

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., February 16, 2022 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 copy of this meeting is available upon request.

1. Call the Meeting to Order

At approximately 6:08 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, except Director Rollo. 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. Mo Danishmund	Chief Financial Officer, Winnie Community Hospital (“Hospital”)
Mr. Caleb M. Peterson	Riceland Hospital
Mr. Chris Portner	Counsel, for Riceland Hospital
Mr. Saad Javed	Co-Chief Operating Officer, Hospital
Mr. Eddie Williams	Marcelous-Williams Resource Center
Ms. Ramonia Williams	Marcelous-Williams Resource Center
Mr. Danny Thompson, P.A.	Thompson Outpatient Clinic
Mr. Larry Barron	Citizen

Ms. Kaley Smith	Coastal Gateway Health Center
Dr. Ben Becker	Surgeon for Riceland Hospital
Dr. Craig Charleston	Surgeon for Riceland Hospital
Dr. Robert Mena	Surgeon for Riceland Hospital
Mr. Wade Thibodeaux	The Hometown Press
Mrs. Gloria Roamer	Seabreeze Beacon

2. Introduction of Guest

3. Pledge of Allegiance and Pledge to Texas Flag

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.

4. Public Comment

President Murrell then asked for public comment. Speaking on behalf of the Hospital's grant request for an operating suite as discussed in Agenda Item No. 10, were Dr. Ben Beckert, Dr. Craig Charleston, and Dr. Robert Mena. Dr. Beckert and Dr. Charleston expressed their support for the operating suite to be discussed in Agenda Item No. 10. Dr. Beckert and Dr. Charleston explained that they were surgeons that performed surgeries at the Riceland surgical center in Beaumont, Texas and as part of their practice, the two performed surgeries on several residents of the Winnie Stowell area. The doctors then assured the Board that if the Hospital in Winnie, Texas had an operating room to perform surgeries, they would be happy to recommend to residents that they undergo surgeries at the Hospital. In response to questions by the Board members regarding the ability of the Hospital to facilitate the surgeries, the doctors explained that the surgeries that would be performed at the Hospital would be within the Hospital's scope to safely accommodate the procedures.

Next, Dr. Robert Mena introduced himself as the new resident doctor at the Hospital. Dr. Mena told the Board about his prior work experience and was excited about the opportunity to serve the residents of the Winnie-Stowell, Texas area. In addition, Dr. Mena expressed his strong support for the surgical suite.

Lastly, Mr. Larry Barron asked to speak in support of Mr. Danny Thompson who was asking the Board to enter into an Indigent Care Agreement with the Thompson Outpatient Clinic. During his public comment, Mr. Barron also questioned whether the area could sustain the Coastal Gateway clinic, Mr. Thompson's practice, and the rural health clinic operated by the Hospital.

Upon the conclusion of the public comment, President Murrell advised the Board, and those present, that he was going to move forward to Agenda Items No. 9 and then complete Agenda Items Nos. 10 through 14 before returning to Agenda Items Nos. 4, 5, 6, 7, and 8.

9. Discuss and take-action, if necessary, on entering into an Indigent Care Provider Agreement with Thompson's Outpatient.

President Murrell then called on Mr. Thompson to make his request to enter into an Indigent Care Agreement with the District. Mr. Thompson announced that Dr. Boutte and himself have left the Hospital and were starting their own practice in Winnie. As such, Mr. Thompson explained that Dr. Boutte was treating several of the District's indigent clients and requested that the District enter into an Indigent Care Agreement with his clinic so that Dr. Boutte could continue to treat her indigent patients after she departed the Hospital in the spring of 2022.

In response, the Board asked Attorney Oxford whether the District's Indigent Care Policy provided for health care providers other than the Hospital. Attorney Oxford responded that the policy contemplated using any health care provider within the District and until now, the Hospital was the only provider in the District. Moreover, the Board inquired about the term of any agreement and Attorney Oxford explained that the typical term is for one year with the option to renew and a thirty (30) day termination provision for any reason.

Lastly, the Board asked Mr. Thompson whether he would refer the ancillary healthcare to the Hospital. Mr. Thompson assured the Board that he would not have a problem making referrals to the Hospital. Attorney Oxford stated that if the Board approved this request, he would make sure that the agreement with Mr. Thompson

stated all ancillary and outpatient healthcare would be referred to the Hospital since the District already had an agreement with the Hospital to provide the services.

