

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

The Regular Board meeting was noticed pursuant to Chapter 551 of the Texas Government Code seventy-two (72) hours prior to the opening of said meeting for 6:00 p.m. on the 20th day of March 2019, 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 6:03 p.m., the meeting 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.	Treasurer
Jeff Rollo	Secretary
Raul Espinosa	Director

All said Board members were present. Also present at the meeting 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. Wade Thibodeaux, the Hometown Press; and Gloria Roemer, the Seabreeze Beacon.

After quorum President Murrell asked if there was any public comment. There being none, the Board was asked to discuss Agenda Item No. 3, to review and approve the minutes of the February 20, 2019 Regular Meeting. The Board reviewed the minutes and a motion was made by Director Stramecki to approve the minutes of the February 20, 2019 Regular Meeting. This motion was seconded by Director Rollo with the unanimous consent of all Board members.

Next, President Murrell asked the Board to return to Agenda No. 4, to review and approve financial reports; payment of invoices, and amend budget, if necessary. Mr. Sticker, and Attorney

Oxford jointly presented this report and asked the Board to review the 1) Treasurer's Report; 2) Balance Sheet as of February 28, 2019; 3) Profit & Loss Budget vs. Actual as of February 28, 2019; and 4) the check register for the District's Prosperity Account from February 20, 2019 through March 18, 2019. (See Exhibit "A-1"). Mr. Sticker then addressed the District's Balance Sheet. According to Mr. Sticker, the District' had net assets of \$40,659,826.19 and liabilities of \$31,814,031.08. This total net assets and liabilities were \$2,000,000.00 less than in January 2019 because in February 2019, the District paid roughly \$1,600,000.00 in incentive payments to the District nursing facilities and \$410,000.00 to LTC Group for three (3) months of services. In regard to the Profit and Loss Statement, Mr. Sticker reported that the District was still operating within its budget, however, it was also too early in the year to recommend any changes or amendments.

He then turned over the discussion to Attorney Oxford reviewed the Treasurer's Report. Attorney Oxford initiated the conversation by reviewing the Funds Summary section of the report and advised the Board that the District had unencumbered funds that totaled \$2,706,430.84. (See Exhibit "A-1"). In addition, Attorney Oxford reviewed the bills pending and highlighted the \$24,123.70 invoice from Durbin & Company for the 2017 Audit. As promised, the work for the 2017 audit came in on budget.

Returning to unencumbered funds, Attorney Oxford spent a considerable amount of time explaining to the Board that the unencumbered fund balance was going to drop by at least \$703,085.45 after the meeting because the District needed to transfer funds to the Interbank DACA account in order: 1) to replenish the account for interest payments made to Salt Creek Capital for Loan 13 and Loan 14 using reserve funds deposited into the account to repay Loan 13 on March 29, 2019; and 2) to be in compliance with its Third Amended Transfer policy. (See Exhibit "A-

2”). He explained that there was a misunderstanding on the procedure to make the interest payments and that the payments should have been made from the Prosperity operating account. He continued by reminding the Board that in its Third Amended Transfer Policy, the District was to reserve the first five (5) months interest for each loan in the Interbank DACA account. Thereafter, the final five (5) interest payments for each loan are to be paid using the District’s Prosperity Account.

In this situation, the District set aside the first five (5) interest payments for Loan 13 but not Loan 14. Therefore, since the District’s principle balance for Loan 13 was being used to pay interest payments for Loan 13 starting on November 30, 2019 (i.e., sixth payment) and Loan 14 from January 2019 through February 2019, the interest that was incorrectly applied totaled \$537,562.38. In addition, the District had upcoming interest payments due at the end of the month (i.e., March 2019) for Loan 13 and Loan 14 plus the Board needed to set aside the April 2019 interest payment for Loan 14 to be in compliance with the District’s Third Amended Transfer Policy. Combined, the upcoming interest payments that needed to be deposited in the Interbank account for both Loan 13 and Loan 14 was \$210,383.17.

