

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., May 19, 2021 at the District’s Offices located at 520 Broadway, Winnie, Texas 77665, (a copy of said Notice being placed amongst the files of the District). An electronic version of this meeting is available upon request.

1. Call the Meeting to Order

At approximately 6:03 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 Vratiss	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. Sherrie Norris	Administrator
Mrs. Patricia Ojeda	Indigent Care Director
Mr. Hubert Oxford, IV	General Counsel for the District
Mr. David Sticker	Certified Public Accountant
Mr. Mo Danishmund	Chief Financial Officer, Winnie Community Hospital (“Hospital”)
Mr. Saad Javed	Co-Chief Operating Officer, Hospital
Mr. Chris Portner	General Counsel, Riceland Hospital
Mrs. Annette Rayburn	St. Vincent DePaul
Ms. Katie Sparks	East Chambers Independent School District
Mr. David Smith	LTC Group
Mr. Chris Rutledge	LTC Group

2. Pledge of Allegiance

After the introduction of the guests, 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. Review and Approve Minutes of Previous Meeting(s): April 21, 2021.

President Murrell then called on the Board to address Agenda Item No. 4, to review and approve the minutes of April 21, 2021 Regular Meeting. The minutes were examined by the Board and Vice-President Stramecki asked Attorney Oxford to change the name on the last paragraph of the last page from President Murrell to Vice-President Stramecki. Attorney Oxford agreed.

Upon motion by Director Stramecki, which was seconded by Director Vratis, and the unanimous consent of all the Board members present, the Board approved the minutes of the April 21, 2021 Regular Meeting.

5. Review and approve financials report; payment of invoices; receive Accountant's 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 April 2021. (*See Exhibit "A-1"*). Mr. Sticker reviewed the income statement and informed the Board that District was on budget.

Upon the conclusion of the discussion of the Balance Sheet and Income Statement, Attorney Oxford continued the discussion on the financials by addressing Treasurer's Report, check register, and outstanding invoices to be considered. (*See Exhibit "A-2"*). First, Attorney Oxford asked the Board to review the invoices to be paid. These invoices totaled \$25,947.88. Per Attorney Oxford, this month, there was no expenses outside the routine.

Pending Expenses	For	Amount
Brookshire Brothers	Indigent Care	\$1,891.74
Wilcox Pharmacy	Indigent Care	\$1,426.41
UTMB at Galveston	Indigent Care	\$2,943.84
UTMB Faculty Group	Indigent Care	\$1,874.75
Indigent Healthcare Solutions	IC Inv #71779	\$1,109.00
American Education Services	S Stem-Student Loan	\$150.14
Penelope (Polly) Butler	Youth Counseling	\$170.00
Nicki Holtzman	Youth Counseling	\$425.00
Gaudet Solutions	Youth-Irlen	\$1,000.00
Benckenstein & Oxford	Inv #50085	\$11,300.00
Hubert Oxford	Legal Retainer	\$1,000.00
David Sticker	Inv #52	\$1,750.00
Technology Solutions of Tx	Inv # 1580	\$75.00
Felipe Ojedia-Yard Service	Inv #1012	\$300.00
Graciela Chavez-Office Cleaning	Inv #08018596	\$100.00
Texas Hospital Association	Inv# 0900127062	\$432.00
Total Pending Expenses		\$25,947.88

Once the Board members completed their review of the invoices, Attorney Oxford referred the Board to the First Financial Bank Reconciliation section of the report. Per Attorney Oxford, the balance in the District's Commercial Account at First Financial Bank was \$7,318,865.92. Of the total funds deposited in this account, the unrestricted funds balance belonging to the District was \$3,090,131.38. Attorney Oxford also explained that the unrestricted fund balance accounted for all required interest reserves for Loan 18 and Loan 19.

Turning to the Fund Summary section and the total liquid funds available as of the meeting, per Attorney Oxford, the District's net cash position was \$5,011,842.22. He then explained that this was slightly more than \$1,000,000.00 greater than the prior month, but the reason the cash position was not higher was due to the fact that the District needed to set aside interest reserves for Loan 19 which would be considered later in the meeting.

Lastly, Attorney Oxford presented the Board with an invoice for work performed by himself on behalf of the HMG in anticipation of a HUD Loan for three

(3) HMG facilities. (See Exhibit “A-3”). Attorney Oxford asked the Board to review the invoice and then asked permission to submit the invoice directly to HMG.