Upon the conclusion of the discussion, a motion was made by Director Stramecki to table the request subject to receipt of an Indigent Care Agreement with Thompson Outpatient Clinic. This motion was seconded by Director Vratis and unanimously approved by all Board.

10. Discuss and take-action, if necessary, on considering grant request by the Winnie Community Hospital/Riceland Hospital for an operating room.

President Murrell then asked representatives from the Hospital to present their grant request for an operating room. Speaking on behalf of the Hospital were Mr. Danishmund and Mr. Peterson. Prior to the presentation, they passed out a PowerPoint presentation for the proposed grant request. (See Exhibit "A"). Moreover, Mr. Danishmund stated that the Hospital had not filed a formal grant request because they wanted to introduce the concept and then prepare a grant request if the Board expressed interest.

Turning to the highlights of the presentation, Mr. Danishmund explained the type of surgeries that would be performed are endoscopies, colonoscopies, breast biopsies, pain injections, etc. Mr. Danishmund also recognized that when the Hospital received its market analysis report in 2016, a surgical center was not recommended. However, because Riceland has developed relationships with several surgeons that utilize their Beaumont, Texas facility, these surgeons have informed Mr. Danishmund that they believe there was sufficient demand for surgeries from residents in the Winnie Stowell area to justify the building of a surgical suite within the Hospital. More importantly, the surgeons that utilize the Beaumont, Texas surgery center stated they were willing to perform surgeries at the Hospital in Winnie to avoid local residents from having to travel out of town for surgeries.

Mr. Danishmund was also questioned about: 1) ability to gain consumer confidence; 2) sustainability of the surgery suite; 3) the cost of the project; and 4) the timeline for completion. First, in response to the Board members' concerns about local residents' reluctance to use the operating room because of prior

experiences, Mr. Danishmund reminded the Board that the potential patients were going to be referred to the Hospital by a surgeon who will perform the surgery. Mr. Danishmund was confident that if the surgeon recommended the Hospital's operating room, the patient would accept the recommendation. As to the questions about sustainability, Mr. Peterson informed the Board that the Hospital estimates that the break-even point for the operating suite operations was twenty-five (25) surgeries per month. He then informed the Board that if the District approved a grant request during the March 2022 Regular Meeting of \$2,400,000.00 for build out and \$400,00.00 for equipment, the Hospital would be prepared to initiate the project in April of 2022, and they expected that it would be complete by December 2023 (i.e., roughly fifteen (15) months).

After the competition of the presentation, it was recommended by the Board that Hospital complete a grant application and meet with the Finance Committee before the March 23, 2022 meeting. Subsequently, a motion was made by Director Stramecki to table the grant request until the next Regularly Scheduled meeting. This motion was seconded by Director Vratiss and unanimously approved by all Board.

11. Discuss and take-action, if necessary, on withdrawing the January 19, 2022 approval of the 2020 audit.

Mr. Sticker reported that he had been in discussions with the auditors about the issues raised in the 2020 Management Letter and the auditors agreed to change the "material deficiency" in the Management Letter resulting from some adjustments that needed to be made to a "significant deficiency." However, as of the meeting, Mr. Sticker had not received the revised Management Letter and asked that this agenda item also be tabled.

Thereafter, a motion was made by Director Stramecki to table this agenda item until the next regularly scheduled meeting. This motion was seconded by Director Vratiss and unanimously approved by all Board.

12. Discuss and take-action, if necessary, on requests or recommendations by the Board Members, or the Executive Director of Coastal Gateway Health Clinic.

President Murrell then introduced Ms. Kaley Smith who was hired by the Coastal Gateway Health Center's ("Health Center") Board to serve as the Chief Executive Officer of the Health Center. There was no discussion of this agenda item, and no action was taken. Ms. Smith thanked the Board for the District's support of the Health Center and provided a brief update. Per Ms. Smith, she has been working with THRIVE and they have made progress in developing policies, developing the corporation, and opening bank accounts. Ms. Smith also reported that the Health Center submitted its grant application for operating funds prior to the meeting and was scheduled to meet with the Finance Committee the following week.

Otherwise, Ms. Smith had nothing further to report and no action was taken on this Agenda Item.

13. Discuss and take-action, if necessary, on the approval of property acquisitions.

Since the potential acquisition of a piece of property was still in discussions, there was no discussion of this agenda item, and no action was taken.

