

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

The 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 full 72 hours prior to the opening of said meeting for 6:00 p.m., November 18, 2020 at the District’s Offices located at 520 Broadway, Winnie, Texas 77665, Winnie Tx 77665 (a copy of said Notice being placed amongst the files of the District).

This meeting was held via videoconference to mitigate the spread of COVID-19. The meeting was duly posted pursuant to Texas Government Code 551.127 as modified by the May 12, 2020 Proclamation of Governor Abbott in which the Governor acted to maintain government transparency and continued government operations while reducing face-to-face contact for government open meetings. In addition, members of the public were able to participate and address the Board during the videoconference meeting and a recording of the meeting was made and is available to the public.

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

Mr. Ed Murrell	President
Mr. Anthony Stramecki	Vice-President
Robert “Bobby” Way	Treasurer
Jeff Rollo	Secretary
Kacey Vratis	Director

All said Board members were present, thus constituting a quorum. In addition, to the above-named Board members, also present at the meeting were:

Mrs. Patricia Ojeda	Indigent Care Director
Mr. David Sticker	District CPA
Mr. Hubert Oxford, IV	General Counsel for the District
Commissioner Jimmie Gore	Chambers County Precinct 1
Mr. David Smith	LTC Group
Mr. Chris Rutledge	LTC Group

Mr. Mo Danishmund	Chief Financial Officer, Hospital
Mrs. Chris Portner	General Counsel, Hospital
Mr. Saad Javed	Co-Chief Operating Officer, Hospital
Mr. Wade Thibodeaux	Hometown Press
Mrs. Gloria Roemer	Seabreeze Beacon
Mr. David Smith	LTC
Mr. Chris Rutledge	LTC
Mr. Robert Falls	Winnie Stowell Emergency Medical Services (“WSEMS”)
Mr. Nolan George	WSEMS

## **2. Pledge of Allegiance**

After the introduction of the guest, President Murrell called on those present to recite the Pledge of Allegiance and the Pledge of Allegiance to the State Flag of Texas.

## **3. Public Comment**

President Murrell asked for Public Comment but there was none.

## **4. Swear in New Board Member**

He then called on Attorney Oxford to administer the oath of office to newly appointed Director Kasey Vratis. Attorney Oxford, then swore in Director Vratis and she was introduced as the District’s newest Director to serve the remainder of former Director Raul Espinosa’s term that ends following the November 8, 2020 General Election. (*See Exhibit “A”*).

## **5. Review and Approve Minutes of Previous Meeting(s): October 21, 2020 Regular Meeting.**

President Murrell then called on the Board to address Agenda Item No. 5, to review and approve the minutes of the October 21, 2020 Regular Meeting. The minutes were examined by the Board and no changes were recommended.

Upon motion by Director Stramecki, which was seconded by Director Rollo, the Board unanimous approval of all the Board members present, the Board approved the minutes of the October 21, 2020 Regular Meeting.

**6. Review and approve financials report; payment of invoices; receive Accountants report, and amend budget, if necessary.**

President Murrell then called on Mr. David Sticker to present the District's year to date Balance Sheet and Profit & Loss Budget vs. Actual for October 2020. (See Exhibit "B-1"). Mr. Sticker reviewed the Balance Sheet and the Profit & Loss Budget vs. Actual statement in detail. To date, the District is \$926,238.35 short of its projected net income but Mr. Sticker reminded the Board that in December 2020, the District will receive additional Quality Improvement Payment Program ("QIPP") Component 3 and 4 funds. He then informed the Board that he would have the final budget amendment ready at the next meeting.

