

MINUTES FOR THE PUBLIC HEARING AND THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE WINNIE-STOWELL HOSPITAL DISTRICT

The Public Hearing set for 5:30 p.m. on December 19, 2018 to address the 2019 budget of the Winnie-Stowell Hospital District (“District”) was published and filed ten (10) days prior to the meeting in the Hometown Press pursuant to Section 286.125 of the Texas Health & Safety Code. Additionally, the Public Hearing and the Regular Board meeting were noticed pursuant to Chapter 551 of the Texas Government Code seventy-two (72) hours prior to the opening of said meeting for 5:30 p.m. on the 19th day of December 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 5:31 p.m., the Public Hearing was convened, and the roll was called of the members of the Board, to wit:

Ed Murrell, President
Anthony Stramecki, Vice President
Robert “Bobby” Way, Jr.
Jeff Rollo, Secretary
Raul Espinosa, 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 for the District; Mr. David Sticker, the District’s CPA; Mr. Saad Javed, Interim Administrator for Riceland Hospital (“Hospital”); Mr. Mo Danishmund, Chief Financial Officer for Hospital; Mr. Chris Portner, Counsel for Riceland; Mr. Ron Nichols, WSEMS; Mr. Wade Thibodeaux, the Hometown Press; and Gloria Roemer, Seabreeze Beacon; and Lisa Stramecki, internet consultant; and Mrs. Hazel Meaux, resident.

At approximately 5:31 p.m., a quorum was established, and President Murrell called the Public Hearing to discuss the proposed budget for 2019 to order. He then asked Vice-President

Stramecki to discuss the budget. Director Stramecki informed those in attendance that he and Director Way (i.e., “Finance Committee” or “Committee”) met with the District’s CPA and General Counsel to establish the 2019 Budget. Director Stramecki further reported that the Finance Committee was able to prepare a more accurate budget after completing one (1) year of QIPP Program.

After distributing copies of the proposed 2019 Budget, Director Stramecki explained each line item and the basis for the budgeted amount. (See Exhibit “A”, Public Hearing). For starters, Director Stramecki explained that the calendar for the QIPP program and the District’s calendar do not correspond, and therefore, the District budgets for 2019 as it relates to the QIPP income and expenses were based on the following QIPP program periods:

Year	Quarter	No. of Months	Achievement Percentage
Year 2	Qtr. 2	2	85%
Year 2	Qtr. 3	3	85%
Year 2	Qtr. 4	3	85%
Year 3	Qtr. 1	3	75%
Year 3	Qtr. 2	1	75%

Regarding the achievement percentages used, Director Stramecki explained that during Year 1, the District’s achievement rates were closer to 90% and the Committee believed using 85% was conservative. For Year 3, the Committee recommended using a lower achievement rate of 75% because there were still many unknowns of how the impact of the changes to the QIPP program to allow for additional private nursing homes would impact income projections.

Using these assumptions, the 2019 net revenue for the QIPP program to the District was estimated to be \$2,293,055.96.

Some other highlights discussed during the public hearing for the 2019 Budget by Director

Stramecki were as follows:

Line Item	Budget	Notes
522 Professional Fees-Audit	\$25,000.00	This budget item was reduced from \$75,000.00 because in 2018, the District had to pay for the 2016 and 2017 Budget. ⁶⁰
602 IC-WCH 1115 Waiver IGT	\$500,000.00	The Committee recommended returning this budget item to \$500,000.00 and making a determination as the IGTs are requested of whether to fund the IGTs and the amount of funding for each IGT.
607 IC-Non-Hosp. Costs-WSEMS	\$0	The Committee recommended not funding this line item despite a pending request by the WSEMS to provide assistance with equipment purchased by the WSEMS. The basis for this recommendation was because the Committee wanted the District to adopt a Grant and Sponsorship Policy before considering any grant awards in order establish procedures and obtain information needed by the Board to ensure any funds awarded using the District's funds were consistent with the District's priorities.
Property Acquisition	\$200,000.00	The Committee suggested adding a line item to purchase property to build an office space for the District that was large enough to match its needs. Currently, the Hospital provides several offices to the District's staff and allows the District to utilize the conference room but the Committee felt that if the District owned office space, it would be able to expand its counseling program to include younger residents of the District; have more space for staff; and provide a less disruptive work environment for staff. Moreover, the Committee felt that the property could be used to provide future healthcare opportunities for the District's residents. .

