

MINUTES FOR THE PUBLIC HEARING AND THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE WINNIE-STOWELL HOSPITAL DISTRICT

The Public Hearing set for 5:30 p.m. on December 15, 2021, to address the 2022 budget of the Winnie-Stowell Hospital District (“District”) was published and filed ten (10) days prior to the meeting in the Hometown Press and Seabreeze Beacon pursuant to Section 286.125 of the Texas Health & Safety Code. Additionally, the Public Hearing and the Regular Board meeting were noticed pursuant to Chapter 551 of the Texas Government Code seventy-two (72) hours prior to the opening of said meeting for 5:30 p.m. on the 15th day of December 2021, at the 520 Broadway, Winnie, Texas 77665 (a copy of said Notice being placed amongst the files of the District).

Members of the public were asked to attend in person or allowed to participate by conference call. In addition, a recording of the meeting is available upon request.

Public Hearing

At approximately 5:36 p.m., the Public Hearing 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. Sherrie Norris	District Administrator
Mrs. Patricia Ojeda	Indigent Care Director
Mr. Hubert Oxford, IV	General Counsel for the District
Mr. David Sticker	District’s CPA
Mr. Robert Jacobs	Clinical Manager for Riceland
Mrs. Ramonia Williams	Marcelous-Williams Resource Center

Ms. Gloria Roemer
Mr. Wade Thibodeaux

The Seabreeze Beacon
The Hometown Press

President Murrell then called on Vice-President Stramecki to discuss the proposed 2021 Budget. Director Stramecki informed those in attendance that in anticipation of this meeting, he and Director Way (i.e., “Finance Committee” or “Committee”) met with the District’s CPA and General Counsel to discuss the 2021 Final Budget Amendments and the 2022 Budget. (See Exhibit “A-1” and “A-2”). Directors Stramecki and Way then recommended the Board consider both the 1) 2021 Final Budget Amendments; and 2) the 2022 Budget in the public hearing since much of the 2022 Budget is based on the 2021 Final Budget Amendments. The Board agreed.

Moving to the 2021 Final Budget Amendments, a summary of the amendments recommended was as follows:

	YTD <u>Nov. 2021</u>	Budget Amend. 1	Diff. Bw Budget & Amend.	Percentage ↑↓ Budget (Budget Amendment- Original Budget)/Original Budget
Total Income	\$ 45,137,776.48	\$ 49,056,307.74	\$ (1,032,890.98)	-2.06%
Total Expense	\$ 38,696,206.57	\$ 42,599,341.75	\$ (1,101,698.98)	-2.52%
Net Income	\$ 6,441,569.91	\$ 6,456,965.99	\$ 68,808.00	1.08%

Mr. Stramecki then reviewed each budget line item and budget recommendation. Some highlights of the Final Budget Amendment for 2021 were that Net Income increased slightly from the original budget by \$68,808.00 even though the Total Income and Total Expenses both decreased by slightly over \$1,000,000.00. Mr. Stramecki explained that these decreases were the result of lower-than-expected Quality Incentive Payment Program (“QIPP”) revenues which were offset by lower-than-expected QIPP expenses.

Additionally, Mr. Stramecki reviewed with the Board that line items had to be added to account for a part-time employee, incentive payments to the employees, and the Federally Qualified Health Clinic “Feasibility Study”. Otherwise, beside the adjustments necessary for the QIPP program and nursing home operations, the

proposed budget amended the line items for the purchase of promotional material given away at the Rice Festival; grant request payments to the Hospital, St. Vincent DePaul, the County, East Chamber Independent School District, and the Winnie Stowell Emergency Medical Service; and healthcare services provided by the University of Texas Medical Branch at Galveston.

Also discussed was the need to set aside reserves for committed fund expenditures. Particularly, the Finance Committee recommended creating an account or line item in the balance sheet to set aside unused budgeted land acquisition funds for 2020 and 2021. In total, this amounted to \$300,000.00.