Upon the conclusion of Mr. Sticker's presentation of the financial statement and budget amendments, Attorney Oxford was called on to discuss the Treasurer's Report, check register, and outstanding invoices to be considered. (See Exhibit "B-2"). First, Attorney Oxford asked the Board to review the invoices to be paid. These invoices totaled \$23,821.58. A summary of the invoices paid is as follows:

Pending Expenses	For	Amount
Brookshire Brothers	Indigent Care	\$1,373.92
Wilcox Pharmacy	Indigent Care	\$1,542.11
UTMB at Galveston	Indigent Care	\$5,721.41
UTMB Faculty Group	Indigent Care	\$2,430.00
Indigent Healthcare Solutions	IC Inv #70829	\$1,109.00
American Education Services	S Stern-Student Loan	\$150.14
Penelope (Polly) Butler	Youth Counseling	\$170.00
Nicki Holtzman	Youth Counseling	\$425.00
Benckenstein & Oxford	Inv # 49915	\$7,700.00
Hubert Oxford	1/2 Legal Retainer	\$500.00
Josh Heinz	1/2 Legal Retainer	\$500.00
David Sticker	Inv #22335	\$1,625.00
Technology Solutions of Texas	Inv #1491	\$75.00
Felipe Ojedia-Yard Service	Inv #10004	\$300.00
Graciela Chavez-Office Cleaning	Inv #8018589	\$100.00
CNA Insurance-Edward Murrell	Inv. # 16074	\$50.00
CAN Insurance-Jeff Rollo	Inv. # 16075	\$50.00
<b>Total Pending Expenses</b>		<b>\$23,821.58</b>

After the Board completed their review of the invoices, Attorney Oxford referred the Board to the funds available section of the report and explained that the District had \$11,624,669.24 in funds available after the payment of invoices and taking into consideration the restricted funds in the District’s Interbank Account. Attorney Oxford informed the Board that since the Line of Credit had been paid, the \$11,624,699.24 was the actual value of the District’s worth without any funds committed.

Next, the Board was asked to review the Cash Availability Report for the remainder of the year and January 2021. Attorney Oxford reminded the Board that the reason they have been tracking the cash availability was to ensure that the District had sufficient funds on hand at the beginning of December 2020 to make the intergovernmental transfer (“IGT”). According to the summary, once the District made its IGT on December 3, 2020, the District cash availability would be \$4,484,402.92 at the end of December. A summary of the cash availability report is set forth below:

Cash Availability Report-November 2020 to January 2021			
Date	Transaction	Notes	Actual
November 2020			
	Cash Available	DOES NOT INCLUDE PROSPERITY CD & TEXSTAR	\$10,825,251.24
December 2020			
CA December 31, 2020		DOES NOT INCLUDE PROSPERITY CD & TEXSTAR	\$4,484,402.92
January 2021			
CA January 31, 2021			\$5,768,323.94

Once the discussion on the agenda item was complete, Director Stramecki made a motion, that was seconded by Director Way, with the unanimous approval of all the Board members present, to: a) approve the financials for November 2020; b) adopt the Treasurer’s Reports; and c) pay the invoices presented. (See **Exhibits “B-1” and “B-2”**).

**7. Discuss and take-action on Committee Reports:**

**Finance Committee:** The members of the Finance Committee and those present discussed the need to have a Finance Committee meeting to prepare and recommend a final budget amendment for 2020 and the upcoming 2021 Budget. After the discussion, it was agreed to hold a Finance Committee meeting on December 10, 2020 at 4:00 p.m. The Board also asked staff to post notice of this meeting so that Director Vratis could attend and participate.

**8. Receive reports, by:**

**a. Administrator's Report**

There was no Administrator Report. Mrs. Norris was not at the meeting because she was sick.

**b. District Indigent Care Director Report**

Mrs. Ojeda reported that in October 2020, there were thirty-seven (37) indigent clients. This is one less than the prior month. Year to date, the average number of clients for the year was fifty-two (52). Meanwhile, the number of children utilizing the District's youth counseling program dropped from twelve (12) to (4). Thereafter, Mrs. Ojeda reviewed her monthly reports and provided the Board with a summary of the reports set forth below. *See Exhibit "C"*). Per Mrs. Ojeda, she reformatted the summary in hopes of making it easier to read.