At the end of the discussion, the Board was asked if there were any additional questions or comments. Since there were none, Director Stramecki made a motion, which was seconded by Director Rollo, and the unanimous approval of the Board members to: a) approve the financials for April 2021; b) adopt the Treasurer’s Reports; c) pay the invoices presented; and d) authorize Attorney Oxford to submit the nursing home invoice to HMG. (See Exhibits “A-1”, “A-2”, and “A-3”).

President Murrell then advised that he was going to take Agenda Items 7d-LTC Report; Agenda Item 13c-Vision Screening Request; and Agenda 13d-Generator request by St. Vincent de Paul out of order so that the presenters did not have to attend the entire meeting.

7. Receive reports, by:

a. LTC Report

This month, Mr. David Smith and Mr. Chris Rutledge with the LTC Group presented the monthly report to the Board. (See Exhibit “B”). After given an in depth review of the monthly report, the two discussed the revocation of the 1115 Waiver Program by the Biden administration and explained the State’s efforts to renew Program. These efforts included re-applying with the proper notice period and the filing of a lawsuit against CMS. Mr. Smith assured the Board that LTC would keep the Board advised of future developments.

13. Discuss and take-action, if necessary, on approving grant request by:

c. East Chambers Independent School District’s request for a Welch Allyn vision screener.

President Murrell called on Katie Sparks to present a grant request by East Chambers Independent School District (“ECISD”) to purchase a vision screening

device that would allow the nurses at the ECISD to perform the state mandated vision test more quickly to over 650 students. (See **Exhibit “C”**). Specifically, the grant request states:

The Welch Allyn SPOT Vision Photoscreener is a handheld, portable device designed to quickly and easily detect vision issues. SPOT screens both eyes at once from a nonthreatening 3-foot distance. The device uses lights and sounds to help engage children, and captures readings 97% of the time, which improves practice efficiency in young patients, those with language barrier difficulties, as well as in developmentally disabled patients. SPOT detects more than the standard eye-chart screening; the device detects the potential indication of common vision problems, such as myopia (nearsightedness), hyperopia (farsightedness), astigmatism (blurred vision), anisometropia (unequal refractive power), strabismus (eye misalignment), and anisocoria (unequal pupil size).

Following a review of the grant request, a motion was made by Director Stramecki to approve the grant and to purchase the vision screener identified in the grant for \$7,600.00. This motion was seconded by Director Way and was approved by a majority of the Board members with Directors Rollo and Vratis abstaining.

d. St. Vincent dePaul’s request for a generator.

Director Way then introduced Mrs. Annette Rayburn with St. Vincent de Paul and explained that he had been working with St. Vincent’s to secure three (3) bids for generators to include in the grant request. (See **Exhibit “D”**). According to Director Way, the lowest and best bid was by Gulf Coast Electric, who proposed installing and supplying a 38KW Generac generator for \$19,800.00 of which \$4,000.00 is installation cost and \$15,800.00 is the cost of the generator. Included in the proposal is a 12” concrete base for the generator. If approved, the District would need to pay 50% down or \$7,900.00. The Board agreed with Director Way’s recommendation and before acting, they engaged in an in depth conversation about whether the generator should be powered with natural gas or propane and discussed the cost associated with each. Ultimately, the Board agreed that natural gas was the better option because of its reliability.

Thereafter, Director Stramecki made a motion to approve the grant; accept the proposal by Gulf Coast Electric; and authorize the spending of up to \$40,000.00 for the purchase of the 38kw Generac generator, installation, and hook up to natural gas. Director Way seconded the motion and it was unanimously approved by all the Board members.

6. Discuss and take-action on Committee Reports:

No Committee had a report for this meeting.

7. Receive reports, by:

a. Administrator’s Report

Mrs. Norris informed the Board that she had nothing further to report.

b. District Indigent Care Director Report

Mrs. Ojeda reported that in April 2021, the District gained eleven (11) clients for the indigent care program, which brought the total to fifty-two (52) indigent clients. In addition, the number of youth enrolled in the youth counseling program increased by one (1) to seven (7) clients and the District served five (5) Irlen’s patients. Otherwise, Mrs. Ojeda presented the Board with her monthly statistics and the reports set forth in **Exhibit “E”** and summarized below.

