review and approve the minutes of the Regular Meeting held on August 15, 2018. Before the Board approved the minutes, Attorney Oxford explained that the minutes for the Special Meeting that took place on August 29, 2018 were inadvertently left off

the Agenda and would be placed on the agenda for the September 2018 Regular meeting. The Board concurred and after reviewing the minutes, a motion was made by Director Stramecki to approve the minutes of the Regular Meeting held on August 15, 2018. This motion was seconded by Director Rollo with the unanimous consent of all Board members.

Following, President Murrell called on the Board to consider Agenda Item No. 5, to review and approve financial reports; payment of invoices, and amend budget, if necessary. Mr. Sticker, and Administrator Norris jointly presented the Board with: 1) Cash and Investment Report; 2) Balance Sheet as of August 31, 2018; 3) Profit & Loss Budget vs. Actual as of August 31, 2018; and 4) the check register for the District's Prosperity Account from August 10, 2018 through September 18, 2018. (See **Exhibit "A"**). While reviewing the Treasurer's report, Mrs. Norris brought to the Board's attention, an invoice she received for \$553.00 by the Texas Hospital Association ("FHA"). Mrs. Norris asked the Board members if anyone registered the District to be a member of the FHA because she the invoice looked as if it was submitted after an application was submitted. In response, each Board member verified that they didn't apply to be a member of FHA and asked Mrs. Norris to set aside the invoice pending clarification. Afterwards, Mrs. Norris explained the District's net cash available following the payment of \$58,122.66 in invoices was \$2,853,642.16 not including the \$457,815.27 in the District's Interbank account. However, Attorney Oxford advised that the District needed to transfer \$280,227.17 from the Interbank account to the Post Oak Bank line of credit as approved at the last month's meeting and once all of the August 2018 Component 1 totaling \$788,848.94 were received toward the end of the month, the District needed to use all of these funds to pay down the Post Oak Bank Line of Credit. He continued by explaining that once this was done the balance on the line of credit would be approximately \$150,000.00.

At completion of the discussion of the Treasurer's report, Mr. Sticker presented the District's Balance Sheet as of August 31, 2018 and the Profit & Loss Budget vs. Actual as of August 31, 2018. Mr. Sticker advised that everything was in order and the district's revenue and expense projects were consistent with the budget. Therefore, a motion was made by Director Rollo to approve the financial report; pay the outstanding invoices except the THA invoice; and give staff authority to transfer all the August 2019 Component 1 funds from the District's Interbank account to the Post Oak Line of Credit after receipt of the funds in late September 2018. (See **Exhibit "A"**). This motion was seconded by Director Stramecki and approved with the unanimous consent of all Board members.

President Murrell then called on the various Committee Chairpersons to ask if they had any reports as set forth by Agenda Item 6 and each advised that they had nothing to report. Therefore, President Murrell moved to Agenda Item No. 7 and asked for staff reports.

- a. **Administrator's Report:** Mrs. Norris stated that she had nothing to report.
- b. **District Indigent Care Director:** Mrs. Jiminez initiated her discussion with the Board by presenting her usual monthly report that can be found in **Exhibit "B"** and summarized below. Afterwards, in response to questions about the status of several potential claims by clients at UTMB, Mrs. Jiminez informed the Board that the client with the most outstanding referrals who was discussed earlier in the year was no longer participating in the District's indigent program. Mrs. Jiminez continued by giving the Board information regarding the re-enrollment process and the effort she makes to ensure that each program participant is given the opportunity to continue in the program. Not only does Mrs. Jiminez timely mail each participant a reminder to re-enroll, she attempts to call each person by telephone and tries to make appointments to assist with the process.