Moving forward, the Attorney Oxford advised that after the April 2019 Loan 14 interest payment was made, the District still owed \$303,820.30 in interest payments for this loan and it may be worth considering transferring this additional \$303,820.30 at the same time as the District transferred the \$703,085.45 in order to avoid this problem in the future. If the Board agreed to do this, the total transfer would be \$1,006,905.75. Lastly, Attorney Oxford showed the Board that if they agreed to transfer the \$1,006,905.75 from the Prosperity account to the Interbank account, there would remain roughly \$150,000.00 in the District’s Prosperity account after the March 2019 invoices were paid but 1) there were no expected payments due; and 2) the District was scheduled

to receive an estimated \$1,000,000.00 to \$1,200,000.00 for the upcoming Component 2, 3, and Lapsing fund payments at the end of April 2019. Therefore, the District's Prosperity account balance would be below normal only for a brief period. The Board then asked the District's CPA for a recommendation who requested addition time to verify the calculations and reasoning but suggested that the Board authorize the Finance Committee to make the final decision after he had a chance to confirm the transfer amount and cash flow analysis. President Murrell and the rest of the Board agreed. At the end of the discussion of the financials a motion was made by Director Stramecki to approve the financials for February 2019, the Treasurer's reports, invoices to be paid, including the Auditors invoice for the 2017 Audit set forth in **Exhibit "A-1"**; and authorize the transfer of up to \$1,006,905.75 from the District's Prosperity bank account to the District's Interbank account subject to the consent of the District's CPA and the Finance Committee. This motion was seconded by Director Rollo and unanimously approved by all Board members.

President Murrell called on the Committee Chairpersons to discuss Agenda Item No. 5, Committee Reports but there were no reports to discuss. However, Attorney Oxford notified Director Rollo and Director Espinosa that the Indigent Care Committee and the Personnel Committee needed to meet before the next meeting to discuss: 1) revised Indigent Care Policy; 2) youth counselor applications; and 3) potential changes to the Personnel Policy.

President Murrell then asked for reports by the staff and Hospital. The reports provided were as follows:

a. **Administrator's Report:** Mrs. Norris provided the Board with information regarding this upcoming THT 2019 Healthcare Governance Conference in San Antonio on July 18-20, 2019. According to Mrs. Norris, this year's conference was going to be held at the Hill

Country Hyatt. She asked the Board to please let her know by the next meeting if they intended to attend the conference so that she could make the arrangements.

b. **District Indigent Care Director:** Mrs. Jimenez then gave her Indigent Care Report for February 2019. This report can be found in **Exhibit “B”** and summarized below:

