

## **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., March 24, 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).

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 December 6, 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.

### **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. David Sticker	District CPA
Mr. Hubert Oxford, IV	General Counsel for the District

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
Mr. Laurence Daspit	Healthmark Group (“HMG”)

## **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. Review and Approve Minutes of Previous Meeting(s): February 17, 2021.**

President Murrell then called on the Board to address Agenda Item No. 5, to review and approve the minutes of February 17, 2021 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, and the unanimous consent of all the Board members present, the Board approved the minutes of the February 17, 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 February 2021. (See Exhibit “A-1”). Mr. Sticker quickly went through the balance sheet and budget and told the Board that he believed the District’s financials are in good shape. Mr. Sticker also advised that prior to the meeting, he worked with the District’s Administrator to reconcile all the District’s bank accounts.

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 “A-2”**). First, Attorney Oxford asked the Board to review the invoices to be paid. These invoices totaled \$33,760.06. A list of the invoices paid were as follows:

<b>Pending Expenses</b>	<b>For</b>	<b>Amount</b>
Brookshire Brothers	Indigent Care	\$2,157.30
Wilcox Pharmacy	Indigent Care	\$480.35
UTMB at Galveston	Indigent Care	\$1,017.12
UTMB Faculty Group	Indigent Care	\$748.45
Barrier Reef ER Physician	Indigent Care	\$118.78
Indigent Healthcare Solutions	IC Inv #71462	\$1,109.00
American Education Services	S Stern-Student Loan	\$150.14
Penelope (Polly) Butler	Youth Counseling	\$85.00
Nicki Holtzman	Youth Counseling	\$425.00
Gaudet Solutions	Youth-Irlen	\$500.00
Benckenstein & Oxford	Inv #50040	\$13,125.00
Hubert Oxford	Legal Retainer	\$1,000.00
Benckenstein & Oxford	Reemb - SVDP Amazon Order	\$10,307.67
David Sticker	Inv #49	\$1,531.25
Technology Solutions of Tx	Inv 1538-1549 (IT Services)	\$265.00
Felipe Ojedia-Yard Service	Inv #1010	\$300.00
Graciela Chavez-Office Cleaning	Inv #8018593	\$100.00
Riceland Medical Center	Property Lease	\$340.00
<b>Total Pending Expenses</b>		<b>\$33,760.06</b>

Once the Board completed the review of the invoices, Attorney Oxford referred the Board to the First Financial Bank & Interbank Account Reconciliation section of the report. Altogether, the District had \$14,931,766.79 in the accounts with all but \$500.00 on deposit at First Financial Bank. Of the total funds deposited in the accounts, the unrestricted funds account for \$2,130,286.61. 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 \$4,114,285.70, after the invoices were paid at the meeting.

At the end of the discussion, the Board was asked if there were any additional questions or comments. Since there were none, Director Way made a motion, that was seconded by Director Stramecki, and the unanimous approval of the Board

members to: a) approve the financials for February 2021; b) adopt the Treasurer's Reports; and c) pay the invoices presented. (See Exhibits "A-1" and "A-2").

**11. Discuss and take-action, if necessary, to acquire HMG nursing facilities and financial assistance during the change of ownership period.**

After the presentation on the financial reports, President Murrell asked the Board to move to Agenda Item 11 to accommodate Mr. Laurence Daspit, with the Healthmark Group ("HMG"). He then introduced Mr. Daspit and advised the Board that HMG was asking the District to acquire eleven (11) additional nursing facilities from HMG.

Mr. Daspit thanked the Board and the District's staff for all their hard work on behalf of HMG in the past and explained that HMG was in the process of securing ownership of the eleven (11) new facilities that were currently being operated by Senior Care. The names of these facilities are as follows:

- Crowley Nursing and Rehabilitation;
- Green Oaks Nursing and Rehabilitation;
- Harbor Lakes Nursing and Rehabilitation Center;
- Hewitt Nursing and Rehabilitation;
- Holland Lake Rehabilitation and Wellness Center.
- Mission Nursing and Rehabilitation Center;
- Pecan Bayou Nursing and Rehabilitation;
- Red Oak Health and Rehabilitation Center;
- Stallings Court Nursing and Rehabilitation;
- Stephenville Rehabilitation and Wellness Center; and
- Stonegate Nursing and Rehabilitation;

Per Mr. Daspit, the landlord for these facilities, LTC Properties, was in the process of foreclosing on these facilities because Senior Care was in default and offered the facilities to HMG, who, in turn, was requesting that the Facilities be conveyed to the District so that the facilities could participate in the Quality Improvement Payment Program ("QIPP").