	August				Year to Date			
Clients:	67							
Children Counseled:	8							
	Billed Amount	Medicaid Rate	% of Services	Actually Paid	Billed Amount	Medicaid Rate	% of Services	Actually Paid
Summary by Facility								
Winnie Community Hospital	\$40,329.20	\$16,534.97	33.01%	\$0.00	\$432,831.21	\$180,000.67	49.47%	\$0.00
Pharmacy								
Brookshire Brothers Pharmacy Corp	\$5,905.27	\$5,592.87	11.16%	\$5,592.87	\$52,806.26	\$47,339.88	13.01%	\$47,339.88
Brookshire Brothers Pharmacy Med	\$9.44	\$9.44	0.02%	\$9.44				
Wilcox Pharmacy	\$2,249.01	\$1,473.91	2.94%	\$1,473.91	\$13,740.28	\$8,910.52	2.45%	\$8,910.52
Pharmacy Total	\$8,163.72	\$7,076.22	14.13%	\$7,076.22	\$66,546.54	\$56,250.40	15.46%	\$56,250.40
UTMB								
UTMB Hospital	\$75,900.13	\$18,216.03	36.36%	\$18,216.03	\$382,606.85	\$93,549.00	25.71%	\$93,549.00
UTMB Physician Services	\$20,548.00	\$7,631.37	15.23%	\$7,631.37	\$85,225.00	\$28,517.65	7.84%	\$28,517.65
UTMB Total	\$96,448.13	\$25,847.40	51.60%	\$25,847.40	\$467,831.85	\$122,066.65	33.55%	\$122,066.65
Youth Counseling	\$637.50	\$637.50	1.27%	\$637.50	\$5,567.50	\$5,567.50	1.53%	\$5,567.50
Grand Totals	\$145,578.55	\$50,096.09		\$33,561.12	\$972,777.10	\$363,885.22		\$183,884.55

Summary by Service Provided

	August				Year to Date			
Prescription Drugs	\$8,163.72	\$7,076.22	14.13%	\$7,076.22	\$66,555.98	\$56,259.84	15.44%	\$56,259.84
WCH Clinic	\$5,873.20	\$2,408.01	4.81%	\$0.00	\$64,770.20	\$26,555.78	7.29%	\$0.00
WCH ER	\$16,375.00	\$6,713.75	13.40%	\$0.00	\$193,436.00	\$79,308.76	21.76%	\$0.00
WCH Inpatient	\$0.00	\$0.00	0.00%	\$0.00	\$18,142.00	\$9,978.10	2.74%	\$0.00
WCH Observation	\$2,759.00	\$1,131.19	2.26%	\$0.00	\$2,759.00	\$1,131.19	0.31%	\$0.00
WCH Outpatient Surgery	\$0.00	\$0.00	0.00%	\$0.00	\$1,514.01	\$620.74	0.17%	\$0.00
WCH Labs	\$7,310.00	\$2,997.10	5.98%	\$0.00	\$44,467.00	\$18,231.47	5.00%	\$0.00
WCH Physical Therapy	\$0.00	\$0.00	0.00%	\$0.00	\$5,107.00	\$2,093.87	0.57%	\$0.00
WCH Ultrasound	\$0.00	\$0.00	0.00%	\$0.00	\$9,334.00	\$3,826.94	1.05%	\$0.00
WCH Lab/Xray	\$3,143.00	\$1,288.63	2.57%	\$0.00	\$52,846.00	\$21,666.86	5.94%	\$0.00
WCH CT Scan	\$0.00	\$0.00	0.00%	\$0.00	\$12,628.00	\$5,177.48	1.42%	\$0.00
WCH Xray	\$4,474.00	\$1,834.34	3.66%	\$0.00	\$18,210.00	\$7,466.10	2.05%	\$0.00
WCH Optical Specialist	\$0.00	\$0.00	0.00%	\$0.00	\$257.00	\$105.37	0.03%	\$0.00
Lab/Xray readings	\$395.00	\$161.95	0.32%	\$0.00	\$9,361.00	\$3,838.01	1.05%	\$0.00
UTMB Outpatient	\$75,900.13	\$18,216.03	36.36%	\$18,216.03	\$384,973.85	\$94,117.08	25.82%	\$94,117.08
UTMB Anesthesia	\$3,972.00	\$3,072.00	6.13%	\$3,072.00	\$15,558.00	\$10,194.46	2.80%	\$10,194.46
UTMB Physician Services	\$16,576.00	\$4,559.37	9.10%	\$4,559.37	\$69,667.00	\$18,323.19	5.03%	\$18,323.19
Youth Counseling	\$637.50	\$637.50	1.27%	\$637.50	\$5,567.50	\$5,567.50	1.53%	\$595.00
Grant Totals	\$145,578.55	\$50,096.09		\$33,561.12	\$975,153.54	\$364,462.74		\$123,229.73

