

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 7:00 p.m. on the 14th day of November 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
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 Mrs. Hazel Meaux, resident.

President Murrell presided over the meeting. President Murrell called the meeting to order at 7:01 p.m. but explained that there was not a quorum and the Board had to wait on Director Stramecki and/or Director Espinosa before any action items on the Agenda were addressed. As such, he asked public comment and there being none, he moved to Agenda Item No. 9, Committee Reports. Director Rollo informed President Murrell that he had nothing to report for the Indigent

Care Committee and the Personnel Committee. President Murrell then stated that once Directors Stramecki and Espinosa arrived at the meeting, he would ask if they had anything to report for the Finance Committee and the Hospital Liaison Committee.

Thereafter, President Murrell call on staff to present Agenda Item No. 10, reports by staff.

a. **Administrator's Report:** Administrator Norris was first to the address the Board and she presented the Directors present and Director Elect Way with a letter of resignation from Mrs. Stace Farrow. (See **Exhibit "A"**). Unfortunately, Mrs. Farrow's family was having to relocate to Alaska for her husband's job. Those present expressed their gratitude for Mrs. Farrow's efforts and recognized her tremendous efforts to assist the children of the District.

b. **District Indigent Care Director:** Mrs. Jiminez was then called to giver the Indigent Care report. Mrs. Jiminez discussed the IHS conference she attended on October 29, 2018 in Conroe, Texas. Mrs. Jiminez reported that she learned about several updates for the IHS software and in particular, she discussed a new feature that was available for an additional \$50.00 per month that allowed her to send SMS messages to indigent clients as reminders of upcoming deadlines and appointments. Since the feature cost additional money, she requested that the addendum to the IHS software agreement be placed on the next month's meeting. Otherwise, Mrs. Jiminez presented the indigent care report. A summary of the monthly report for October 2018 and year to date numbers can be found in **Exhibit "B"** and summarized below.

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	October				Year to Date			
	Billed Amount	Medicaid Rate	% of Services	Actually Paid	Billed Amount	Medicaid Rate	% of Services	Actually Paid
Clients:	70							
Children Counseled:	11							
Summary by Facility								
Winnie Community Hospital	\$68,525.40	\$28,095.41	72.57%	\$0.00	\$549,464.51	\$227,820.32	50.95%	\$0.00
Pharmacy								
Brookshire Brothers Pharmacy Corp	\$7,111.77	\$6,673.39	17.24%	\$6,673.39	\$64,878.44	\$58,614.84	13.11%	\$58,614.84
Brookshire Brothers Pharmacy Med	\$30.10	\$30.10		\$30.10				
Wilcox Pharmacy	\$2,507.98	\$1,707.96	4.41%	\$1,707.96	\$17,981.42	\$11,744.80	2.63%	\$11,744.80
Pharmacy Total	\$9,649.85	\$8,411.45	21.73%	\$8,411.45	\$82,859.86	\$70,359.64	15.74%	\$70,359.64
UTMB								
UTMB Hospital			0.00%	\$0.00	\$436,391.53	\$106,457.31	23.81%	\$106,457.31
UTMB Physician Services			0.00%	\$0.00	\$95,921.00	\$33,357.29	7.46%	\$33,357.29
UTMB Total	\$0.00	\$0.00	0.00%	\$0.00	\$532,312.53	\$139,814.60	31.27%	\$139,814.60
Youth Counseling	\$2,210.00	\$2,210.00	5.71%	\$2,210.00	\$9,158.75	\$9,158.75	2.05%	\$9,158.75
Grand Totals	\$80,385.25	\$38,716.86		\$10,621.45	\$1,173,795.65	\$447,153.31		\$219,332.99