To conclude, Director Stramecki summarized the District's income and expenses by stating that the 2019 Proposed budget provided for \$23,908,238.00 in revenue and \$22,679,746.00 in

expenses which resulted in a net revenue of \$1,228,492.00. In comparison to 2018, the final net revenue was \$1,917,875.00.

Following Director Stramecki's discussion, he was asked several questions by the other Board members and those attending the meeting. First, Director Stramecki was asked why the 2019 net revenue was less than the 2018 net revenue. In response, Director Stramecki explained that the Committee budgeted for increased IGTs for Year 3 that would yield less returns due to the change in the program and as IGTs increased, the District's costs increased. Additionally, he reminded those at the meeting that the budget called for an achievement rate of 75% while the 2018 final budget was based on a nearly 90% achievement rate.

Next, Director Stramecki was asked by the reporters for the local newspapers whether the Committee considered stopping the participation in the QIPP program because the District's expense appeared to be high. Director Stramecki concurred with the fact that the expenses were high and stated that in 2019, it was his hope to reduce the expenses. He also reported that the District was continually studying the feasibility of participating in the QIPP program and even seriously considered withdrawing from the program in May 2019 after the State of Texas was on the verge of allowing large numbers of private facilities to participate in the program and thereby diluting the pool of QIPP payments to a level that would eliminate any return for the District. Finally, Mr. Stramecki and Attorney Oxford reminded those in the audience that if the District did not participate in the QIPP program, the District's tax revenue would be \$500,000.00 and its expenses would be close to \$1,200,000.00. Consequently, if the District's participation level in the 1115 Waiver program for the Hospital remained the same and if the District continued to provide funding for health care to East Chambers High School, it would run a deficient of \$700,000.00 to \$800,000.00.

Following the discussion and questions by those attending the meeting, the Board and members of the audience were asked if there was anything else to discuss. There being none, a motion was made at 6:13 p.m. by Director Stramecki to close the public meeting. This motion was seconded by Director Espinosa and passed with the unanimous consent of all Board members present.

Immediately thereafter, at 6:26 p.m., President Murrell called the Regular Meeting of the Board of Commissioners of Winnie Stowell Hospital District to order. The roll was called of the members of the Board, to wit:

Ed Murrell, President
Anthony Stramecki, Vice President
Robert "Bobby" Way, Jr.
Jeff Rollo, Secretary
Raul Espinosa, 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 for the District; Mr. David Sticker, the District's CPA; Mr. Saad Javed, Interim Administrator for Riceland Hospital ("Hospital"); Mr. Mo Danishmund, Chief Financial Officer for Hospital; Mr. Chris Portner, Counsel for Riceland; Mr. Ron Nichols, WSEMS; Mr. Wade Thibodeaux, the Hometown Press; and Gloria Roemer, Seabreeze Beacon; and Lisa Stramecki, internet consultant; and Mrs. Hazel Meaux, resident.

Again, a quorum was established and there being no public comment, President Murrell asked the Board to consider and take action on Agenda Item No. 3, to review and approve the minutes of the November 14, 2018 Regular Meeting and the minutes of the November 19, 2018 Special Meeting. The Board reviewed the minutes and a motion was made by Director Burgess to approve the minutes of the November 14, 2018 Regular Meeting and the minutes of the November

19, 2018 Special Meeting. This motion was seconded by Director Espinosa with the unanimous consent of all Board members.