	February				Year to Date			
Clients:	69							
Children Counseled:								
Summary by Facility	Billed Amount	Medicaid Rate	% of Services	Actually Paid	Billed Amount	Medicaid Rate	% of Services	Actually Paid
Winnie Community Hospital	\$80,844.60	\$33,146.29	71.72%	\$0.00	\$155,662.20	\$63,821.50	72.82%	\$0.00
Pharmacy								
Brookshire Brothers Pharmacy Corp	\$7,349.17	\$6,546.15	14.16%	\$6,546.15	\$13,824.89	\$12,252.09	13.98%	\$12,252.09
Brookshire Brothers Pharmacy Med	\$32.00	\$32.00	0.07%	\$32.00	\$8.50	\$8.50	0.01%	\$40.50
Wicox Pharmacy	\$2,043.48	\$1,523.07	3.30%	\$1,523.07	\$4,489.39	\$3,226.31	3.68%	\$3,226.31
Pharmacy Total	\$9,424.65	\$8,101.22	17.53%	\$8,101.22	\$18,322.78	\$15,486.90	17.67%	\$15,518.90
UTMB								
UTMB Hospital	\$15,148.01	\$3,635.52	7.87%	\$3,635.52	\$27,108.96	\$6,506.15	7.42%	\$6,506.15
UTMB Physician Services	\$4,775.00	\$1,332.29	2.88%	\$1,332.29	\$6,666.00	\$1,831.05	2.09%	\$1,831.05
UTMB Total	\$19,923.01	\$4,967.81	10.75%	\$4,967.81	\$33,774.96	\$8,337.20	9.51%	\$8,337.20
Youth Counseling	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
Grand Totals	\$110,192.26	\$46,215.32		\$13,069.03	\$207,759.94	\$87,645.60		\$23,856.10
Summary by Service Provided								
Prescription Drugs	\$9,424.65	\$8,101.22	17.53%	\$8,101.22	\$18,354.78	\$15,518.90	17.70%	\$15,518.90
WCH Clinic	\$17,843.40	\$7,315.80	15.83%	\$0.00	\$24,489.00	\$10,040.49	11.45%	\$0.00
WCH ER	\$36,511.00	\$14,969.51	32.39%	\$0.00	\$82,653.00	\$33,887.73	38.65%	\$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 Outpatient Surgery	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
WCH Labs	\$7,795.00	\$3,195.95	6.92%	\$0.00	\$14,801.00	\$6,068.41	6.92%	\$0.00
WCH Physical Therapy	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
WCH Ultrasound	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
WCH Lab/Xray	\$9,189.00	\$3,767.49	8.15%	\$0.00	\$16,840.00	\$6,904.40	7.87%	\$0.00
WCH CT Scan	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
WCH Xray	\$2,408.20	\$987.36	2.14%	\$0.00	\$9,696.20	\$3,975.44	4.53%	\$0.00
WCH Optical Specialist	\$2,406.00	\$986.46	2.13%	\$0.00	\$2,406.00	\$986.46	1.13%	\$0.00
Lab/Xray readings	\$4,692.00	\$1,923.72	4.16%	\$0.00	\$4,777.00	\$1,958.57	2.23%	\$0.00
UTMB Outpatient	\$15,148.01	\$3,635.52	7.87%	\$3,635.52	\$27,108.96	\$6,506.15	7.42%	\$6,506.15
UTMB Anesthesia	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
UTMB Physician Services	\$4,775.00	\$1,332.29	2.88%	\$1,332.29	\$6,666.00	\$1,831.05	2.09%	\$1,831.05
Youth Counseling	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
Grand Totals	\$110,192.26	\$46,215.32		\$13,069.03	\$207,791.94	\$87,677.60		\$23,856.10

In addition, Mrs. Jimenez informed the Board that she attended the annual indigent care conference at the Texas Health and Human Services Commission where she was able to learn about other Countywide and Hospital District programs. She also was able to ask questions about the District’s Indigent Care Assistance Program and potential changes to the program that were scheduled to be discussed at the Public Hearing on April 20, 2019.

c. **District General Counsel:** Attorney Oxford was happy to announced to the Board that Post Oak Bank was able to secure an agreement with the Federal Home Loan Bank of Dallas

("FHLB") to secure the District's funds in excess of \$250,000.00 at Post Oak Bank and that the District no longer needed to pursue the sweep account agreement. (See Exhibit "C"). Per Attorney Oxford, if the District entered into an agreement with the FHLB, the District will be in compliance with the Texas Public Funds Investment Act and there would be no cost or restrictions on the District's funds if the District entered into an agreement with the FHLB and Post Oak Bank to provide this service. Given this option, the Board unanimously agreed this was a better path to securing the funds and to be compliant with the Texas Public Funds Investment Act.

d. **LTC Report:** No report was given but the Board was asked to review the monthly report submitted by LTC. (See Exhibit "D").

e. **Hospital Report:** Mr. Saad Javed presented the Board with the Hospital's monthly report. (See Exhibit "E"). Since last month, the Average Inpatient days increased from 1.68% to 2.71% and the number of emergency room shift covered by doctors began to rise from 55% to 61%. Furthermore, Mr. Javed reminded the Board of the upcoming Health Care fair on March 23, 2019 at the Hospital. In response to the Board's concerns about the length of the fair, Mr. Javed assured the Board that the fair would remain open until all those who attended the fair were given a chance to receive the benefits provided by the Hospital at the fair.