Summary by Service Provided

	Billed Amount	Medicaid Rate	% of Services	Actually Paid	Billed Amount	Medicaid Rate	% of Services	Actually Paid
Prescription Drugs	\$9,649.85	\$8,411.45	21.73%	\$8,411.45	\$82,906.10	\$70,405.88	15.72%	\$70,405.88
WCH Clinic	\$6,122.40	\$2,510.18	6.48%	\$0.00	\$77,777.60	\$31,888.81	7.12%	\$0.00
WCH ER	\$26,004.00	\$10,661.64	27.54%	\$0.00	\$236,221.90	\$96,850.98	21.63%	\$0.00
WCH Inpatient	\$0.00	\$0.00	0.00%	\$0.00	\$18,142.00	\$9,978.10	2.23%	\$0.00
WCH Observation	\$0.00	\$0.00	0.00%	\$0.00	\$2,759.00	\$1,131.19	0.25%	\$0.00
WCH Outpatient Surgery	\$0.00	\$0.00	0.00%	\$0.00	\$1,514.01	\$620.74	0.14%	\$0.00
WCH Labs	\$7,977.00	\$3,270.57	8.45%	\$0.00	\$59,954.00	\$24,581.14	5.49%	\$0.00
WCH Physical Therapy	\$2,496.00	\$1,023.36	2.64%	\$0.00	\$7,603.00	\$3,117.23	0.70%	\$0.00
WCH Ultrasound	\$0.00	\$0.00	0.00%	\$0.00	\$10,646.00	\$4,364.86	0.97%	\$0.00
WCH Lab/Xray	\$18,600.00	\$7,626.00	19.70%	\$0.00	\$74,521.00	\$30,553.61	6.82%	\$0.00
WCH CT Scan	\$0.00	\$0.00	0.00%	\$0.00	\$21,608.00	\$8,859.28	1.98%	\$0.00
WCH Xray	\$7,241.00	\$2,968.81	7.67%	\$0.00	\$29,015.00	\$11,896.15	2.66%	\$0.00
WCH Optical Specialist	\$0.00	\$0.00	0.00%	\$0.00	\$257.00	\$105.37	0.02%	\$0.00
Lab/Xray readings	\$85.00	\$34.85	0.09%	\$0.00	\$9,446.00	\$3,872.86	0.86%	\$0.00
UTMB Outpatient			0.00%	\$0.00	\$438,758.53	\$107,025.39	23.90%	\$107,025.39
UTMB Anesthesia			0.00%	\$0.00	\$19,380.00	\$12,966.46	2.90%	\$12,966.46
UTMB Physician Services			0.00%	\$0.00	\$76,541.00	\$20,390.83	4.55%	\$20,390.83
Youth Counseling	\$2,210.00	\$2,210.00	5.71%	\$2,210.00	\$9,158.75	\$9,158.75	2.05%	\$595.00
Grant Totals	\$80,385.25	\$38,716.86		\$10,621.45	\$1,176,208.89	\$447,767.63		\$140,977.68

Prior to the District's Counsel's discussion, Directors Stramecki and Espinosa arrived at the meeting. Therefore, a quorum was present.

c. **District General Counsel:** Attorney Oxford informed the Board of the need to have a Special Meeting the following week in order to discuss and possibly approve Intergovernmental Transfers ("IGT") for the Uncompensated Care program on behalf of the Hospital and the Quality Incentive Payment Program ("QIPP"). Attorney Oxford explained that the District's IGT for the Uncompensated Care program was due on November 30, 2018 and the amount of the IGT was substantially more than was budgeted or initially discussed. Likewise, the IGT for the QIPP program was due December 6, 2018. Therefore, he recommended postponing any discussion of the two IGTs so that new elected Director Way to have time to understand the

program, the District's budget, and issues involving both IGTs. The Board concurred and agreed to have a Special Meeting on November 19, 2018 in order to address both IGTs. In addition, the Hospital was asked to prepare a presentation for the meeting to explain the basis for the increased Uncompensated Care payment and plans for the Hospital to increase healthcare opportunities to the residents of the District.

d. **LTC Report:** See attached monthly report. (*See Exhibit "C"*).

e. **Hospital Report:** Mr. Javed was thanked the Board for the opportunity to make a presentation at the upcoming Special Meeting. In the meantime, Mr. Saad was happy to announce that Dr. Andres started his regular routine in the Hospital's emergency room. With Dr. Andres, Mr. Javed explained that the emergency room was staffed by three (3) doctors and the Hospital was interviewing other emergency room doctors to ensure that the emergency room was staffed with qualified doctors on a full-time basis.