Following, President Murrell called on the Board to consider Agenda Item No. 4, to review and approve financial reports; payment of invoices, and amend budget, if necessary. Mr. Sticker, and Attorney Oxford jointly presented the Board with: 1) Cash and Investment Report; 2) Balance Sheet as of November 30, 2018; 3) Profit & Loss Budget vs. Actual as of November 30, 2018; and 4) the check register for the District's Prosperity Account from November 15, 2018 through December 18, 2018. (*See Exhibit "A-1", Regular Meeting*). Mr. Sticker first reviewed the District's Balance Sheet and briefly discussed the Profit & Loss Statement but explained that this statement was going to be covered in detail during the upcoming 2018 budget amendment presentation by Director Stramecki. Next, Attorney Oxford reviewed the Cash and Investment Report. After giving the Board a moment to review the invoices to be paid, Attorney Oxford explained the Funds Summary section of the report and responded to questions by the Board members concerning the District's net cash position. As such, Attorney Oxford showed the Board members that their cash available was \$2,043,327.15. Attorney Oxford also reviewed upcoming payments and the status of the District's various loan obligations.

President Murrell then asked Director Stramecki to address needed budget amendments for 2018. Again, Director Stramecki informed the other Board Members that the Finance Committee prepared proposed budget amendments for the 2018 budget during the same meeting to discuss the 2019 budget. He then distributed the proposed budget amendments discussed and informed the Board that the larger amendments that needed to be made were for income and expenses related to the QIPP program. (*See Exhibit "A-2", Regular Meeting*). On the income side, the District was under budget by \$5,137,018.00 because: 1) the initial budget was calculated using nineteen

(19) homes, instead of twenty-four (24) because the District added five (5) homes in February 2018; 2) the District's utilized a basis of 75% as an achievement rate for Component 2 and 3 funds; but the actual overall achievement rate closer to 90%; and 3) in the initial budget, the Board did not account for the payment of lapsing funds. Meanwhile, the year to date the actual expenses incurred prior to the meeting was \$514,714.48 less than budgeted through December 2018 but David Sticker stated the final budget amount for expenses was going to be \$20,120,089.00 instead of the year to date amount of \$17,639,500.63 because 1) the IGT Program cost; incentive payments to manager; interest payments; and LTC costs went up because of the increased number of homes from nineteen (19) to twenty-four (24); and 2) the actual achievement rate was substantially higher than initially budgeted.

After explaining the budget differences due to the QIPP program, Director Stramecki proceeded to discuss each proposed amendment. The proposed amendments were as follows:

Category	Budget	Budget Amendments 12/19/2018	Final Budget 12/19/2018
405 Investment Income	\$10,000.00	\$36,000.00	\$46,000.00
415 Nursing Home-QIPP Programs	\$15,838,446.00	\$5,137,018.00	\$20,975,464.00
501 Admin-Security	\$1,200.00	(\$1,200.00)	\$0.00
521 Professional Fees -District Acct.	\$12,000.00	\$3,000.00	\$15,000.00
522 Professional Fees - Audit	\$50,000.00	\$25,000.00	\$75,000.00
523 Professional Fees - District Legal	\$50,000.00	\$15,000.00	\$65,000.00
560 Admin-Cont. Ed, Travel & Seminar	\$5,000.00	\$4,100.00	\$9,100.00
561 Admin-Cont. Ed-Med Personnel (Payment of Student Loans)	\$5,000.00	\$3,500.00	\$8,500.00
562 Admin-Travel & Mileage Reimbursed	\$1,000.00	(\$400.00)	\$600.00
571 Admin-Office Supplies/Postage	\$3,600.00	\$3,200.00	\$6,800.00