Turning to the 2022 Budget, Directors Stramecki and Way stated that the net income in 2022 was budgeted to decrease by \$1,887,935.75 to \$4,611,993.74. (See **Exhibit “A-2”**). A summary is follows.

2022 Budget				
	Final 2021 Budget (Auto-Populates)	2022 Draft Budget	Diff. bw Budget and 2021 Final Budget	Percentage ↑↓ Budget (2022 Budget-2021 Final Budget)/2021 Final Budget
Total Income	\$ 49,056,307.74	\$ 53,581,230.70	\$ 4,524,922.96	9.2%
Total Expense	\$ 42,599,341.75	\$ 48,969,236.96	\$ 6,382,858.71	15.0%
Net Income	\$ 6,456,965.99	\$ 4,611,993.74	\$ (1,857,935.75)	-28.6%

Per Director Stramecki, the increases in total income and expenses were mostly due to the addition of more nursing homes and the associated income and expenses from the QIPP program. Likewise, Mr. Stramecki informed the Board that the basis for the drop in Net Income from 2021 is because the 2022 budget was based on projections of 75% achievement rates compared to actual numbers paid in 2021.

Mr. Stramecki then discussed each line item. In summary, he explained that other major changes to the 2022 Proposed Budget include the addition of a line item for the FQHC operations in the amount of \$1,318,730.00; decreasing the budget for the Hospital’s Indigent Care treatment to only account for the payment to the Hospital for the Indigent Care Agreement; payment of the WSEMS additional staff

person; the Marcelous-Williams grant; and increased cost associated with the nursing home operations and QIPP.

Also included in the budget was an additional \$150,000.00 for land acquisition. Including this line item, the District will have set aside \$450,000.00 for the purchase of property to locate a clinic.

After the Finance Committee completed their presentation and the Board discussed the recommendations for both budgets, the President asked if there were any other questions. There being none, a motion was made at 6:13 p.m. by Director Way to close the public meeting. This motion was seconded by Director Vratis and passed with the unanimous consent of all Board members present.

Regular Meeting

Immediately following, at 6:19 p.m., President Murrell called the Regular Meeting of the Board of Directors of Winnie Stowell Hospital District to order. 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. Sherrie Norris	Administrator
Mrs. Patricia Ojeda	Indigent Care Director
Mr. Hubert Oxford, IV	General Counsel for the District
Mr. David Sticker	District CPA
Mr. Saad Javed	Co-Chief Operating Officer, Hospital
Mr. Robert Jacobs	Clinical Manager for Riceland
Ms. Ramonia Williams	Marcelous-Williams Resource Center
Ms. Gloria Roemer	The Seabreeze Beacon

5. Review and Approve Minutes of Previous Meeting(s): November 17, 2021 Regular Meeting.

President Murrell then called on the Board to return to review and approve the minutes from November 17, 2021 Regular Meeting. The Board reviewed the minutes and had no further changes.

Consequently, Director Stramecki made a motion to approve the minutes of the November 17, 2021 Regular Meeting. This motion was seconded by Director Vratiss, and unanimously approved by all the Board members.

6. Review and approve financials report; payment of invoices; receive Accountant's report, and amend budget, if necessary.

Turning to the District's financial reports, Mr. David Sticker was asked to discuss the District's year to date Balance Sheet and Profit & Loss Budget vs. Actual. (See Exhibit "B-1"). Mr. Sticker then reviewed the Balance Sheet and asked to discuss the Profit & Loss Budget vs. Actual when the Board addresses the final budget amendments for 2021.