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	<b>October</b>	
<b>Indigent Clients:</b>	Indigent Clients:	37
<b>Youth Counseling:</b>	Youth Counseling:	4

	<b>Year to Date</b>	
<b>Clients Enrolled:</b>	95	52
<b>YC Enrolled:</b>	15	10

<b>PROVIDER TOTALS</b>	<b>Billed Amount</b>	<b>Contracted Rate</b>	<b>Actually Paid</b>
<b>Pharmacy</b>			
Brookshire Brothers Pharmacy Corp	\$1,886.00	\$1,373.92	\$1,373.92
Wilcox Pharmacy	\$1,542.11	\$1,542.11	\$1,542.11
<b>Pharmacy Totals</b>	<b>\$3,428.11</b>	<b>\$2,916.03</b>	<b>\$2,916.03</b>

<b>Billed Amount</b>	<b>Contracted Rate</b>	<b>Actually Paid</b>
\$52,991.17	\$46,201.89	\$46,201.89
\$19,293.30	\$12,859.68	\$12,859.68
<b>\$72,284.47</b>	<b>\$59,061.57</b>	<b>\$59,061.57</b>

<b>Winnie Community Hospital</b>			
WCH Clinic	\$4,618.00	\$1,893.28	\$1,893.28
WCH Observation	\$0.00	\$0.00	\$0.00
WCH ER	\$1,542.00	\$632.22	\$632.22
WCH Lab/Xray	\$13,654.00	\$5,598.14	\$5,598.14
WCH CT Scan	\$2,892.00	\$1,185.72	\$1,185.72
WCH Labs	\$0.00	\$0.00	\$0.00
WCH Xray	\$10,260.00	\$4,206.60	\$4,206.60
WCH Lab/Xray Reading	\$56.00	\$22.96	\$22.96
WCH Inpatient	\$0.00	\$0.00	\$0.00
WCH Physical Therapy	\$0.00	\$0.00	\$0.00
WCH Ultrasound	\$0.00	\$0.00	\$0.00
<b>WCH Totals</b>	<b>\$33,022.00</b>	<b>\$13,538.92</b>	<b>\$13,538.92</b>
<b>Balance on Contracted Amount (Lump Sum Payment of \$196,669.30)</b>		<b>\$23,003.26</b>	
<b>Actual Medicaid Rate Incurred</b>			

\$48,607.17	\$19,678.26	\$19,678.26
\$0.00	\$0.00	\$0.00
\$133,370.00	\$54,426.68	\$54,426.68
\$47,254.40	\$19,374.30	\$19,374.30
\$30,503.00	\$12,506.23	\$12,506.23
\$59,677.00	\$24,467.57	\$24,467.57
\$64,007.00	\$26,242.87	\$26,242.87
\$10,754.55	\$4,328.19	\$4,328.19
\$26,500.00	\$10,865.00	\$10,865.00
\$0.00	\$0.00	\$0.00
\$4,334.00	\$1,776.94	\$1,776.94
<b>\$425,007.12</b>	<b>\$173,666.04</b>	<b>\$173,666.04</b>
	<b>\$23,003.26</b>	
<b>\$196,669.30 -</b>	<b>\$59,095.59</b>	<b>\$137,573.71</b>

<b>UTMB</b>			
UTMB Physician Services	\$5,759.00	\$1,590.10	\$1,590.10
UTMB Anesthesia	\$960.00	\$589.31	\$589.31
UTMB In-Patient	\$0.00	\$0.00	\$0.00
UTMB Outpatient	\$22,110.21	\$5,306.45	\$5,306.45
UTMB Lab&Xray	\$2,737.00	\$665.55	\$665.55
<b>UTMB Totals</b>	<b>\$31,566.21</b>	<b>\$8,151.41</b>	<b>\$8,151.41</b>

\$100,031.00	\$20,077.69	\$20,077.69
\$24,434.00	\$11,752.10	\$11,752.10
\$248,870.47	\$55,473.92	\$55,473.92
\$369,726.47	\$74,709.51	\$74,709.51
\$9,489.00	\$1,119.14	\$1,119.14
<b>\$752,550.94</b>	<b>\$163,132.36</b>	<b>\$163,132.36</b>