	December	January	February	March	April
Indigent Clients:	39	43	49	41	52
Youth Counseling:	5	5	4	6	7
Irlen Services:	0	2	2	3	5

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	Jan	Feb	Mar	Apr	YTD Totals
	Paid Amount	Paid Amount	Paid Amount	Paid Amount	Paid Amount
Winnie Community Hospital	\$24,456.91	\$25,297.82	\$10,084.36	\$24,433.13	\$84,272.22
Pharmacy Total	\$3,672.42	\$2,637.65	\$1,736.34	\$3,318.15	\$11,364.56
UTMB Total	\$2,514.91	\$1,765.57	\$28,088.34	\$4,818.59	\$37,187.41
Youth Counseling	\$510.00	\$510.00	\$850.00	\$595.00	\$2,465.00
Irlen Services	\$0.00	\$500.00	\$1,000.00	\$1,000.00	\$2,500.00
Non-Contracted Emergency Services	\$0.00	\$118.78	\$0.00	\$0.00	\$118.78
Medical Supplies	\$140.00	\$0.00	\$0.00	\$0.00	\$140.00
YTD TOTAL	\$31,294.24	\$30,829.82	\$41,759.04	\$34,164.87	\$138,047.97

After her discussion of the financial aspect of the report, Mrs. Ojeda referred the Board to the balance of her report and asked that they review it and contact her if there were any questions. (See Exhibit “E”).

c. District General Counsel Report

Attorney Oxford advised that he did not have anything to discuss.

d. Hospital Report

Mr. Saad Javid gave the Hospital’s report for April 2021 and started the report by highlighting the monthly statistics. In particular, Mr. Javid was happy to report that the average overnight stays remained well above the state average at 8.53 bed nights in April. A copy of the report is set forth below and attached as Exhibit “F”.

Census	Jan	Feb	Mar	Apr	Average
ER Visits	167	170	184	225	187
Conversion to Inpatient/observation	16	17	9	14	14
Percentage	10%	10%	5%	6%	8%
Transferred out	7	7	12	8	9
Percentage	4%	4%	7%	4%	5%
ER shifts covered by doctors	74%	51%	55%	68%	62%
Average Inpatient days per day	167	172	146	117	151
Average Hospice days per day	0	13	7	22	11
Average Swingbed days per day	0	50	35	20	26
Average Observation days per day	31	12	18	33	24
Total All Inpt. Days	198	247	206	192	211
Average All Inpt. days per day	9.20	7.43	6.25	8.53	7.85
CTs	66	66	60	68	65
Xrays	248	240	309	292	272
Ultrasounds	30	42	37	39	37
Encounters - Adult Clinic	409	368	514	507	450
Encounters - Pediatric Clinic	226	171	285	279	240
Behavioral Health patients	0	0	0	0	0
Physical Therapy	1	0	0	0	0

In addition, Mr. Javid reported that the Hospital was:

- Continuing to follow through with Covid-19 protocol set by Chambers County;
- Doing its best to keep patients safe and confident while they receive care from our providers;
- Continuing to provide Adult and Pediatric clinic services;
- Performed 1,300 Covid-19 tests; and
- Administered 2,000 Covid-19 vaccines.

After Mr. Javid's report, Mr. Danishmund informed the Board the generator purchased by the District had been installed and they were just waiting to hook it up. After it was operational, the Hospital would submit a request for payment. Moreover, Mr. Danishmund was happy to announce that the PHP program was going to restart soon. By having this Program operational, the Hospital would be able to return to treating the elderly residents of the District and neighboring communities. Lastly, Mr. Danishmund asked that when the Board gets to Agenda Item 13d, that this matter be tabled. The reason being, Mr. Danishmund was recently made aware of the ability to be repaid for the cost of administering Covid-19 vaccines and the Hospital was in the process of researching the requirement to get repaid by CMS and private insurers.

8. Discuss and take-action, if necessary, on engaging an auditor to perform the 2020 Audit.

Attorney Oxford presented the Board with the audit engage letter submitted by Durbin & Co. to perform the 2020 District Audit. (*See Exhibit "G"*). According to Attorney Oxford the engagement letter included a clause not to exceed \$25,000.00. However, unlike in years past, there was going to be a separate cost to audit the Covid-19 Grant funds received by the nursing facilities. Attorney Oxford recommended the Directors approve the President to execute the engagement agreement with Durbin & Co to perform the 2020 audit.