Since HMG was still in the process of securing their ownership of the facilities, Mrs. Daspit stated that HMG wanted to perform the Change of Ownership ("CHOW") process simultaneously with their securing control over the facilities so

that HMG would only have to go through the CHOW process one time. Mr. Daspit then informed the Board that the annual revenue for these facilities was approximately \$90,000,000.00 and the cost to operate the facilities during CHOW period (i.e., six (6) months after acquisition) was expected to be close to \$30,000,000.00. Otherwise stated, during the CHOW period, HMG is going to have to carry the expenses for these eleven (11) homes for six months. Historically, this is done by securing an accounts receivables loan.

In this instance, however, Mr. Daspit requested assistance from the District with the financing of the CHOW period. Specifically, he explained that LTC Properties has agreed to provide \$5,000,000.00 in financing to assist with the accounts payable during the CHOW period and HMG was going to secure a \$25,000,000.00 accounts receivable loan to assist with most of the remaining cost. However, he also asked that the District to set aside \$5,000,000.00 to serve as backstop for any accounts payables that may exceed \$25,000,000.00.

In response to questions by the Board regarding the security of the District's funds, Mr. Daspit explained that HMG would enter into loan agreements with the District to secure the financing. Furthermore, he reminded the Board that since they were the owners of the facilities, the terms of the financing (i.e., priority of payments) could be negotiated with the other two (2) lenders, since the incoming revenues would be paid through the District's accounts.

In addition, the Board asked when the acquisitions would take place and when the District's funds needed to be set aside. Mr. Daspit responded that LTC Properties was currently in the process of securing control over the facilities from Senior Care, but Senior Care was attempting to re-engage the bankruptcy court to delay any forfeiture. Regardless, he anticipated that the litigation between LTC and Senior Care would be resolved by May 2021 and that the CHOW process would be initiated in June 2021. As to when the District would need to reserve its funds, he believed this would need be done in December 2021.

In closing, Mr. Daspit once again thanked the Board and its staff for all their efforts on behalf of HMG with the HMG facilities already owned by the District and he looked forward to the partnership continuing with the eleven (11) new facilities.

He then clarified the requests, which were to: 1) agree to acquire the eleven (11) new facilities referred to above and authorize the President to execute the traditional transfer documents; 2) memorialize the intent to acquire the facilities by approving a Secretary Certificate for the acquisition of the Facilities and to give authority to HMG to enter into accounts receivable loans for the CHOW period; and 3) agree to reserve \$5,000,000.00 to assist HMG with accounts payable during the CHOW period, subject to the approval of the loan terms by the Board.

The Board agreed and then Director Stramecki made a motion to: 1) acquire the eleven (11) new facilities and to authorize President Murrell to execute the traditional transfer documents; 2) authorize the execution of a Secretary Certificate to acquire the eleven (11) facilities and to give HMG authority to enter into accounts receivable loans subject to the Board's final approval; 3) agree to reserve \$5,000,000.00 to assist HMG with accounts payable during the CHOW period, also subject to the approval of the loan terms by the Board; and 4) enter into a Bank Resolution authorizing staff to open accounts for these facilities at Allegiance Bank. (See Exhibits "B-1" and "B-2"). This motion was seconded by Director Way and unanimously approved by all the Directors.

#### **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 reported the office clerk had been hired and was doing a fantastic job.

##### **b. District Indigent Care Director Report**

Mrs. Ojeda reported that in February 2021, the District enrolled six (6) additional clients for the indigent care program, which brought the total to forty-nine (49) indigent clients. However, the number of youth enrolled in the youth

counseling program decreased by one (1) to four (4) participants. In addition, Mrs. Ojeda was happy to announce that the District received two (2) referrals for the Irlens program, and these students were diagnosed and treated in February. Otherwise, Mrs. Ojeda presented the Board with her monthly statistics and here reports set forth in Exhibit “C”) and summarized below.