Upon the conclusion of the discussion of the Balance Sheet and Profit & Loss Statement, Attorney Oxford was asked to discuss the financials by addressing the Treasurer's Report, check register, and outstanding invoices to be considered. (See Exhibit "B-2"). Attorney Oxford stated that the total invoices to be paid amounted to \$153,561.92. Other than the routine invoices, Attorney Oxford highlighted that the invoices included a larger than usual payment to UTMB for a surgery previously discussed at the last meeting and the retainer Agreement for Thrive. A complete list of the invoices to be paid is as follows:

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Pending Expenses	For	Amount
Brookshire Brothers	Indigent Care	\$1,689.55
UTMB at Galveston	Indigent Care	\$71,229.78
UTMB Faculty Group	Indigent Care	\$7,084.04
Barrier Reef Emergency Physician	Indigent Care	\$97.49
Wilcox Pharmacy	Indigent Care	\$1,437.07
Indigent Healthcare Solutions	IC Inv #72909	\$1,109.00
American Education Services	S Stern-Student Loan	\$150.14
Penelope (Polly) Butler	Youth Counseling	\$85.00
Nicki Holtzman	Youth Counseling	\$225.00
Kalos Counseling (Benjamin Odom)	Youth Counseling	\$935.00
Benckenstein & Oxford	Inv #50276	\$17,293.60
Hubert Oxford	Legal Retainer	\$1,000.00
David Sticker	Inv #66	\$1,906.25
Felipe Ojedia-Yard Service	Invs #1021	\$300.00
Graciela Chavez-Office Cleaning	Inv #8018603	\$120.00
Technology Solutions of Tx	Inv #1642	\$75.00
Function 4	Inv #907021	\$75.00
Thrive	Inv #WSD003 (FQHC)	\$48,750.00
Carrol H Hand Ins	Bond Renewal EM,JR,KV	\$150.00
Total Pending Expenses		\$153,561.92

After 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 \$11,681,266.80. Of the total funds deposited in this account, the District's unrestricted funds balance was \$7,039,128.31.

Next, Attorney Oxford referred the Board to the Funds Summary section. In particular, Attorney Oxford advised that after the Budget Committee meeting, at the suggestion of Director Stramecki, this section was modified to account for restricted funds in the First Financial Bank accounts but to also account for Committed funds that were going to be used for Capital Acquisition and Grant funding. He then referred the Board to a new section in the report named "Committed Funds". Per Attorney Oxford, the District needed to set aside \$450,000.00 for property acquisition, as discussed above, and \$1,318,730.00 in 2022 for assistance with the FQHC and \$681,658.00 for the 2023 FQHC assistance (i.e., total set aside for Committed Funds was \$2,450,688.00).

The Board was then asked to return to the Budget Amendments discussed in the Public Hearing and set forth in **Exhibit “A-1”** and was asked if there were any other questions. No questions were asked but the Board did thank the Finance Committee for their steadfast efforts in preparing the 2021 Budget Amendments and the 2022 Budget.

President Murrell then called for a motion to approve the financials, Treasurer’s Report, payment of invoices and final Budget Amendment for 2021. In response, Director Stramecki made a motion, which was seconded by Director Way, and with unanimous approval of the Board members to: a) approve the financials for November 2021; b) approve the Treasurer’s Report; c) pay the invoices presented; and d) approve the Budget Amendment set forth in **Exhibit “A-1”** and discussed during the Public hearing. (See **Exhibits “A-1”, “B-1”, and “B-2”**).

7. Discuss and take-action on Committee Reports: a) Finance Committee; b) Indigent Healthcare Committee; c) Personnel Committee; and d) Hospital Liaison.

President Murrell asked the Committees if there were any reports. There were none and therefore, the Board was directed to staff reports.

8. Receive reports, by:

a. Administrator’s Report

Mrs. Norris advised the Board that she interviewed candidates for the part-time position and hired Breann Latil. Mrs. Latil started work and is doing a good job.