The Board agreed, and then Director Stramecki made a motion to authorize the Board President to execute the 2020 audit engagement letter submitted by Durbin & Co. This motion was seconded by Director Vratis, and unanimously approved by all the Board members

9. Discuss and take-action, if necessary, to approve Loan agreements with Salt Creek Capital for Nursing Home Operations.

Attorney Oxford referred the Board members to the loan documents for Loan 19 set forth in **Exhibit “H”**. He then explained the loan was to be used for nursing home operations, including making an intergovernmental transfer (“IGT”) for the first half of Quality Incentive Payment Program (“QIPP”), Year 5. Next, the Board and Attorney discussed the terms of the Loan 19 starting on June 1, 2021 and ending on April 30, 2022.

At the end of the discussion on Loan 19 with Salt Creek Capital for nursing home operations, a motion was made by Director Stramecki to authorize the execution by the Board President of the Loan 19 agreements as presented. This motion was seconded by Director Way, and unanimously approved by all the Board members.

10. Discuss and take-action, if necessary, to approve funding the intergovernmental transfer for first half of Year 5 Quality Improvement Payment Program.

Attorney Oxford informed the Board that the IGT for the first half of QIPP, Year 5 was coming up on June 2, 2021 and the District is obligated to make an IGT of \$11,786,158.80. Attorney Oxford also presented the Board with some updated income projections based on the State of Texas’s new financial projections for QIPP, Year 5 where he compared the new numbers to the District’s projections. According to Attorney Oxford, the differences in the projections were slightly \$100,000.00 less than originally budgeted.

Once Attorney Oxford completed his discussion, Director Stramecki made a motion to authorize the IGT for the first half of QIPP Year 5 in an amount up to

\$11,786,158.80 on June 2, 2021. Director Vratis seconded the motion and it was unanimously approved by the Board members present.

11. Discuss and take-action, if necessary, to approve funding agreement with WSEMS for operating and staffing transport van.

Attorney Oxford asked that this agenda item be tabled until the next meeting as he had not completed the agreement. However, he did report that he discussed the proposed funding of the van operators' payroll with the County Auditor so that the District's funds would not be commingled with the grant funds given to the WSEMS by Chambers County. Per Attorney Oxford, the County grant funds are used to pay the WSEMS employees, but they must be kept in a separate account. With this in mind, Attorney Oxford recommended, and the County Auditor agreed, that the WSEMS needs to establish a new payroll account that receives deposits from the County grant account for the regular payroll obligations and payment for the van staffing received by the District, so that the employees who work on traditional ambulances and the transport van will receive one check, while at the same time, the records for each transfer into the new account prior to payroll will delineate the source of funding. Lastly, Attorney Oxford reported that the van was still in production because the computer chip shortage has delayed the delivery of all new vehicles.

The Board agreed with this recommendation, and then Director Stramecki made a motion to table the agenda item until a contract was drafted. Director Way seconded the motion and it was unanimously approved by the Board members present.

12. Discuss and take-action, if necessary, on engaging Bonds Ellis Eppich Schafer Jones, LLP to assist in the defense of the District in *In re Abri Health Services, et al.*

As reported in e-mail correspondence to the Board members, on May 3, 2021 the District received a Motion for an Emergency Hearing, discovery, and a request to take President Murrell's deposition in the *In re Abri Health Services, et al* ("Senior Care") bankruptcy matter pending in the Northern District of Texas involving the

eleven (11) nursing homes currently operated by Senior Care and that were approved for acquisition by the District at the March 24, 2021 Regular Meeting, subject to the resolutions of the *In re Abri Health Services, et al* bankruptcy matter.

Attorney Oxford reminded the Board that after receiving authority to begin the process of acquiring the facilities, on April 6, 2021, the District submitted proposed Operations Transfer Agreements (“OTA”) through HMG Healthcare to Senior Care. Consequently, Senior Care attempted to use the OTAs as a basis to request documents involving the District’s acquisition of the eleven (11) homes and to take President Murrell’s deposition on either May 12th or May 13th, 2021. Per Senior Care’s pleadings, they were trying to discovery whether the District received and/or impermissibly viewed confidential information, information subject to HIPAA, when making the decision to authorize the purchase the nursing facilities and if so, whether there was any liability on behalf Senior Care, LTC Properties (Landlord), or HMG Healthcare as the future potential manager for breaching any confidentiality agreements. Subsequently, a hearing on whether the court would allow this “emergency” discovery was scheduled for Wednesday, May 5, 2021 at 1:30 p.m.