	February			Year to Date		
<b>Indigent Clients:</b>	Indigent Clients:	49		Clients Enrolled:	50	46
<b>Youth Counseling:</b>	Youth Counseling:	4		YC Enrolled:	5	5
<b>Irlen Services:</b>	Irlen Services:	2		IS Enrolled:	2	2
<b>PROVIDER TOTALS</b>	<b>Billed Amount</b>	<b>Contracted Rate</b>	<b>Actually Paid</b>	<b>Billed Amount</b>	<b>Contracted Rate</b>	<b>Actually Paid</b>
<b>Pharmacy</b>						
Brookshire Brothers Pharmacy Corp	\$2,278.72	\$2,157.30	\$2,157.30	\$3,662.54	\$3,529.39	\$3,529.39
Wilcox Pharmacy	\$480.35	\$480.35	\$480.35	\$2,867.88	\$2,780.68	\$2,780.68
<b>Pharmacy Totals</b>	<b>\$2,759.07</b>	<b>\$2,637.65</b>	<b>\$2,637.65</b>	<b>\$6,530.42</b>	<b>\$6,310.07</b>	<b>\$6,310.07</b>
<b>Winnie Community Hospital</b>						
WCH Clinic	\$5,943.00	\$2,436.63	\$2,436.63	\$10,241.00	\$4,198.81	\$4,198.81
WCH Observation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
WCH ER	\$5,266.00	\$2,159.06	\$2,159.06	\$14,786.00	\$6,062.26	\$6,062.26
WCH Lab/Xray	\$34,046.00	\$13,958.86	\$13,958.86	\$40,322.00	\$16,532.02	\$16,532.02
WCH CT Scan	\$2,979.00	\$1,221.39	\$1,221.39	\$15,686.00	\$6,431.26	\$6,431.26
WCH Labs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
WCH Xray (MRI)	\$10,569.00	\$4,333.29	\$4,333.29	\$29,932.00	\$12,272.12	\$12,272.12
WCH Lab/Xray Reading	\$1,435.00	\$588.35	\$588.35	\$3,262.00	\$1,337.42	\$1,337.42
WCH Inpatient	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
WCH Physical Therapy	\$0.00	\$0.00	\$0.00	\$2,732.00	\$1,120.12	\$1,120.12
WCH Ultrasound	\$1,464.00	\$600.24	\$600.24	\$4,392.00	\$1,800.72	\$1,800.72
<b>WCH Totals</b>	<b>\$61,702.00</b>	<b>\$25,297.82</b>	<b>\$25,297.82</b>	<b>\$121,353.00</b>	<b>\$49,754.73</b>	<b>\$49,754.73</b>
<b>Balance on Contracted Amount (Lump Sum Payment of \$225,810.35)</b>		<b>\$176,055.62</b>			<b>\$176,055.62</b>	
<b>Actual Medicaid Rate Incurred</b>		<b>\$8,787.72</b>		<b>\$225,810.35 -</b>	<b>\$17,339.09</b>	<b>\$208,471.26</b>
<b>UTMB</b>						
UTMB Physician Services	\$3,419.00	\$714.85	\$714.85	\$4,659.00	\$909.05	\$909.05
UTMB Anesthesia	\$0.00	\$0.00	\$0.00	\$854.00	\$544.39	\$544.39
UTMB In-Patient	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
UTMB Outpatient	\$3,217.00	\$772.08	\$772.08	\$10,618.37	\$2,548.40	\$2,548.40
UTMB Lab&Xray	\$1,161.02	\$278.64	\$278.64	\$1,161.02	\$278.64	\$278.64
<b>UTMB Totals</b>	<b>\$7,797.02</b>	<b>\$1,765.57</b>	<b>\$1,765.57</b>	<b>\$17,292.39</b>	<b>\$4,280.48</b>	<b>\$4,280.48</b>
<b>Non-Contracted Services</b>						
Barrier Reef (UTMB ER Physician)	\$2,374.00	\$118.78	\$118.78	\$2,374.00	\$118.78	\$118.78
Chambers Co Public Hosp Distr ER	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Winnie-Stowell EMS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Non-Contract Services Totals</b>	<b>\$2,374.00</b>	<b>\$118.78</b>	<b>\$118.78</b>	<b>\$2,374.00</b>	<b>\$118.78</b>	<b>\$118.78</b>
<b>Youth Counseling</b>						
Nicki Holtzman	\$425.00	\$425.00	\$425.00	\$765.00	\$765.00	\$765.00
Penelope Butler	\$85.00	\$85.00	\$85.00	\$255.00	\$255.00	\$255.00
<b>Youth Counseling Totals</b>	<b>\$510.00</b>	<b>\$510.00</b>	<b>\$510.00</b>	<b>\$1,020.00</b>	<b>\$1,020.00</b>	<b>\$1,020.00</b>
<b>Irlen Services</b>						
Nancy Gaudet	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00
<b>Irlen Services Totals</b>	<b>\$500.00</b>	<b>\$500.00</b>	<b>\$500.00</b>	<b>\$500.00</b>	<b>\$500.00</b>	<b>\$500.00</b>
<b>Medical Supplies</b>						
Alliance Medical Supply (C-PAP)	\$0.00	\$0.00	\$0.00	\$140.00	\$140.00	\$140.00
<b>Medial Supplies Total</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$140.00</b>	<b>\$140.00</b>	<b>\$140.00</b>
<b>Grant Totals</b>	<b>\$75,642.09</b>	<b>\$30,829.82</b>	<b>\$30,829.82</b>	<b>\$149,209.81</b>	<b>\$62,124.06</b>	<b>\$62,124.06</b>