b. District Indigent Care Director Report

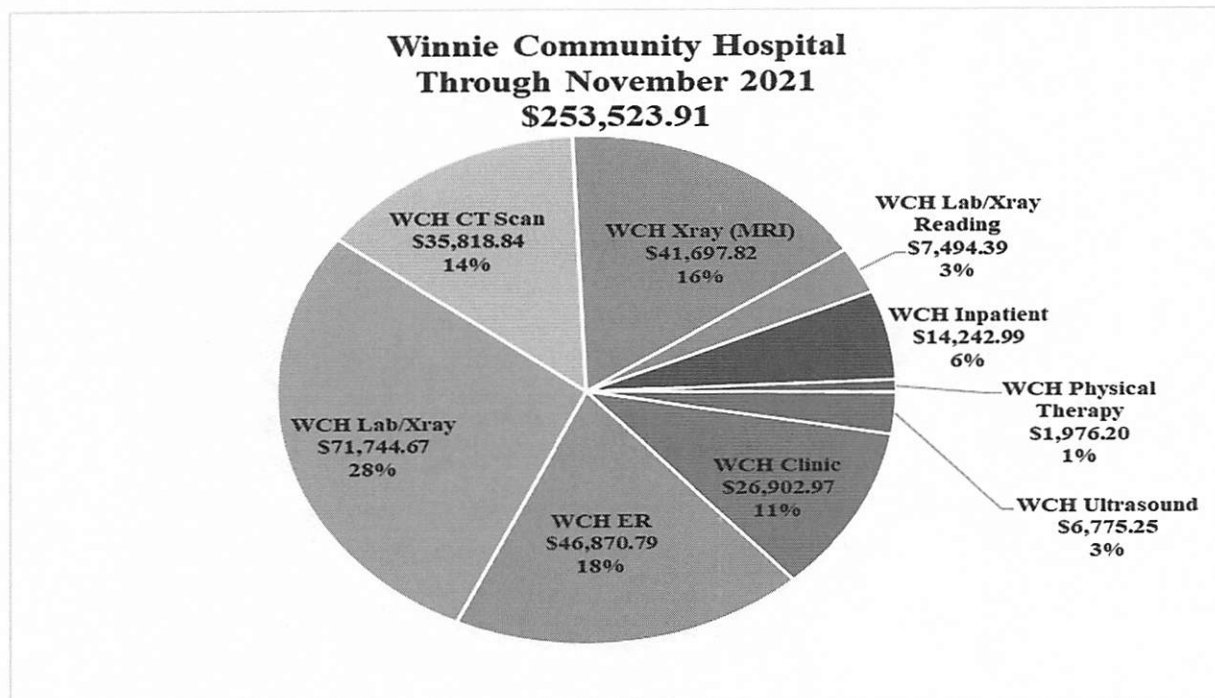
Next, Mrs. Ojeda was called on to give the Indigent Care report. Mrs. Ojeda reported that in November 2021, there were seventy (70) indigent clients enrolled in the District’s Indigent Care Program. In addition, the District was providing Youth Counseling to fourteen (14) children; has provided Irlen Services to ten (10)

children; and has two (2) clients utilizing the District’s dental benefits. (See Exhibit “C”).

Mrs. Ojeda then presented the Board with her monthly cost report. A summary of this report is set forth below.

	Jul	Aug	Sep	Oct	Nov	YTD Totals
	Paid Amount	Paid Amount	Paid Amount	Paid Amount	Paid Amount	Paid Amount
Winnie Community Hospital	\$15,914.15	\$24,527.43	\$23,949.33	\$36,166.51	\$11,687.88	\$251,286.55
Pharmacy Total	\$2,091.54	\$3,475.91	\$2,617.58	\$3,186.32	\$3,126.62	\$29,585.45
UTMB Total	\$14,934.36	\$0.00	\$17,358.39	\$40,617.13	\$78,207.33	\$228,186.90
Youth Counseling	\$1,105.00	\$935.00	\$850.00	\$850.00	\$1,275.00	\$9,690.00
Irlen Services	\$1,900.00	\$0.00	\$1,600.00	\$0.00	\$0.00	\$6,000.00
Dental & Vision Services	\$320.00	\$70.00	\$260.00	\$0.00	\$290.00	\$1,685.00
Non-Contracted Emergency S	\$118.78	\$95.54	\$457.62	\$198.78	\$97.49	\$1,515.63
Medical Supplies	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$140.00
YTD TOTAL	\$36,383.83	\$29,103.88	\$47,092.92	\$81,018.74	\$94,684.32	\$528,089.53

Regarding the Hospital expenses, through November 2021, the District has incurred \$258,523.91 in indigent care expenses by the Hospital. A pie chart of the services provided is set forth below.