c **District General Counsel:** Attorney Oxford informed the Board that he only had two matters to discuss. First, he reminded the Board that the District had an Intergovernmental Transfer (“IGT”) coming up for the second quarter of QIPP Year 2. As such, Attorney Oxford informed the Board that he would like to meet with Post Oak Bank to resume discussions about increasing the District’s line of credit. The Board concurred and asked Attorney Oxford to conduct the meeting prior to the October 2018 Regular Board meeting. Next, Attorney Oxford informed the Board that he was notified by HMG that the QIPP Year 2 applications for six (6) HMG facilities incorrectly identified Henderson County as the county in which the facility was located as opposed to their actual county. Further, he explained that he and staff were investigating the cause of the error but if the error was not corrected, there was the potential that all, or a portion of the various Component payments for these six (6) facilities may be delayed up

to six (6) months. Mr. Oxford continued by explaining the problem was not easily corrected because the Managed Care Organizations involved, and obstacles caused by the fact that Henderson County was outside of region assigned to the facilities. In any event, Attorney Oxford concluded the conversation by stating that it was his understanding from e-mail correspondence that the problem was almost resolved.

d. **LTC Report:** No one from LTC was at this meeting but they did produce an Executive Report. (See **Exhibit “C”**). In addition, Attorney Oxford reported that as a follow up to a prior request by the District to focus extra attention on the four (4) Genesis home that were underperforming in the QIPP program, LTC visited two (2) of the four (4) facilities this past month (i.e., Hallettsville and Marshall Manor), and during both visits they spent extra time discussing their performance, and what steps they were taking to improve. Both Managers explained that one fall stays with a nursing facility for three (3) quarters and so making quick improvements to that category is difficult. Likewise, the Managers explained that there was not much they could do about the use of anti-psychotic medications. If the patient diagnosis calls for the medication, they are going to prescribe it. On the other hand, pressure ulcers can be improved and of the four (4) focused facilities, pressure ulcers are an issue with Clairmont and Monument Hill.

Moreover, LTC was exploring other ways to help the facilities improve. Currently, LTC was evaluating software that provides a real-time way to track progress quality measures daily. The software pulls the MDS data daily and compiles the data into a document that lets the user see where a facility stands for each quality category. It also has some reminder functions for when someone hits 276 days after a fall, the facility can reassess the patient and clear the fall.

The software is most helpful for the Administrators at the facility level but it is an expensive platform.

e. **Hospital Report:** Mr. Saad Javed was called on to give the Hospital Report. Per Mr. Javed, the emergency room is now being manned by a physician fifty percent (50%) of the time. Likewise, the Hospital is in the process of engaging an architect to design ten (10) bed in patient psych ward where there will be an emphasis on elderly care. Lastly, Mr. Javed was proud to announce that the Hospital was going to renovate a building to be used for physical therapy because there is a demand for additional physical therapy services in the area.

Next, President Murrell asked the Board to address Agenda Item No. 8, to discuss and take action, if necessary on providing assistance to the Winnie Stowell Emergency Medical Services. He then called on Mr. Ron Nichols, with the WSEMS, to make a presentation. After being introduced, Mr. Nichols presented the Board with a Powerpoint presentation and asked them to follow as he discussed. (See **Exhibit "D"**). In summary, the presentation involved short term, midterm, and long-term goals for the ambulance service, if a countywide system was not put in place. Mr. Nichols initiated the discussion with an overview of the WSEMS's budget and then turned to the WSEMS's plan for growth that included: 1) increased staffing; 2) while reducing expenses through efficiencies in medical supply, fuel, and maintenance cost, etc.; 3) initiate the Community Paramedic Program; 4) initiate a tiered system to provide for enough staffing to cover a second ambulance; and 5) staff second ambulance full time. Per Mr. Nichols, the WSEMS already increased staffing at a cost of \$91,000.00. This increased staffing was being paid for by additional county funds received because of the WSEMS's call volume. Meanwhile, the cost to add a second ambulance per year was \$400,000.00. In response to