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**c. District General Counsel Report**

Attorney Oxford did not have anything discuss other than matters involving specific agenda items remaining in the meeting and asked to reserve his comments as the agenda items were addressed.

**d. LTC Report**

The LTC Group submitted their monthly report for the Board to review. After a review of the report, the Board had no questions. (See **Exhibit “D”**).

**e. Hospital Report**

Mr. Saad Javid gave the Hospital’s report for February 2021 and started the report by highlighting the monthly statistics. A copy of the report is set forth below and attached as **Exhibit “E”**.

<b>Census</b>	<b>Jan</b>	<b>Feb</b>	<b>Average</b>
ER Visits	167	1,170	669
Conversion to Inpatient/observation	16	17	17
<i>Percentage</i>	<i>10%</i>	<i>10%</i>	<i>10%</i>
Transferred out	7	7	7
<i>Percentage</i>	<i>4%</i>	<i>4%</i>	<i>4%</i>
ER shifts covered by doctors	<i>74%</i>	<i>51%</i>	<i>63%</i>
Average Inpatient days per day	167	172	169.50
Average Hospice days per day	0	13	6.50
Average Swingbed days per day	0	50	25.00
Average Observation days per day	31	12	21.50
Total All Inpt. Days	198	247	222.50
Average All Inpt. days per day	6.39	8.52	7.46
CTs	66	66	66
Xrays	248	240	244
Ultrasounds	30	42	36
Encounters - Adult Clinic	409	368	389
Encounters - Pediatric Clinic	226	171	199
Behavioral Health patients	0	0	0
Physical Therapy	1	0	1



In addition, Mr. Javed reported that the Hospital has delivered 6,000 Covid vaccinations, which was 4,000 more since the prior meeting. Furthermore, he stated that the Covid wing was still operational and to date, had served forth (40) patients.

**8. Discuss and take-action, if necessary, to engage auditor to perform the 2020 Audit.**

Attorney Oxford reported that the District had still not received the auditor's engagement letter and asked the Board to table until the next meeting.

The Board concurred and then Director Stramecki made a motion to table Agenda Item No. 8. Director Way seconded the motion and it was unanimously approved by the Board members present.

**9. Discuss and take-action, if necessary, on approving grant request by Winnie Community Hospital for a generator to operate the Hospital's HVAC system during power outages and staffing reimbursement for Covid-19 shots.**

Director Stramecki asked to lead the discussion on this agenda item and was asked to proceed. Director Stramecki stated that he met with the Hospital staff and was given access to the financials to complete the application process for the grant request for a generator to power the Hospital's HVAC system during times of power outages. Director Stramecki informed the Board that he was satisfied with the financials presented and recommended that the Board proceed with the process with authorizing the Hospital to acquire and install a generator. He then reported that the Hospital had received three (3) bids for the generator, and he inspected the bids. (See **Exhibit "F"**). The low bid was by GTS of Texas, Inc for \$109,531.20 to purchase and install a 200 kw Caterpillar/Cummings engine-driven generator. Lastly, there was a discussion on how to secure the Hospital's financials as part of the grant application and it was agreed they would be secured in a sealed envelope signed by a Hospital representative.

Next, the Board turned to the Hospital's request for assistance with payment for Hospital staff to administer the Covid vaccines. Mr. Danishmund, the Hospital's

CFO, provided the Board with a list of Hospital personnel, and their salaries, who were dedicated full-time to providing the vaccines; or assisted with the vaccination effort. Since the handout included salaries, they were returned to Mr. Danishmund after the discussion.