After her discussion of the indigent care report, Mrs. Ojeda asked the Board to review her complete report and contact her if there were any questions.

c. District General Counsel Report

Attorney Oxford briefly informed the Board that the staff has been in contact with the District’s Auditors and were pushing them to complete the 2020 audit. According to Attorney Oxford, staff hoped to have a draft audit to present at the January 19, 2022 Regular Meeting.

d. LTC Report

Staff presented the LTC Report for November 2021. (See Exhibit “D”). After the Board reviewed the reports, there were no questions.

e. Hospital Report

President Murrell then called on Mr. Javed to give the Hospital report for November 2021 and attached as Exhibit “E”.

Census	2021											Totals	Average
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov		
ER Visits	167	170	184	225	231	256	265	248	270	204	185	2,405	219
Conversion to Inpatient/observation	16	17	9	14	24	26	31	31	20	21	17	226	21
Percentage	10%	10%	5%	6%	10%	10%	12%	13%	7%	10%	9%	1	9%
Transferred out	7	7	12	8	17	13	12	5	10	13	10	114	10
Percentage	4%	4%	7%	4%	7%	5%	5%	2%	4%	6%	5%	1	5%
ER shifts covered by doctors	74%	51%	55%	68%	48%	60%	56%	58%	70%	48%	60%	6	59%
Number Inpatient days	167	172	146	117	196	135	115	262	472	179	106	2,067	188
Number Hospice days	0	13	7	22	7	5	18	19	0	0	0	91	8
Number Swingbed days	0	50	35	20	83	26	114	58	39	58	37	520	47
Number Observation days	31	12	18	33	35	32	36	20	19	20	22	278	25
Total All Inpt. Days	198	247	206	192	321	198	283	359	530	257	165	2,956	269
Average Inpatient days per day	6.39	8.52	6.65	6.40	10.35	6.60	9.13	11.58	17.67	8.29	5.50	97	8.82
CTs	66	66	60	68	73	61	68	47	74	54	53	690	63
Xrays	248	240	309	292	250	305	318	383	410	254	199	3,208	292
Ultrasounds	30	42	37	39	37	32	26	42	31	53	34	403	37
Encounters - Adult Clinic	409	368	517	507	455	550	497	490	405	663	522	5,383	489
Encounters - Pediatric Clinic	226	171	285	279	168	179	242	301	195	275	227	2,548	232
Behavioral Health patients	0	0	0	0	0	11	18	18	14	30	36	127	12
Physical Therapy	1	0	0	0	1	0	1	0	0	0	0	3	0

In addition to the monthly statistics, Hospital personnel advised the Board that:

- Mr. Steve Deatruck, Hospital Administrator, resigned to take another position in sales;
- Hospital is starting to see an increase in Covid testing with the onset of the Omicron variant but the Hospital has not started to see an increase in emergency room or inpatient visits from the variant at this point; and the
- Hospital Lab passed inspection.

9. Discuss and take-action, if necessary, to adopt 2022 proposed budget.

President Murrell then called the Finance Committee to address this agenda item. The members of the Finance Committee asked if the Board had any further questions about the 2022 proposed budget but there was none.

Therefore, a motion was made by Director Stramecki to approve the 2022 Budget as presented during the Public Hearing and set forth in Exhibit “A-2”. The motion was seconded by Director Way, and unanimously approved by all the Board members.

10. Discuss and take-action, if necessary, adopt recommendation by THRIVE or non-profit staff to assist in the establishment of the FQHC.

The Board agreed that no action was necessary on this agenda item. Director Stramecki then moved to make a motion to table Agenda Item No. 10. Director Stramecki’s motion was seconded by Director Rollo and unanimously approved by all the Board members.