<b>Non-Contracted Services</b>			
Barrier Reef (UTMB ER Physician)	\$0.00	\$0.00	\$0.00
Chambers Co Public Hosp Distr ER	\$0.00	\$0.00	\$0.00
Winnie-Stowell EMS	\$0.00	\$0.00	\$0.00
<b>Non-Contract Services Totals</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

\$4,748.00	\$118.78	\$118.78
\$673.05	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00
<b>\$5,421.05</b>	<b>\$118.78</b>	<b>\$118.78</b>

<b>Youth Counseling</b>			
Grace Nichols	\$0.00	\$0.00	\$0.00
Nicki Holtzman	\$425.00	\$425.00	\$425.00
Penelope Bulter	\$170.00	\$170.00	\$170.00
<b>Youth Counseling Totals</b>	<b>\$595.00</b>	<b>\$595.00</b>	<b>\$595.00</b>

\$2,550.00	\$2,295.00	\$2,295.00
\$765.00	\$765.00	\$765.00
\$2,210.00	\$2,465.00	\$2,465.00
<b>\$5,525.00</b>	<b>\$5,525.00</b>	<b>\$5,525.00</b>

<b>Medical Supplies</b>			
Alliance Medical Supply (C-PAP)	\$0.00	\$0.00	\$0.00
<b>Medial Supplies Total</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Grant Totals</b>	<b>\$68,611.32</b>	<b>\$25,201.36</b>	<b>\$25,201.36</b>

\$400.00	\$400.00	\$400.00
<b>\$400.00</b>	<b>\$400.00</b>	<b>\$400.00</b>
<b>\$1,261,588.58</b>	<b>\$402,303.75</b>	<b>\$402,303.75</b>

After reviewing the summary, Mrs. Ojeda explained that the District still had a credit of \$23,003.26 from the \$196,669.30 payment made in April 2020 per the Indigent Care Agreement. She then told the Board that if the District had been paying the true Medicaid rate, the amount paid to date would be \$59,095.59.

After reviewing the indigent care reports, Mrs. Ojeda then asked to give an update on several issues that she had discussed with the Indigent Care Committee:

<b>Issue</b>	<b>Summary</b>
Youth Counseling Program	Mrs. Ojeda suggested the WSHD Board consider relinquishing the WSHD Youth Counseling program to the East Chambers Independent School District (“ECISD”) program, and then increase the financial contribution to ECISD to help provide funding for the expansion of their program. In response, Mrs. Ojeda was told that the District wanted to keep its program.
Irlen Program	<p>Mrs. Ojeda conveyed the Board’s decision to assistance to the ECISD in providing the initial screening/testing for the children without cost to the school or the child's family when the school diagnostician cannot provide it in a timely manner. Also, if a child identified with Irlen syndrome needs further testing and the special (spectral) glasses, the District will provide those additional services without cost to the school or the child's family.</p> <p>Looking forward, Mrs. Ojeda suggested that the District provide further assistance to the ECISD by purchasing the Irlen overlays once a year, which is estimated at approximately \$2000.00 per year.</p>
Expansion of the Prescription Assistance Program	Mrs. Ojeda informed the Board that she was going to research offering assistance to residents of the District by applying for Patient Prescription Assistance Programs. There are many programs available, and this is different from coupons or rebates. Moreover, many of the programs are available to residents with insurance and Medicare, as well as low-income non-insured residents. If approved, there would be no cost to the District except for staff time to assist residents complete the applications.

Offering basic dental and vision care (refractions & glasses) to Indigent residents	Mrs. Ojeda asked to receive authority to negotiate a fixed price with an optometrist to provide glasses for the residents of the District. The Board welcomed this idea but asked Mrs. Ojeda to discuss this with Chambers County who has programs in place for vision and dental care.
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Upon the completion of Mrs. Ojeda’s report, the Board expressed their gratitude for all her efforts and encouraged Mrs. Ojeda to continue the hard work.

**c. District General Counsel Report**

Attorney Oxford had nothing to report.

**d. LTC Report**

At this meeting, LTC was present and gave their report. Included in this report were several updates on the impacts of the Covid-19 virus on the District’s nursing homes. The LTC representatives also gave the Board a legislative update for the upcoming legislature. (See **Exhibit “D”**).