Attorney Oxford then informed the Board that because of the nature of the litigation; the location of litigation; and the expedited scheduling he conferred with President Murrell and asked permission to engage Clay Taylor with Bonds Ellis Eppich Schafer Jones, LLP to defend the District. President Murrell agreed. At the hearing, Senior Care’s request was temporarily denied because the District’s counsel explained that the District never received any confidential information of any type. Accordingly, President Murrell did not have to be deposed and the District did not have to respond to discovery. However, the bankruptcy judge did suggest that a declaration by the District’s authorized representative that the District did not receive any confidential information could be of assistance to the appointed bankruptcy trustee.

Looking forward, Attorney Oxford informed the Board that there was a mediation scheduled on May 28, 2021 in Dallas, Texas. He then stated that the District’s lawyers have advised that a representative of the Board needed to attend

the mediation. In response, President Murrell informed the Board that he was willing to attend, if necessary.

At the end of the discussion, Attorney Oxford told the Board the purpose of the agenda item was to: 1) inform the Board of the matter; 2) seek their permission to enter into an Attorney Representation agreement; 3) authorize the President to attend the mediation if the District was asked to attend; and 4) authorize the President to execute a declaration stating that the District never received any confidential information of any kind relating to the eleven (11) facilities currently operated by Senior Care.

The Board thanked President Murrell for his willingness attend and thanked Attorney Oxford for the update and handling the matter. Director Stramecki then made a motion to: 1) enter into an Attorney Representation agreement with Bonds Ellis Eppich Schafer Jones, LLP; 2) authorize the President to attend the mediation if the District was asked to attend; and 3) authorize President Murrell to execute a declaration stating that the District never received any confidential information of any kind relating to the eleven (11) facilities currently operated by Senior Care. This motion was seconded by Director Way and unanimously approved by the Board members present.

13. Discuss and take-action, if necessary, on approving grant request by:

a. Winnie Community Hospital for staffing reimbursement for Covid-19 shots;

In light of Mr. Danishmund's request earlier in the meeting to table this agenda item, a motion was made by Director Stramecki to table the request for staffing reimbursement. This motion was seconded by Director Vratis and unanimously approved by all the Board members present.

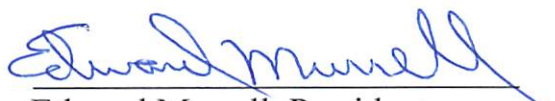
b. Winnie Community Hospital request to amend July 15, 2020 request to include payment for eight (8) hospital beds.

Attorney Oxford explained that the reason this agenda item was to be discussed was to clarify with the Board a final payment amount for the previously approved request for funding on July 15, 2020 by the Hospital for assistance to purchase ventilators with Monitors and a Covid-19 testing machine. Per Attorney Oxford, he reconciled the Hospital request for payment submitted at the April 21, 2021 meeting and identified eight hospital beds for \$10,200.00 were included. (*See Exhibit "I"*). Including the beds, the payment amount was \$147,279.03 and the staff wanted approval from the Board to pay this amount because it included equipment not previously discussed.

In response, Mr. Danishmund explained that the Hospital included the beds because it was their understanding that they had up to \$167,000.00 to spend and since they were underbudget, the beds were added. After some discussion clarifying the District's initial intent, the District's Board members agreed to fund the purchase of the eight (8) beds.

Director Stramecki then made a motion to authorize staff to pay the Hospital \$147,279.03 as reimbursement for the equipment purchased following the July 15, 2020 Regular Meeting and set forth in **Exhibit "I"**. This motion was seconded by Director Way and unanimously approved by all 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 next Regular Meeting on June 16, 2021. Afterwards, at 7:56 p.m., a motion was made by Director Stramecki to adjourn the meeting. This motion was seconded by Director Vratis and unanimously approved by all the Board members present.


Edward Murrell, President


Anthony Stramecki, Vice-President