590 Admin-Election Cost	\$1,000.00	\$600.00	\$1,600.00
591 Admin- Notices & Fees	\$100.00	\$400.00	\$500.00
600 IC-East Chambers ISD Partnership	\$180,000.00	\$0.00	\$180,000.00
602 IC-WCH 1115 Waiver UC/IGT Prog	\$1,337,338.15	(\$332,338.15)	\$1,005,000.00
603A IC-Pharmaceutical Costs	\$79,000.00	\$6,000.00	\$85,000.00
617 Youth Counseling	\$30,000.00	(\$20,000.00)	\$10,000.00
630 NH Program - Mgt Fees	\$3,148,972.00	\$2,045,990.00	\$5,194,962.00
631 NH Program IGT	\$9,540,501.00	\$1,045,040.00	\$10,585,541.00
634 NH Program-Legal Fees	\$150,000.00	\$65,000.00	\$215,000.00
635 NH Program-LTC Fees	\$1,082,957.00	\$330,643.00	\$1,413,600.00
636 NH Program - Bonds	\$450.00	(\$450.00)	\$0.00
637 NH Program-Interest Expense	\$1,058,406.00	(\$185,388.00)	\$873,018.00
638 NH Program Bank Fees & Misc.	\$0.00	\$300.00	\$300.00
639 Nursing Home Appraisal	\$23,594.00	(\$11,594.00)	\$12,000.00
653 Service Fee	\$100.00	(\$100.00)	\$0.00

At the end of the discussion of the proposed amendments, a motion was made by Director Rollo to approve the Treasurer's reports set forth in **Exhibit "A-1", Regular Meeting** and the recommended Budget Amendments in **Exhibit "A-2", Regular Meeting**. This motion was seconded by Director Espinosa and unanimously approved by all Board members.

Returning to the 2019 budget, President Murrell called on the Board to address Agenda Item No. 5, to discuss and take action on adopting a 2019 budget. Because this matter was discussed at length during the public hearing, there was little discussion during the regular meeting on the 2019 budget. Consequently, a motion was made by Director Way to adopt the proposed 2019 Budget presented at the Public Hearing (*See Exhibit "B", Regular Meeting*). This motion was seconded by Director Espinosa and unanimously approved by all the Board members present.

President Murrell then called on the Committee Chairpersons to discuss Agenda Item No. 6, Committee Reports. The only Committee that had anything to discuss was the Personnel Committee. Director Rollo informed the Board that the Committee planned to meet before the next Board meeting to discuss employee raises; compensation time payments, and performance reports.

Thereafter, President Murrell call on staff to present Agenda Item No. 7, reports by staff.

- a. **Administrator's Report:** Administrator Norris was first to the address the Board and she advised the Board that she would like to utilize her spending authority to purchase a Fujitsu ScanSnap iX500 Color Duplex Desk Scanner for Mac and PC (PA03656-B305) for the Indigent Care Director. Mrs. Norris explained she believed this piece of equipment would help Mrs. Jiminez because of the volume of scanning she must perform daily and if she had the scanner, she would be able to perform this task without leaving her desk. The cost of the scanner was approximately \$500.00. She also reported to the Board that she has had discussions with former Director Sharron Burgess about honoring her for her work as a Director for years of service as a Board member. According to Mrs. Burgess, she appreciated the gesture, but she really was not interested. Therefore, Mrs. Norris recommended that she purchase a gift basket for Mrs. Burgess and deliver it from the Board. The Board members concurred with both recommendations and supported Mrs. Norris's recommendations to purchase the scanner and gift basked for former Director Burgess.
- b. **District Indigent Care Director:** This month, Mrs. Jiminez did not have anything to present other than her monthly report for November 2018. This report can be found in **Exhibit "C"**, **Regular Meeting** and summarized below.