**e. Hospital Report**

Mr. Saad Javid gave the Hospital’s report for October 2020 and started the report by highlighting the monthly statistics. A copy of the report is set forth below and attached as **Exhibit “E”**.

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2020

Census	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
ER Visits	187	178	193	147	162	166	141	169	190	188		
Conversion to Inpatient/observation	9	14	17	14	10	7	6	17	21	10		
Percentage	5%	8%	9%	10%	6%	4%	4%	10%	11%	5%		
Transferred out	8	14	7	13	16	11	11	8	9	12		
Percentage	4%	8%	4%	9%	10%	7%	8%	5%	5%	6%		
ER shifts covered by doctors	80%	82%	87%	72%	57%	67%	61%	55%	66%	52%		
Number Inpatient days	83	95	69	64	75	74	60	119	90	183		
Number Hospice days	1	17	27	7	1	0	0	4	6	0		
Number Swingbed days	2	7	16	20	99	57	53	43	62	41		
Number Observation days	36	47	21	5	8	11	5	28	33	33		
Total All Inpt. Days	122	166	133	96	183	142	118	194	191	257		
Average Inpatient days per day	3.94	5.72	4.29	3.20	5.90	4.73	3.81	6.26	6.37	8.29		
CTs	56	71	59	39	56	48	46	57	54	80		
Xrays	270	268	185	160	200	169	151	194	248	280		
Ultrasounds	20	20	14	8	5	1	3	2	21	30		
Encounters - Adult Clinic	638	598	592	349	360	453	384	388	515	479		
Encounters - Pediatric Clinic	274	306	221	69	95	169	178	233	279	243		
Behavioral Health patients	45	44	39	0	0	0	0	0	0	0		
Physical Therapy	0	1	2	0	1	0	0	0	0	0		

**Additional Items:**

\*Continuing to follow through with protocol set by Chambers County.

\*Doing best we can to keep patients safe and confident while they receive care from our providers

\*Continuing to provide Adult and Pediatric clinic services

Mr. Javed was happy to report that in October 2020, the District’s inpatient days increased to 8.29. This is far above the statewide average and the highest rate for the Hospital in quite some time. Mr. Javed attributed the hike in the inpatient stays to Covid-19 virus patients and referrals from other Riceland facilities.

Mr. Danishmund was then asked about the status of providing invoices for repayment for the four (4) ventilators and the Covid-19 testing machine. Mr. Danishmund responded that he has been negotiating the cost of the Covid-19 machine because of the time it took to deliver the machine, but he should have all the invoices by the next meeting.

**9. Discuss and take-action, if necessary, on receiving and approving the 2019 District audit.**

President Murrell then asked Attorney Oxford about the status of the 2019 District audit. Attorney Oxford responded that it was his understanding that a draft of the audit was to be presented at the meeting and then approved during the

December 2020 meeting. However, no draft was ever received. Therefore, he recommended that this agenda item be tabled.

A motion was then made by Director Way to table this agenda item. This motion was seconded by Director Rollo and unanimously approved by all the Directors.

**10. Discuss and take-action, if necessary, on considering request for assistance by:**

- a. the Winnie Stowell Emergency Medical Services for a transport vehicle and supporting services;
- b. the Hospital for a request to purchase a generator to operate HVAC system; and
- c. Chambers County to purchase of a healthcare transport van for Chambers County.

President Murrell called on Directors Stramecki and Way to lead the discussion on the grant request since the Finance Committee met with each group prior to the meeting. Before discussions on any of the request, the Board told the potential grantees that they would like each requester to complete the District's grant application but recognized some portions of the application were onerous and for those sections, to complete within reason.

**a. WSEMS Medical Transport Vehicle and Employee**

The Board first considered the request by the WSEMS to fund the acquisition of a Medical Transport vehicle and one employee to operate the vehicle on a twenty-four (24) hour seven (7) day basis ("24/7"). (See **Exhibit "F"**). Combined, the cost for one year was \$223,000.00 (i.e., \$125,000.00 for employee and \$98,000.00 for transfer ambulance). Per the WSEMS representatives the transfer ambulance would be dedicated to transfers within the District. The Finance Committee advised that they met with the WSEMS and recommended the approval of the request.