After the discussion regarding the Hospital, President Murrell asked the Board to return to Agenda Item No. 4, to discuss and take action, if necessary, to canvass the November 6, 2018 election results. President Murrell then called on Attorney Oxford to present this agenda item. Attorney Oxford presented the Board with the Canvas of General Election for prepared by the Texas Secretary of State and the Canvass Results report prepared by the Chambers County Early Voting Clerk. (*See Exhibit "D"*). Per the Canvass Report, the top two (2) vote getters from the November 6, 2018 Regular Election for the two "at-large" Board positions for the District were won by Rau I Espinosa and Robert "Bobby" Wade. Specifically, the Canvass Report states the following:

Precinct	Raul "Coach" Espinosa	Derk "Docie" Harmsen (W)	George R "Bobby" Way, Jr. (W)	Cast Votes
7A	433	142	204	779
7B	189	63	71	323
12A	212	63	126	401
12B	138	36	77	251
14D	1	0	0	1
Totals	973	304	478	1755

Attorney Oxford also explained that the deadline to submit the Canvas of General Election form and Canvass Report to the Chambers County Early Voting Clerk was Monday, November 19, 2018. After a review of the results, a motion was made by Director Stramecki to approve the Canvass Results and to authorize President Murrell to execute the Canvas of General Election form found in **Exhibit "D"**. This motion was seconded by Director Rollo and unanimously approved by all the Board members.

President Murrell, Director Rollo, and Director Stramecki then congratulated Director Espinosa for his re-election to the Board and welcomed newly elected Director Way to the Board. President Murrell then asked Administrator Norris, a notary, to swear both Directors into office and to ask that each recite the Statement of Officers. After taking the oath of office and the reciting the Statement of Officers, copies of the Oath of Office, Statement of Officers, and Certificate of Election were then presented to Directors Espinosa and Director Way. (*See Exhibits "E" and "F"*).

Immediately following the swearing in of the new Board members, President Murrell asked the Directors to address Agenda Item No. 6, to consider and take action, if necessary, on electing new officers. After some discussion, Director Rollo made a motion to nominate keep Director Edward Murrell as Chairman of the Board. This motion was seconded by Director Way with the

unanimous consent of all Board members. Next, Director Rollo made a motion to nominate Director Stramecki to the position of Vice-Chairman. This motion was seconded by Director Espinosa with the unanimous consent of all Board members. Next, Director Stramecki made a motion to nominate Director Way to serve as the District's Treasurer. This nomination was seconded by Director Rollo and unanimously approved by all Board members. Lastly, Director Stramecki nominated Director Rollo to serve as the District's Secretary. Director Rollo accepted the nomination and the nomination was seconded by Director Way with the consent of all the Board members. This motion was seconded by Director Rollo with the unanimous consent of all Board members. Once the nominations were complete, a motion was made by Director Stramecki to approve the nominations of the following slate of officers:

Ed Murrell, President
Anthony Stramecki, Vice President
Robert "Bobby" Way, Jr., Treasurer
Jeff Rollo, Secretary
Raul Espinosa, Director

Director Stramecki's motion was seconded by Director Espinosa and the Board unanimously approved the slate of officer nominated by the Board.

Once the Board was in place and officers elected, President Murrell then appointed committees. First, he asked Director Stramecki and Director Way to serve on the Finance Committee. He then asked Director Rollo and Espinosa to serve on the Indigent Health Care Committee and the Personnel Committee. Additionally, he asked Director Espinosa to continue to serve as the Liaison to the Hospital.

Once the Board completed the process of canvassing the election, electing officers, and appointing Committees, President Murrell called on the Board to consider Agenda Item No. 7, to

review and approve minutes of the October 17, 2018 Regular Meeting. The Board reviewed the minutes and didn't recommend any corrections. Consequently, a motion was made by Director Stramecki to approve the minutes of the minutes of the October 17, 2018 Regular Meeting. 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. 8, 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 October 31, 2018; 3) Profit & Loss Budget vs. Actual as of October 31, 2018; and 4) the check register for the District's Prosperity Account from October 18, 2018 through November 14, 2018. (*See Exhibit "F"*). Mrs. Norris and Attorney Oxford reviewed the Treasurer's report and explained that the District's net cash available following the payment of \$869,615.28 in expenses was 4,657,407.30. Included in the expenses were the payment of incentive fees to the Managers. Looking forward, Administrator Norris informed the Board that the only payment coming up with the interest payment six (6) of ten (10) for Loan 13 in the amount of \$88,794.05.