questions regarding the Community Paramedicine Program, Mr. Nichols explained that this program was designed to be pro-active solution to help reduce repeat users and visitors at local emergency rooms by identifying at risk patients and working with them to mitigate future emergency care; implement a fall prevention program; perform mobile vaccinations; and assist residents with obtaining social services such as the District's indigent healthcare program. At the end of the presentation, Mr. Nichols asked the Board for a commitment of \$100,000.00 in 2019 to assist with the extra staffing for the tiered system to cover a second ambulance and the initiation of the Community Paramedicine Program. The Board thanked Mr. Nichols for making presentation. However, the Board stated that they were not prepared to commit to funding the request at the time because: 1) the countywide EMS was still being discussed; and 2) the Board didn't want to make any commitments until after the November 6, 2018 Regular Election. Therefore, President Murrell agreed to consider the funding during the District's 2019 budget discussions in December 2018. Mr. Nichols stated that he understood and looked forward to working with the Board to answer any further questions. A motion was then made by Director Stramecki to table the agenda item until the December 2018 Regular Meeting. This motion was seconded by Director Rollo and passed with the unanimous consent of all Board members.

Following Mr. Nichols presentation, President Murrell turned to Attorney Oxford and asked him to address any matters relating to Agenda Item No. 9, to discuss and take action, if necessary on taking any needed action for the upcoming November 2018 Regular election. Attorney Oxford informed the Board that the District was going to publish the Election Notice on October 10, 2018 with the Hometown Press as required by the Texas Election Code. In addition, on October 9, 2018, candidates that did not file a Modified Appointment of Campaign Treasurer were required to submit their campaign finance reports for the period prior to between

the date of the filing of the Appointment of Campaign Treasurer and September 27, 2018 (i.e., forty (40) days before the election). Otherwise, he had nothing else to report and recommended no action be taken on this agenda item.

Moving to Agenda Item No. 10, to discuss and take action, if necessary on approving the change in managers for six of the District's nursing facilities managed by Genesis Healthcare and authorize the Board's President and Secretary, if necessary, to execute Change of Ownership documents; HUD Loan documents; and accounts receivable documents, President Murrell once again asked Attorney Oxford to explain this agenda item to the Board. Attorney Oxford gave the Board members a hand out that he prepared that illustrated the sale of the six (6) Genesis Nursing Facilities owned by the District. (See **Exhibit "E"**). He reminded the Board that Genesis was initially selling all six (6) of the District's facilities to Regency Integrated Health Services (i.e. "Regency"). However, he recently learned that Genesis was selling two (2) facilities to Senior Living Properties and four (4) to Regency. Specifically, the final conveyance of the facilities was going to be as follows:

Sale of Genesis Facilities			
Facility	Current Owner	Future Owner	Combined Component 2 & 3 Success Rate 3/4ths of Year 1
Clairmont (Name Changed to <u>Spindletop Hill Nursing and Rehabilitation Center</u>)	Genesis	Regency	45.83%
Hallettsville	Genesis	Regency	75.00%
Monument Hill	Genesis	Regency	79.17%
Oak Manor	Genesis	Senior Living Properties	83.34%
Oakland Manor	Genesis	Senior Living Properties	100.00%
The Woodlands	Genesis	Regency	91.67%

After explaining which facility was to be owned by each new Manager, Attorney Oxford spent time discussing highlights of each organization. The highlights, according to Attorney Oxford, were:

1. Senior Living Properties:

- LTC has worked with SLP, participating in supplemental payment programs (UPL to QIPP) since 2014;
- SLP was one of our first operator/managers to partner with one an LTC's NSGO to participate in the UPL program;
- LTC is currently working with 10 SLP facilities across three (3) of our clients;
- Altogether, SLP has 20 homes participated in QIPP;
- LTC has an established relationship with their operations and financial staff who are responsive and efficient when dealing with issues as they arise, and we continue to have a good relationship with them;
- Richard Agnew is their long-time in-house counsel, and he is knowledgeable and helpful; and

- SLP's new CEO is Cassie from Genesis, with whom we all have a working relationship with as well.