Thereafter, those in attendance discussed several issues that needed to be clarified. Among those were the WSEMS's revenue forecast for the Ambulance and the need for assistance with the employee in subsequent years. They then discussed the possibility of the WSEMS and the Hospital entering into a contract for transfers. Lastly, Commissioner Gore lead a discussion about the need to impose restrictions on commingling the District's funds with the County's financial assistance. In response, the WSEMS confirmed that they were working with the accountant to ensure that the County's stipulations for providing financial assistance were met.

After the discussion, all the interested parties agreed that there were details to be resolved but the WSEMS advised that it takes several months to complete the ambulance and they requested the District purchase the vehicle in the interim. The Board agreed but asked for the WSEMS to include their financials with the final grant application.

Before closing the discussion on the matter, Commissioner Gore graciously offered to allow the District to utilize the services of the County's purchasing agent to assist in investigating methods to obtain the transport ambulance at a cheaper price. The Board thanked the Commissioner and accepted the offer.

A motion was then made by Director Stramecki to approve the request by WSEMS for a transfer ambulance and to pay for one employee to operate the ambulance on a 24/7 basis subject to receipt of the WSEMS's income statement. This motion was seconded by Director Way and unanimously approved by all the Directors.

#### **b. Generator for Hospital**

Turning to the Hospital's request for a generator, Director Stramecki stated that the Finance Committee also met with the Hospital and they discussed three (3) options to provide a generator large enough to power the HVAC system, as discussed in previous meetings. They were: 1) District purchase the generator and lease for \$10.00 per year to the Hospital; 2) District purchase the generator and give to the Hospital; or 3) the District enter into a standby agreement with a company to provide a generator on demand. The Board was reminded that if the District purchased the

generator and conveyed to the Hospital, the generator would be classified as fixture and must stay with the land.

Once again, after hearing the discussion and reviewing the proposals submitted by the Hospital, Commissioner Gore offered to request assistance with the purchasing of the generator through the County's Purchasing Department.

Subsequently, a motion was made by Director Stramecki to table the request by the Hospital until the Hospital submits a completed grant application sufficient to satisfy the Finance Committee. This motion was seconded by Director Rollo and unanimously approved by all the Directors.

### **c. Healthcare Transport Van for Chambers County**

Commissioner Gore thanked the District for consideration of the request to purchase a second transport van to assist low-income residents of the District with their transport needs. Per Commissioner Gore and staff, the service currently being offered by the County, through Commissioner Gore's office assists the District's indigent with transportation to healthcare appointments within the District and to the University of Texas Medical Branch. The reason the County is requesting assistance with the van, is because of the one van is not able to meet the demand.

Commissioner Gore also expressed concern with completing the District's grant application but was told by the Board and Attorney Oxford that since the van was being purchased for a governmental entity, an Interlocal Agreement would suffice. Also, as with the transport ambulance and the generator, Commissioner Gore agreed to ask the County's Purchasing Department to assist with buying the van.

After the discussion on the van and needs of the District's indigent, a motion was made by Director Stramecki to purchase the van for Chambers County subject to an agreed upon Interlocal Agreement and up to \$65,000.00 that includes a premium warranty. (*See Exhibit "G"*). Director Stamecki's motion was seconded by Director Way and unanimously approved by all the Board members.

**11. Discuss and take-action, if necessary, on approving a merit raise for the Indigent Care Director.**

Speaking for the Personnel Committee, Director Stramecki advised the Board that the Committee met shortly after Mrs. Ojeda's anniversary to conduct a performance review and at the meeting, agreed to give Mrs. Ojeda a merit raise for all the work and efforts on behalf of the District. However, this matter was not on the agenda following their meeting. Therefore, the Committee wanted to recommend that Mrs. Ojeda's salary be raised from \$45,000.00 to \$52,000.00 from the date of her anniversary forward.