14. Discuss and take-action, if necessary, on the Quality Incentive Payment Program Intergovernmental Transfers.

President Murrell called on Attorney Oxford to discuss. Attorney Oxford explained that he had been working with LTC Group to evaluate cash flow for the upcoming year to make a recommendation on the amount of loans needed for nursing home operations, including Intergovernmental Transfers ("IGTs") for the Quality Incentive Payment Program ("QIPP"). Attorney Oxford reminded the Board that the District's budget called for the District to fund half of the nursing home operations costs, including the IGTs for QIPP Year 6. Per the budget estimates, the total IGT for each six (6) month period was expected to be \$15,954,612.00 or \$31,909,224.00. However, after considering the Hospital's request for an Operating Room, if it were approved, and the need to ensure the District had adequate cash for

the Health Clinic, Attorney Oxford stated that he recommended reducing the amount the District was going to use for nursing home operations, including IGTs from half per IGT from \$7,977,306.00 to \$7,000,000.00. By doing this, the District would free up roughly \$2,000,000.00 starting in May of 2022 through September 2023, which is the end of QIPP Year 6. However, if the Board agreed, the District would need to amend this line item to account for higher financing costs.

After some discussion, a motion was made by Director Stramecki to fund \$7,000,000.00, as opposed to the previously estimated \$7,997,306.00 per IGT for Year 6. The motion was seconded by Director Way, and unanimously approved by all the Board members.

5. Review and Approve Minutes of Previous Meeting(s): January 19, 2022 Regular Meeting.

Regarding Agenda Item No. 5, the Board was asked to review and approve the minutes from the January 19, 2022 Public Hearing and Regular Meeting. The Board reviewed the minutes and had no further changes.

Consequently, Director Vratiss made a motion to approve the minutes of the January 19, 2022 Public Hearing and Regular Meeting . This motion was seconded by Director Way, 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.

This month, Mr. David Sticker and Attorney Oxford both advised that they were not able to complete the financial reports and the Treasurer's report. In regarding to the financials reports, Mr. Sticker stated that because of the issues raised by the auditors for end of the year adjustments in 2020, he needed clarification on the adjustments that were to be made for 2020 because these adjustments will impact the 2021-year end financials which will also impact the 2022 budget numbers.

Meanwhile Attorney Oxford explained that he and staff were not able to complete the Treasurer's report for February because the Managed Care

Organizations have made \$804,000.00 in payments but the payments could not be assigned to a nursing facility, nor could they be assigned to component payment period. In addition, Attorney Oxford explained that due to the Mission and Red Oak agreement previously agreed to, the staff and Mr. Oxford were trying to identify missing payments and determine if the payments were made to the prior owner of the facilities. Moreover, Attorney Oxford explained that as of the meeting, the District was in the process of receiving Component 1 and 2 payments for December, Components 3, 4, and lapsing fund payments for the 1st Quarter of Year 5; and Year 4, Adjustment Payment 1. Because of the volume of funds being received, Attorney Oxford and staff were not confident that the figures provided to the Board would be accurate and asked to table the approval of the Treasurer's report until the following meeting.

After receiving the explanations, Mrs. Norris presented the District's Board with invoices that needed to be paid.

Pending Expenses	For	Amount
Brookshire Brothers	Indigent Care	\$1,065.83
Wilcox Pharmacy	Indigent Care	\$1,231.73
UTMB at Galveston	Indigent Care	\$39,290.97
UTMB Faculty Group	Indigent Care	\$5,786.11
Barrier Reef Emergency Physician	Indigent Care	\$226.39
Omnipoint Health-Dental	IC Dental	\$2,518.00
Penelope (Polly) Butler	Youth Counseling	\$85.00
Nicki Holtzman	Youth Counseling	\$425.00
Kalos Counseling (Benjamin Odom)	Youth Counseling	\$850.00
Gaudet Solutions	Youth Vision	\$496.00
Indigent Healthcare Solutions	IC Inv #73234	\$1,109.00
American Education Services	S Stern-Student Loan	\$150.14
Benckenstein & Oxford	Inv #50303	\$14,475.00
Hubert Oxford	Legal Retainer	\$1,000.00
David Sticker	Inv #71	\$2,093.75
Technology Solutions of Tx	Inv #1664	\$75.00
Felipe Ojedia-Yard Service	Invs #1022	\$300.00
Graciela Chavez-Office Cleaning	Inv #8018605	\$120.00
Texas Mutual	WC Renewal	\$402.00
Texas Organization of Rural Community Hosp	Inv #2225730 (renewal)	\$1,895.00
Thrive (Franz)	Inv# WSHD004 (FQHC)	\$29,666.19
Wells Consulting Group	Inv#22573 (1/2 CHOW fee)	\$3,328.00
WSVEMS (dated 2/17/2022)	Grant Inv-EMS Report	\$2,016.00
Winnie Area Chamber of Commerce	Membership Fee	voided-check
Total Pending Expenses:		\$108,605.11