At the end of the staff reports, President Murrell asked the Board to move to Agenda Item No. 7, to discuss and take action, if necessary, on updating the District's website. Sherrie Norris asked for authority to move forward with the recommendations by Mrs. Stramecki for the improvements and modifications to the District's website as discussed at the last meeting and in the e-mail dated February 20, 2019. (See Exhibit "F"). In response to questions about the work to be completed, Director Stramecki explained that one suggestion included the addition of a SSL Certificate to the District's website and the purpose of this would secure the website so that

indigent care clients would be able to submit private information online. In response to questions about the costs, Mrs. Norris told the Board it was her understanding that the total costs would be minimal, or less than \$500.00. Director Stramecki confirmed the costs were minimal compared to the benefit and security received. The Board agreed and Director Way made a motion to authorize staff to engage Mrs. Lisa Stramecki to perform the task set forth in her February 20, 2019 e-mail. Director Rollo seconded the motion and the rest of the Board concurred except Director Stramecki who obtained from voting.

Next, President Murrell addressed Agenda Item No. 8, to discuss and take action, if necessary, on engaging Durbin & Company to perform the District's Annual Audit for 2018. Attorney Oxford told the Board that they District did not receive the engagement letter for 2018 before the meeting and that this agenda item needed to be tabled until the March 2019 Regular Meeting. In response, Director Stramecki made motion to table Agenda Item No. 8. This motion was seconded by Director Rollo and unanimously approved by all Directors.

Turning to Agenda Items No. 9, President Murrell called on Attorney Oxford to discuss and take action, if necessary, on approving Resolution and Secretary's Certificate to authorize the Loan Documents for Capital Finance and Regency IHS of La Grange LLC and Regency IHS of Fairwinds Hallettsville LLC (i.e., Hallettsville). (*See Exhibit "G"*). Attorney Oxford requested the Board's permission to allow President Murrell and the Board's Secretary, Director Rollo, to executed the Resolution and Secretary's Certificate that establish the Board's approval of the accounts receivable loan documents entered into between the District, Capital Finance, and two of the District's Managers, Regency IHS of LaGrange, LLC and Regency HIS of Fairwinds Hallettsville, LLC. Again, Attorney Oxford explained that these loan documents do not encumber or alter any of the District's funds or rights to QIPP payments. He explained the intent of the loan

documents was to recognize Capital Finance's security rights in the Managers property. After Attorney Oxford's explanation, Director Stramecki made a motion to give the President and Secretary authority to execute the Resolution and Secretary's Certificate to authorize the Loan Documents for Capital Finance and Regency IHS of La Grange LLC and Regency IHS of Fairwinds Hallettsville LLC (i.e., Hallettsville). This motion was seconded by Director Espinosa and unanimously approved by all Directors.

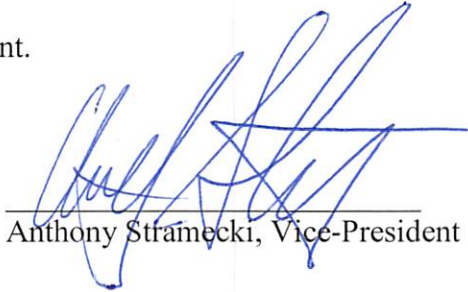
Moving to Agenda Item No. 10, to discuss and take action on adopting a grant policy for the District, President Murrell informed the Board that the policy has not been prepared and this item needed to be tabled until the next meeting. Attorney Oxford presented the Board with a draft policy and requested the Board members and staff review the policy so that it could possibly be approved at the next Regularly Scheduled meeting in April 2019. (See **Exhibit "H"**). Attorney Oxford highlighted certain sections and received the Board's input on changes they would like to see made and presented at the next meeting. President Murrell then called for motion to table the agenda item and Director Stramecki made a motion to table Agenda Item No. 10. This motion was seconded by Director Way and unanimously approved by all the Board members.

President Murrell called on Attorney Oxford to address Agenda Item No. 11, to discuss and take action, if necessary, on amending and updating the District's Personnel Policies. Attorney Oxford told the Board that this agenda item was not ready to be discussed as he still needed to meet with the Personnel Committee. As such, Director Rollo made a motion to table Agenda Item 11. This motion was seconded by Director Rollo and unanimously approved by all the Board members.

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 Regular Meeting at 6:00 p.m. on March 20th, 2019. At 7:44 p.m., a motion was made by Director Stramecki to adjourn the meeting. This motion was seconded by Director Way and unanimously approved by all the Board members present.


Edward Murrell, President


Anthony Stramecki, Vice-President