The Board agreed and thanked Mrs. Ojeda for her hard work. Director Stramecki then made a motion to give Mrs. Ojeda a merit raise from \$45,000.00 to \$52,000.00 from the date of her anniversary forward. This motion was seconded by Director Rollo and unanimously approved by all the Directors.

**12. Discuss and take-action, if necessary, on approving proposed amendments to the Pharmacy Service Agreement.**

President Murrell then called on Mrs. Ojeda to discuss Agenda Item 12. Mrs. Ojeda explained that the cause for the amendment was to approve the payment of some over the counter cough medicine that was stronger than the traditional cough medicines. (*See Exhibit "H-1"*). Subsequently, she received notice from Brookshire Brothers that they would not even sign the District's Pharmacy Service Agreement but instead were willing to enter into a much shorter form agreement referred to as Non-Adjudicated Pharmacy Charge Account Form. (*See Exhibit "H-2"*). Per Mrs. Ojeda, she and Attorney Oxford reviewed the proposed form and advised that it reflected the conditions in the District's agreement.

In response, a motion was made by Director Stramecki to approve the Amendment to the Pharmacy Service Agreement and to allow both pharmacies in the District to use the Non-Adjudicated Pharmacy Charge Account Form submitted by Brookshire Brothers in lieu of the District's agreement, if requested.

**13. Discuss and take-action, if necessary, to approve the following:**

- a. Resolution to increase the District Certificate of Deposit and corresponding Line of Credit at Allegiance Bank;
- b. Resolution and signature cards to open the requisite accounts at First Financial Bank in Abilene, Texas;
- c. Resolution to close the District's accounts at Interbank in Graham Texas and to transfer all the District's remaining funds to First Financial Bank in Abilene, Texas; Allegiance Bank in Beaumont, Texas; and Prosperity Bank in Winnie, Texas;
- d. Amendments to the District's transfer policy;
- e. Amended and Restated Deposit Account Control Agreements for Loan 17a and 17b; and
- f. Loan 18 agreements.

Turning to Agenda Item 13 and all its subparts, President Murrell called on Attorney Oxford to go through the Agenda Items. Attorney Oxford explained that this agenda item addressed several issues, reviewing each exhibit for the respective subpart:

- 1) **Exhibit "I-1"- Resolution to increase the District Certificate of Deposit and corresponding Line of Credit at Allegiance Bank:** Resolution increases the District's Line of Credit and certificate of deposit to assist with nursing home operations from \$2.7 million to \$6,000,000;
- 2) **Exhibit "I-2"-Authorizing Resolution for First Financial Bank, N.A.:** Resolution authorizes the establishment of Government Receivables and Commercial Account at First Financial Bank, N.A. in Abilene, Texas as requested by Salt Creek Capital and to designate the Commercial Account as the Texnet account for IGTs;
- 3) **Exhibit "I-3"-Authorizing Resolution to Close Interbank Accounts:** Upon the completion of funds being transferred and directed to First Financial Bank from Interbank, the resolution authorizes staff close the District's accounts at Interbank in Graham, Texas.

- 4) **Exhibit “I-4”-Fourth Amendment to Transfer Policy:** The amendment strikes the use of Interbank and replaces Interbank with First Financial Bank, N.A.
- 5) **Exhibit “I-5”-Amended and Restated Deposit Account Control Agreements (“DACA”) for Loan 17a and 17b:** As with the Fourth Amendment to Transfer Policy, the amendments to the Loan 17a and 17b DACA agreements strikes the use of Interbank and replaces Interbank with First Financial Bank, N.A.
- 6) **Exhibit “I-6”-Loan 18 Documents:** The Loan 18 documents include a Promissory Note; Security Agreement; Deposit Account Instruction and Control Agreement (“DAISA”); and DACA agreement between Salt Creek Capital and First Financial Bank, N.A. The amount of loan for nursing home operations is for \$5,609,296.00.

After all the exhibits were discussed, Director Stramecki made a motion to authorize the approval and execution of **Exhibits “I-1” - “I-6”** as discussed above. This motion was seconded by Director Rollo and unanimously approved by all the Board member present.