	November				Year to Date			
Clients:	69							
Children Counseled:	13							
	Billed Amount	Medicaid Rate	% of Services	Actually Paid	Billed Amount	Medicaid Rate	% of Services	Actually Paid
Summary by Facility								
Winnie Community Hospital	\$51,727.60	\$21,395.92	72.71%	\$0.00	\$601,192.11	\$249,216.24	50.41%	\$0.00
Pharmacy								
Brookshire Brothers Pharmacy Corp	\$4,762.60	\$4,282.99	14.55%	\$4,282.99	\$69,641.04	\$62,897.83	12.72%	\$62,897.83
Brookshire Brothers Pharmacy Med	\$4.38	\$4.38	0.01%	\$4.38				
Wilcox Pharmacy	\$2,184.91	\$1,596.90	5.43%	\$1,596.90	\$20,166.33	\$13,341.70	2.70%	\$13,341.70
Pharmacy Total	\$6,951.89	\$5,884.27	20.00%	\$5,884.27	\$89,807.37	\$76,239.53	15.42%	\$76,239.53
UTMB								
UTMB Hospital			0.00%	\$0.00	\$488,894.67	\$121,727.70	24.62%	\$121,727.70
UTMB Physician Services			0.00%	\$0.00	\$104,726.00	\$35,847.52	7.25%	\$35,847.52
UTMB Total	\$0.00	\$0.00	0.00%	\$0.00	\$593,620.67	\$157,575.22	31.88%	\$157,575.22
Youth Counseling	\$2,146.25	\$2,146.25	7.29%	\$2,146.25	\$11,305.00	\$11,305.00	2.29%	\$11,305.00
Grand Totals	\$60,825.74	\$29,426.44		\$8,030.52	\$1,295,925.15	\$494,335.99		\$245,119.75

Summary by Service Provided

Prescription Drugs	\$6,951.89	\$5,884.27	20.00%	\$5,884.27	\$89,857.99	\$76,290.15	15.41%	\$76,290.15
WCH Clinic	\$5,538.60	\$2,270.83	7.72%	\$0.00	\$83,316.20	\$34,159.64	6.90%	\$0.00
WCH ER	\$36,542.00	\$14,982.22	50.91%	\$0.00	\$272,763.90	\$111,833.20	22.59%	\$0.00
WCH Inpatient	\$1,340.00	\$737.00	2.50%	\$0.00	\$19,482.00	\$10,715.10	2.16%	\$0.00
WCH Observation	\$0.00	\$0.00	0.00%	\$0.00	\$2,759.00	\$1,131.19	0.23%	\$0.00
WCH Outpatient Surgery	\$0.00	\$0.00	0.00%	\$0.00	\$1,514.01	\$620.74	0.13%	\$0.00
WCH Labs	\$157.00	\$64.37	0.22%	\$0.00	\$60,111.00	\$24,645.51	4.98%	\$0.00
WCH Physical Therapy	\$3,648.00	\$1,495.68	5.08%	\$0.00	\$11,251.00	\$4,612.91	0.93%	\$0.00
WCH Ultrasound	\$1,312.00	\$537.92	1.83%	\$0.00	\$11,958.00	\$4,902.78	0.99%	\$0.00
WCH Lab/Xray	\$2,260.00	\$926.60	3.15%	\$0.00	\$76,781.00	\$31,480.21	6.36%	\$0.00
WCH CT Scan	\$0.00	\$0.00	0.00%	\$0.00	\$21,608.00	\$8,859.28	1.79%	\$0.00
WCH Xray	\$930.00	\$381.30	1.30%	\$0.00	\$29,945.00	\$12,277.45	2.48%	\$0.00
WCH Optical Specialist	\$0.00	\$0.00	0.00%	\$0.00	\$257.00	\$105.37	0.02%	\$0.00
Lab/Xray readings	\$0.00	\$0.00	0.00%	\$0.00	\$9,446.00	\$3,872.86	0.78%	\$0.00
UTMB Outpatient			0.00%	\$0.00	\$491,261.67	\$122,295.78	24.71%	\$122,295.78
UTMB Anesthesia			0.00%	\$0.00	\$19,380.00	\$12,966.46	2.62%	\$12,966.46
UTMB Physician Services			0.00%	\$0.00	\$85,346.00	\$22,881.06	4.62%	\$22,881.06
Youth Counseling	\$2,146.25	\$2,146.25	7.29%	\$2,146.25	\$11,305.00	\$11,305.00	2.28%	\$595.00
Grant Totals	\$60,825.74	\$29,426.44		\$8,030.52	\$1,298,342.77	\$494,954.69		\$158,738.30