After a review of the invoices, Director Stramecki made a motion to approve the outstanding invoices presented less the Winnie Area Chamber of Commerce Membership fee and to table the adoption of the financial reports for January and the monthly Treasurer's Report. Director Stramecki's motion was seconded by Director Vratiss and unanimously approved by the Board members present.

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. This month, Director Vratiss, the Hospital Liaison, reported that she met with the Director of Nursing and with Mr. Robert Jacobs at the Hospital. Director Vratiss stated that she believed the two (2) meetings were productive and she advised that they discussed ideas for recruitment and retention as well as customer services.

8. Receive reports, by:

a. Administrator's Report

Mrs. Norris stated that she had no report.

b. District Indigent Care Director Report

Because of the length of the meeting, Mrs. Ojeda referred the Board to her Indigent Care Report set forth in **Exhibit "B"** and asked for any Board member with questions to contact her. Mrs. Ojeda did bring to the Board's attention that the new report included year to date summaries for Marcelous Williams and the Winnie Stowell Emergency Medical Services transport van and staffing.

c. District General Counsel Report

Attorney Oxford presented the Board with the In Re Abri Health Care solutions legal invoices that he proposed sending to HMG for reimbursement

pursuant to the Agreement with HMG for Mission and Red Oak. (See Exhibit “C-1”). The total owed, according to Attorney Oxford was \$98,858.80. In addition, Attorney Oxford wanted to bring to the attention of the Board an invoice he was requesting to send to Senior Care for work he did on the corporate restructuring for the Spindletop and Woodlands facilities. (See Exhibit “C-2”). This invoice, according to Mr. Oxford was for \$2,400.00. After a review of the invoices, Attorney Oxford was given permission to submit both sets of invoices.

d. LTC Report

Staff presented the LTC Report for January 2022. (See Exhibit “D”).

e. Hospital Report

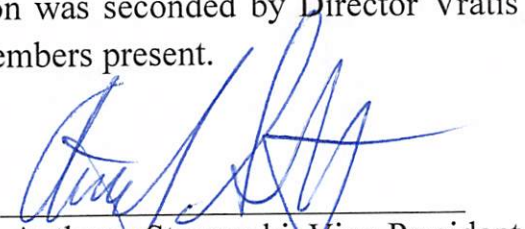
President Murrell then called on Mr. Javed to give the following Hospital report for January 2022.

2022			
Census	Jan	Average	Texas Average
ER Visits	210	210	
Conversion to Inpatient/observation	17	17	
<i>Percentage</i>	8%	8%	
Transferred out	13	13	
<i>Percentage</i>	6%	6%	
ER shifts covered by doctors	3%	3%	
Number Inpatient days	190	190	
Number Hospice days	0	0	
Number Swingbed days	27	27	
Number Observation days	44	44	
Total All Inpt. Days	261	22	
Average Inpatient days per day	8.42	0.70	1.63
CTs	70	70	
Xrays	268	268	
Ultrasounds	29	29	
Encounters - Adult Clinic	471	471	
Encounters - Pediatric Clinic	188	188	
Behavioral Health patients	30	30	
Physical Therapy	1	1	

Since the Hospital's report was for only one month, there was not much to discuss but the Board did question why there were thirteen (13) transfers from the Hospital, but the WSEMS transport van only showed that the WSEMS made two (2) transfers. In response, Mr. Saad said he would investigate and report back at the next Board meeting. President Murrell requested an update at the next meeting because he, along with the other Board members, wanted to make sure the Hospital staff understood that the WSEMS were to be called for transports.

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 March 23, 2022. A motion was made by Director Stramecki at 9:24 p.m., to adjourn the meeting. This motion was seconded by Director Vratil and unanimously approved by all the Board members present.


Edward Murrell, President


Anthony Stramecki, Vice-President