11. Discuss and take-action, if necessary, to approve a resolution authorizing Regency Healthcare to refinance the ownership structure for the Hallettsville, Monument Hill, Spindletop Hill, and the Woodlands nursing facilities and to incorporate these facilities into a non-profit.

President Murrell called on Attorney Oxford to discuss this agenda item. Attorney Oxford referred the Board to the November 30th 2021. (See Exhibit “F-

1”). In summary, Attorney Oxford explained that Regency, was partly owned by an investment fund and if approved by the District, the transaction would allow Regency to issue bonds in order to buy out the investment fund. However, because the bonds are going to be tax exempt bonds, Regency is going to incorporate the ownership of the facilities into a non-profit. According to Regency, as reported by Attorney Oxford, there is currently a non-profit that exists by the name of Jack and Nancy Dwyer Workforce Development, and the facilities were going to be incorporated into this organization.

In order to facility the transaction, Attorney Oxford then asked the Board for a motion to adopt a resolution and authorize the Board President to execute agreements to enable the transfer of one hundred percent (100%) of the limited liability company membership interests in each of Regency’s facilities owned by the District and the affiliated landlord entity to a direct or indirect subsidiary of the Jack and Nancy Dwyer Workforce Development Center Inc. (See Exhibit “F-2”).

After the Board reviewed the memorandum and clarified some questions, Director Stramecki made a motion to approve the proposed Resolution set forth in Exhibit “F-2” and to authorize the execution by the Board President of documents needed to facilitate the transfer of Regency’s interest in the facilities and affiliated landlord entity to the Jack and Nancy Dwyer Workforce Development Center Inc. Director Rollo seconded the motion, and it was unanimously approved by the Board members present.

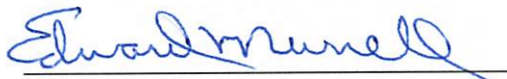
12. Discuss and take-action, if necessary, to transfer start-up funds to nonprofit for Federal Qualified Health Center

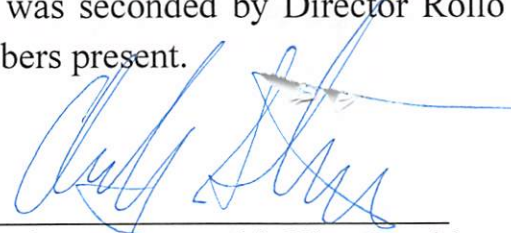
Turning to the last action item, President Murrell initiated the discussion of the transfer of start-up funds to a non-profit entity, whose function is to oversee the health clinic that is being established with the assistance of the District. Per President Murrell, these funds were in the District’s 2022 Budget but since the non-profit had not been established nor had there been a bank account established, but the non-profit had invoices coming due, President Murrell asked the Board for suggestions on how best to fund the non-profit in the interim.

After some discussion, the Board agreed that the District should fund the first quarter's non-profits budget of \$330,000.00 for 2022 once a non-profit had been created and a bank account had been established. However, in the meantime, the District will self-fund the non-profit, subject to an understanding that any funds expended prior to the establishment of the entity would be held back from the initial quarterly payment. Moreover, the Board agreed that the non-profit needed to file a grant application in the first quarter of 2022 for the funds requested to assist in the development of the health clinic.

At the end of the discussion, a motion was made by Director Stramecki to transfer \$330,000.00, less expenses incurred before the unnamed non-profit health center was formed and a bank account was established, subject to the submission of a grant application by the non-profit in the first quarter of 2022 for the annual donation. This motion was seconded by Director Way, and unanimously approved by all the Board members.

Thereafter, President Murrell then called for any other such matters before the Board. There being none, the Board then confirmed the date for the next Regular Meeting on January 19, 2022. A motion was made by Director Stramecki at 7:50 p.m., to adjourn the meeting. This motion was seconded by Director Rollo and unanimously approved by all the Board members present.


Edward Murrell, Preside


Anthony Stramecki, Vice-President