c. **District General Counsel:** Attorney Oxford provided a brief report. According to Attorney Oxford, the HHSC requested that all the governmental entities and the affiliated hospital facilities complete by January 4, 2019 a survey designed to provide information to the state regarding the arrangements between the governmental entities and the hospitals for making intergovernmental transfers (“IGTs”) and indigent care agreements. According to Attorney Oxford, the State of Texas was attempting to inventory the nature of relationships between governmental entities and hospitals and whether the IGTs made on behalf of the hospitals by the governmental entities were bona fide transactions.

d. **LTC Report:** See attached monthly report. (See Exhibit “D”, Regular Meeting).

e. **Hospital Report:** Following last month's presentation, Mr. Saad Javed presented the Board with a proposed monthly report and explained the reasoning behind the report. (See **Exhibit "E", Regular Meeting**). According to Mr. Javeed, the Hospital chose several measurables for the Hospital District to review every month in hopes of providing the District's Board information to better assess the Hospital's financial health and usage. In addition, the measurables the Hospital proposed using would enable the Hospital District Board to know the amount of time emergency room doctors were working in the hospital and whether the hiring of the emergency room doctors resulted in patients being admitted to the hospital. The Board thanked Mr. Javed for the efforts of the Hospital and stated that they looked forward with receiving this report on a monthly basis.

President Murrell then asked the Board to move to Agenda Item No. 8, discuss and take action, if necessary, on accepting the 2017 District audit. Attorney Oxford asked the Board to once again table this agenda item because the auditor was unable to attend the January 2019 Regular meeting. President Murrell also stated that he talked to the auditor who assured him that the audit will be presented in January 2019 and at this point, he was informed that the audit was on budget and there were no deficiencies. President Murrell then asked for a motion to table this agenda item and a motion was made by Director Stramecki to table Agenda Item No. 9. Director Stramecki's motion was seconded by Director Way and approved by the unanimous consent of all Board members.

Turning to Agenda Items No 9, to discuss and take action, if necessary, on approving the Winnie Stowell Hospital District Depository Extensions with Post Oak Bank and Prosperity Bank for January 1, 2019 – December 31, 2020, President Murrell called on staff to address this agenda item. Attorney Oxford referred the Directors to **Exhibit "F", Regular Meeting** which was a letter

signatories and removed Director Rollo and former Director Burgess as a signatories. Once the Board reviewed the proposed resolutions, Director Stramecki made a motion to authorize the execution of the signatory resolutions for Prosperity Bank and Post Oak Bank as set forth in **Exhibit “H-1” and “H-2”, Regular Meeting**. This motion was seconded by Director Espinosa and unanimously approved by all Board members.

The last action item to be discussed was Agenda Item No. 14, to discuss and take action, if necessary, addendum to IHS Agreement to enable the SMS Appointment Reminder feature. The Indigent Care Director requested that the board approve this addendum as discussed in the previous meeting. She also reiterated that having the ability to contact the district’s indigent clients to remind them of appointments, renewals, etc. was going to be a valuable service for the clients, doctors, and staff because it would help to reduce the number of no-shows for appointments. (*See Exhibit “I”, Regular Meeting*). If approved, she told the Board this would cost the District an extra \$50.00 per month. Director Stramecki made a motion to authorize the execution of the addendum to the District’s Agreement with IHS for the SMS Appointment Reminder features. (*See Exhibit “I”, Regular Meeting*). This motion was seconded by Director Espinosa and unanimously approved by all Board members

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President Murrell then called for any other such matters before the Board. There being none, the Board the next Regularly Scheduled Meeting. After some discussion, the Board agreed to hold the next Public Hearing at 6:00 p.m. on January 16th, 2019. At 8:09 p.m., a motion was made by Director Stramecki to adjourn the meeting. This motion was seconded by Director Espinosa and unanimously approved by all the Board members present.


Edward Murrell, President


Anthony Stramecki, Vice-President