Per Mr. Danishmund, he was requesting the District pay the salaries of the medical staff who were giving vaccinations on a full-time basis. In addition, he requested assistance with several members of the executive staff who were coordinating the vaccinations. For the executive staff, the Hospital requested that the District pay 1/3<sup>rd</sup> of their salaries during the period that the District agreed to provide financial assistance. Mr. Stramecki then advised that he discussed this with Mr. Danishmund when they reviewed the financials but felt it best to hold any recommendation until the Board had a chance to discuss this among themselves.

At the completion of Mr. Danishmund's presentation, several Board members asked questions concerning the request to pay a portion of the executive staff's salary and to pay the salaries of Hospital staff already employed by the Hospital. As a result of the questions raised, it was suggested that this agenda item be tabled until the next meeting.

Consequently, there were two (2) motions made. The first was a motion by Director Way to authorize the Hospital to purchase and install the generator that was in the low bid in an amount up to the bid price of \$109,531.20. This motion was seconded by Director Stramecki and unanimously approved by all the Board members. The second motion was made by Director Stramecki to table the request by the Hospital for financial assistance with Covid vaccination staffing. This motion was seconded by Director Vratis with the unanimous consent of all Board members.

**10. Discuss and take-action, if necessary, on adopting an indigent care payment amount pursuant to the Indigent Care Agreement with the Winnie Community Hospital/Riceland Hospital.**

Turning to the last action item, President Murrell called on Attorney Oxford to discuss the renewal of the Indigent Care Agreement ("Agreement"). Attorney Oxford reported that the District needed to renew the Agreement with Winnie

Community Hospital and asked the Board to confirm the annual payment amount. Per Attorney Oxford, based on the Agreement, the amount owed for 2021 is \$225,810.35 per the formula set forth in the Agreement and set forth below:

<b>Exhibit C-2016-2020 WSHD/Winnie Community Hospital Cost</b>					
<b>Year</b>	<b>Number of Clients</b>	<b>WCH Amount Billed</b>	<b>Medicaid Payment Amount</b>	<b>Avg. Per Client Cost/Billed</b>	<b>Avg. Per Client Cost/Paid</b>
2016	62	<del>\$271,329.79</del>	<del>\$111,290.43</del>	<del>\$4,376.29</del>	<del>\$1,795.01</del>
2017	61	\$520,406.20	\$214,062.41	\$8,531.25	\$3,509.22
2018	61	\$638,848.11	\$264,655.20	\$10,472.92	\$4,338.61
2019	80	<del>\$755,761.37</del>	<del>\$309,326.39</del>	<del>\$9,447.02</del>	<del>\$3,866.58</del>
2020	52	\$524,493.12	\$198,713.45	\$9,666.16	\$2,857.41
<b>2016-2020 Avg.</b>	<b>63.20</b>	<b>\$561,249.14</b>	<b>\$225,810.35</b>	<b>\$9,556.78</b>	<b>\$3,568.41</b>

Paid in April 2020	\$450,000.00
Less 2020 Agreement Amount	<u>\$196,669.35</u>
Balance of Credit	\$253,330.65
Less 2021 Average	<u>\$225,810.35</u>
	\$27,520.30

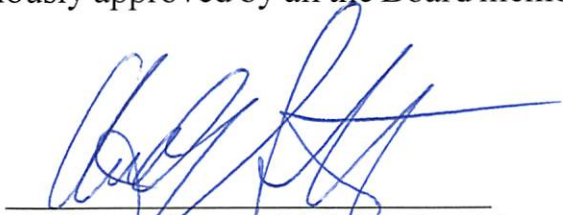
However, since the District made a payment in April of \$450,000.00 to assist the Hospital during the Covid crisis, the District had a credit balance of \$253,330.35 for the 2021 Indigent Care payment. Therefore, the payment for 2021 has been paid in full and the District had a remaining balance of \$27,520.30.

Attorney Oxford then recommended renewing the Agreement and advised the payment for 2021 has already been paid. The Board agreed and thereafter, a motion was made by Director Way to renew the Agreement and to approve the credit of \$253,330.35 as payment in full for the year. This motion was seconded by Director Rollo and unanimously approved 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 the date for the upcoming meeting, and it was agreed to hold the next Regular Meeting on April 21, 2021. Afterwards, at 8:02 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