2. **Regency Integrated Health Services (Regency):**

- LTC has also worked with Regency in participating in supplemental payment programs (UPL to QIPP) since 2014;
- Currently, LTC is only working with one (1) Regency managed facility (but they have a number of other homes in the program, just not aligned with LTC's clients);
- The staff at regency is responsible;
- Regency is a mid-sized operator and bigger than SLP, but not as big as some national companies;
- Donovan Dekowski is their long-time CFO, and he very respected and involved in the QIPP program and working groups. Most recently, Mr. Dekowski, participated in the work group meetings with HHSC to develop QIPP 3, and he was very helpful in supporting the position of the NSGOs by helping to create a successful program for year 3 and beyond; and
- Fay Migl is also a staff member with Regency, and she is a great resource in the past for licensing questions.

Once the Board had an understanding of the transactions and a comfort level with their the new proposed Managers, Attorney Oxford explained that both were acquiring Genesis' ownership in the real and personal property for each facility, lease obligations, and the Amended and Restated Management Agreement through loans that were going to be secured by the property, lease obligations, and the Amended and Restated Management Agreement. Therefore, the District needed to 1) consent to the transfer of: a) the real and personal property for each facility from Genesis to Regency and Skilled Living Properties; b) the assignment of any agreements between Genesis and the District to Regency and Skilled Living Properties; and 2) authorize the execution of loan documents and agreements necessary for Regency and Skilled Living Property to secure loans needed to make the acquisitions. Further, Attorney Oxford recommended the transfers so long as the loan documents or agreements do not diminish or

enlarge the District’s obligations under any existing lease, sublease, or Amended and Restated Management Agreement.

The Board concurred, and a motion was made by Director Rollo to 1) consent to the transfer of: a) the real and personal property for each of the Genesis facilities as set forth below:

Facility	Current Owner	Future Owner
Clairmont (Name changed to Spindletop Hill Nursing and Rehabilitation Center)	Genesis	Regency
Hallettsville	Genesis	Regency
Monument Hill	Genesis	Regency
Oak Manor	Genesis	Senior Living Properties
Oakland Manor	Genesis	Senior Living Properties
The Woodlands	Genesis	Regency

b) the assignment of agreements for each facility listed above between Genesis and the District to Regency and Skilled Living Properties; and 2) authorize the execution of loan documents and agreements necessary for Regency and Skilled Living Property to secure loans needed to make the purchases; so long as 3) no loan agreement diminished or enlarged the District’s obligations under an existing lease, sublease, or Amended and Restated Management Agreement. This motion was seconded by Director Espinosa and unanimously approved by all Board members.

Turning to the last agenda item, President Murrell called on Administrator Norris to address Agenda Item No. 11, to discuss and take action, if necessary on approving staff to purchase new computers and necessary hardware. Administrator Norris reminded the Board that at the last meeting she discussed the need to replace her computer and to make upgrades to the Indigent Care Director’s computer. Since then, she worked with Ronnie Husbands at Technology Solutions of Texas, per Attorney Oxford’s, reference and obtained a bid for a new computer, upgrades to the Indigent Care Director’s Computer, a scanner, and installation. (See Exhibit “F”). Since the total cost for the purchase was \$3,031.94, she wanted to bring it before

the Board to get approval prior to purchasing the items. The Board reviewed the proposal and then Director Stramecki made approval to make the purchase of the computer equipment outlined in **Exhibit "F"**. This motion was seconded by Director Rollo and the unanimous consent of all Board members present.

President Murrell then called for any other such matters before the Board. There being none, President Murrell informed the Board that the next regularly scheduled meeting would take place on October 17th, 2018 at 6:00 p.m. At 7:47 p.m., a motion was made by Director Stramecki to adjourn the meeting. This motion was seconded by Director Rollo and unanimously approved by all the Board members present.


Edward Murrell, President


Jeff Rollo, Vice-President