**14. Discuss and take-action, if necessary, on approving funding the intergovernmental transfer for second half of the Year 4 of the Quality Improvement Payment Program.**

Attorney Oxford informed the Board that the District’s IGT for the second half of Year 4 was scheduled to be taken out of the District’s Texnet account being set up at First Financial Bank, N.A. on December 3, 2020. Per Attorney Oxford, the IGT was going to be \$11,218,592. Attorney Oxford asked the Board to give staff and the President authority to transfer the appropriate funds to the Texnet account and to execute the requisite IGT documents.

The Board agreed and a motion was made by Director Stramecki to execute and submit documents necessary to fund the IGT for the second half of Year 4 of the

QIPP totaling \$11,218,592 on December 3, 2020 out of the District First Financial Bank, N.A. Texnet account (i.e., Commercial Account). This motion was seconded by Director Way and unanimously approved by all the Directors.

- 15. Discuss and take-action, if necessary, to approve and authorize the President of the Board to execute Accounts Receivable documents with CIBC Bank U.S.A. for the following HMG facilities: HMG Park Manor of Deerbrook, LLC; HMG Park Manor of Southbelt, LLC; HMG Park Manor of Tomball, LLC; and HMG Park Manor of The Woodlands, LLC subject to the General Counsel's approval.**

Attorney Oxford explained that four (4) of the District's facilities that are operated and managed by HMG Park Manor of Deerbrook, LLC; HMG Park Manor of Southbelt, LLC; HMG Park Manor of Tomball, LLC; and HMG Park Manor of The Woodlands, LLC ("Operator/Managers") are leased from their respective landlord entities, Deerbrook RE, LLC; Southbelt RE, LLC; Tomball RE, LLC; and The Woodlands RE, LLC (i.e., Landlords). Both the Operator company and Landlords are owned by HMG. The Operators and the District have entered into sublease agreements for the four (4) facilities as part of the Management Agreements.

Currently, the Landlord entities have mortgages for each of the facilities with CIBC. Separate and apart from these mortgages, the Operator/Manager entities have accounts receivables loans with CIBC.

The Landlords are now seeking to refinance their mortgage through Merchants Bank of Indiana (New Lender), who has agreed to bridge loans with the Landlords, so that New Lender may ultimately take the loans to HUD for financing. In connection with the new mortgages/loans, Merchants Bank of Indiana is requiring (and HUD will require) a second lien on the accounts of the Operator/Manager entities who sublease to the District.

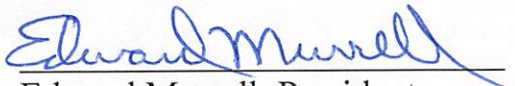
Therefore, the Board is being asked to approve the "Bridge Loan" transaction by consent to the refinancing of the Landlords' mortgage through Merchants Bank of India and to authorize President Murrell to execute the documents required by the

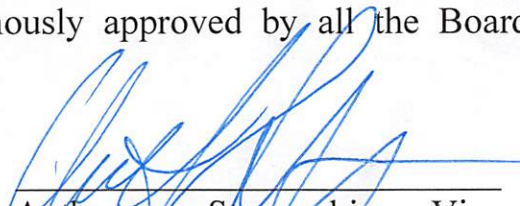


New Lender, subject to Attorney Oxford's approval. At the meeting, Attorney Oxford presented the Board with Amended DACA and DAISA agreements between the District, Merchants Bank of Indiana, and Allegiance Bank. (See **Exhibit "J"**).

After receiving the explanation of the transaction and the request for consent to the transaction, a motion was made by Director Stramecki to consent to the refinancing of the Landlords' mortgage through Merchants Bank of India and to authorize President Murrell to execute the documents required by the New Lender, subject to Attorney Oxford's approval. This motion was seconded by Director Way and unanimously approved by all the Directors.

President Murrell then called for any other such matters before the Board. There being none, the Board discussed the date for the upcoming meeting, and it was agreed to hold the meeting on December 16, 2020 at 6:00 p.m. Thereafter, at 8:35 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

  
Anthony Stramecki, Vice-President