At the completion of the discussion of the Treasurer's report, Mr. Sticker presented the District's Balance Sheet as of October 31, 2018 and the Profit & Loss Budget vs. Actual as of October 31, 2018. Mr. Sticker advised that the Finance Committee needed to meet prior to the public hearing and make amendments to the budget. The line items in most need of amendments were: 1) 415 Nursing Home-QIPP Program revenue and for expenses; 2) 630 NH Program-MGT Fees; 631 NH Program-IGT; 635 NH Program-LTC Fees; and 637 NH Program-Interest Expense. Mr. Sticker continued by explaining the revenue and 631 NH Program IGT amounts were off budget because the District's assumed an average achievement rate for QIPP Component 2, 3, and

Lapsing funds of 75% but the actual achievement rate for Year 1 was approximately 90%. In addition, the District's budget didn't include IGT reconciliation payments and the District acquired five (5) additional facilities from HMG which resulted in a higher than budgeted IGTs for QIPP Year 2 and corresponding interesting payments and LTC fees. Once the Board concluded the discussion on the need to have a Finance Committee meeting to discuss budget amendments for 2018 and a proposed budget for 2019, a motion was made by Director Rollo to approve the Treasurer's report and reports prepared by the District's CPA and pay the outstanding invoices. (See **Exhibit "G"**). This motion was seconded by Director Rollo and approved with the unanimous consent of all Board members.

President Murrell then asked the Board to move to Agenda Item No. 11, discuss and take action, if necessary, on accepting the 2017 District audit. Attorney Oxford asked that the Board table this agenda item because the auditor was unable to attend the meeting since it was moved up one week. However, Attorney Oxford passed along that the auditor would be at the December 2018 Regular Meeting. Therefore, he recommended that the Board table this agenda item and a motion was made by Director Stramecki to table Agenda Item No. 11. Director Stramecki's motion was seconded by Director Rollo and approved by the unanimous consent of all Board members.

Turning to Agenda Items No 12 and 13, to discuss and take action, if necessary, to approve Intergovernmental Transfer ("IGT") for QIPP Year 2, Qtr. 2 and to discuss and take action, if necessary, to approve Loan 14 and the execution of loan documents, since the Board already agreed to address these matters at a Special Meeting on December 19, 2018, President Murrell asked that both matters be tabled. Regarding Agenda Item No. 12, a motion was made by Director Stramecki to table Agenda Item No. 12. This motion was seconded by Director Espinosa and


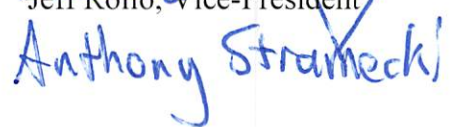
approved by the unanimous consent of all Board members. For Agenda Item No. 13, a motion was made by Director Stramecki to table Agenda Item No. 13. This motion was seconded by Director Rollo and approved by the unanimous consent of all Board members.

The last action item to be discussed was Agenda Item No. 14, to discuss and take action, if necessary, to approve Purchasing Policies and Procedures. President Murrell called on Attorney Oxford to explain and according to Attorney Oxford, the proposed Purchasing Policy and Procedures were used by other clients and he believed it would be good practice for the District to adopt a similar policy even though the District did not routinely have a need to purchase items outside of a Board meeting. (See **Exhibit “H”**). He also explained that having a purchasing policy has never been an issue for the auditors but having the policy would provide the District with an extra lawyer of protection. After a review of the policy, the Board concurred, and a motion was made by Director Stramecki to approve the proposed Purchasing Policies and Procedures. This motion was seconded by Director Espinosa and unanimously agreed to by all the Directors.

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President Murrell then called for any other such matters before the Board. There being none, the Board discussed a time for the Public Hearing on the Budget and the next Regularly Scheduled Meeting. After some discussion, the Board agreed to hold the next Public Hearing at 5:30 p.m. on December 19th, 2018 and then have the Regular Meeting at 6:00 p.m., or immediately thereafter, if the Public Hearing overlapped the start of the Regular Meeting. Attorney Oxford advised that he will provide the required public notice to the Hometown Press in a timely matter. At 9:10 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


Jeff Rollo, Vice-President

Anthony Stramecki