

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 23, 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 6:04 p.m., the meeting was convened, and the roll was called off 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. Chris Portner	Counsel, for Riceland Hospital
Mr. Saad Javed	Co-Chief Operating Officer, Hospital
Mr. Danny Thompson, P.A.	Thompson Outpatient Clinic
Mr. Jeff Jenkins	Citizen
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 those in attendance for any public comment. Since there was none, the President asked for the Board members to move to Agenda Item No. 5.

5. Review and Approve Minutes of Previous Meeting(s): Amended January 19, 2022 Regular Meeting; and February 16, 2022 Regular Meeting February 16, 2022 Regular Meeting.

Regarding Agenda Item No. 5, the Board was asked to review and approve the: (a) Amended January 19, 2022 Regular Meeting; and (b) February 16, 2022 Regular Meeting minutes. The Board reviewed the minutes and had no further changes.

Attorney Oxford explained that the reason for the Amended January 19, 2022 Regular Meeting minutes was because the set of minutes adopted during the February 16, 2022 meeting was missing an agenda item that discussed the award of the Indigent Care Agreement to Thompson Outpatient Clinic.

Consequently, Director Stramecki made a motion to approve the minutes of the Amended January 19, 2022 Regular Meeting; and (b) February 16, 2022 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.

After the approval of the minutes, President Murrell called on Mr. David Sticker, the District's CPA, to present the February 2022 Balance Sheet and Income Statement. (*See Exhibit "A-1"*). In regard to the financial reports, Mr. Sticker reviewed the Balance Sheet and Income statement as usual but starting in February 2022, Mr. Sticker showed the Board where he has begun to report the Nursing Home revenues and expenses at the bottom of the income statement. Year to date, the District's nursing home facilities have generated \$43,305,311.64 income and incurred \$42,511,984.78 in expenses, which leaves a net profit of \$793,326.86 for nursing home operations.

Upon the completion of the District's February 2022 Financial Statements by Mr. Sticker, President Murrell called on Attorney Oxford to review the District's Treasurer's report through March 23, 2022. (*See Exhibit "A-2"*). Before starting his presentation, Attorney Oxford reminded the Board that during the February 16, 2022 meeting, the District was not able to produce a Treasurer's Report. Attorney Oxford then provided the Directors with an explanation of the reasons why there was no report. Specifically, Attorney Oxford stated that the District had received \$708,000.00 in Quality Improvement Payment Program ("QIPP") funds from various managed care organizations ("MCOs"), but staff had been unable to assign the payments to the correct facilities because the payment amounts did not match the State of Texas' spreadsheets. As a result, and in addition to the fact that certain CMOs paid the prior owners of the Mission and Red Oak Nursing facilities parts of their QIPP funds, staff and Attorney Oxford were unable to complete the portion of the spreadsheet detailing the Mission and Red Oak payment amounts and as a result, there could be no accurate calculations for the funds available. Nevertheless, Attorney Oxford was happy to inform the Board all the funds were now accounted for and assigned to the correct facility. In addition, the funds owed to HMG for Mission and Red Oak were reconciled and that he was working with HMG to reconcile the funds owed to the District by the facilities' prior manager.

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

invoices for the month were higher than usual because the invoices included a large payment to UTBM for an Indigent client’s surgery. Also, this month there was a payment to VMG Health for the appraisals performed on the Management Agreement for the eleven (11) new HMG facilities and the District’s final payment to THRIVE. Attorney Oxford explained that starting on April 1st, the cost for THRIVE was going to be paid by the Coastal Gateway Health Clinic (“CGHC”) because the THRIVE Agreement was going to be assigned to CGHC. Lastly, staff highlighted the payment to Durbin & Co. for the 2020 Audit. A complete list of the invoices to be paid is as follows

Pending Expenses	For	Amount
Brookshire Brothers	Indigent Care	\$809.23
Wilcox Pharmacy	Indigent Care	\$1,553.71
UTMB at Galveston	Indigent Care	\$17,782.69
UTMB Faculty Group	Indigent Care	\$5,403.11
Barrier Reef Emergency Physician	Indigent Care	\$128.90
Omnipoint Health-Dental	IC Dental	\$250.00
\$25 Optical	SP Program	\$50.00
Penelope (Polly) Butler	Youth Counseling	\$170.00
Nicki Holtzman	Youth Counseling	\$595.00
Kalos Counseling (Benjamin Odom)	Youth Counseling	\$1,105.00
Indigent Healthcare Solutions	IC Inv #73397	\$1,109.00
American Education Services	S Stern-Student Loan	\$150.14
Benckenstein & Oxford	Inv #50373	\$16,151.00
Hubert Oxford	Legal Retainer	\$1,000.00
David Sticker	Inv #73	\$2,906.25
Technology Solutions of Tx	Inv #1671	\$75.00
Felipe Ojedia-Yard Service	Invs #1023	\$300.00
Graciela Chavez-Office Cleaning	Inv #8018606	\$120.00
Thrive (Franz)	Grant Inv # WSHD005	\$30,077.79
Gunster	Grant Inv #699362 (FQHC)	\$515.00
WSVEMS (dated 2/22/2022)	Grant Inv-Jan Adj & Feb	\$17,808.00
HMG Services	Inv #100 (1/2 VMG Analysis)	\$40,411.64
Durbin & Co	Audit-10909	\$25,909.00
Total Pending Expenses:		\$164,380.46

Attorney Oxford then 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 \$21,132,682.99. Of the total funds deposited in this account, the District’s unrestricted funds balance was \$9,977,335.27. Attorney Oxford showed the Board that staff previously paid the Managers for QIPP Year 5, Quarter 1 Component 2, 3, 4, and Lapsing Funds as required by the Management Agreements.

Next, Attorney Oxford referred the Board to the Funds Summary section set forth in the following table:

Funds Summary	Totals
Prosperity Operating (Unrestricted)	\$377,880.60
First Financial (Unrestricted)	\$9,977,335.27
TexStar	\$690,490.25
Allegiance Bank LOC (Available)	\$6,023,197.08
First Financial (Restricted)	\$11,155,347.72
Total District Funds	\$28,224,250.92
Less First Financial (Restricted)	(\$11,155,347.72)
Less TexStar Reserve Account	(\$690,490.25)
Less Committed Funds (Capital Acquisition and Grant Funding-See below)	(\$2,450,688.00)
Cash Position (Less First Financial Restricted)	\$13,927,724.95
Pending Expenses	(\$164,380.46)
Ending Balance (Less expenses)	\$13,763,344.49
Total Funds (Ending Balance+LOC Outstanding+QIPP Funds Outstanding)	\$14,212,016.13

Attorney Oxford informed the Board that starting in March 2022, staff included as restricted funds, the \$690,490.25 held in the District’s TexStar account as these funds were designated years ago as emergency operating funds. In addition, Attorney Oxford stated that the funds available to the District were \$13,763,344.49 after taking into consideration the restricted funds.

Lastly, Attorney Oxford asked the Board to review the District’s check register and all the supporting information for the financials. If there were any questions, the Directors could review with staff and the CPA. (See **Exhibit “A-3”**)

President Murrell then called for a motion to approve the financials for February 2022; the Treasurer’s Report; and payment of invoices. In response, Director Stramecki made a motion, which was seconded by Director Vratis, and with unanimous approval of the Board members to: a) approve the financials for February 2022; b) approve the Treasurer’s Report; and c) pay the outstanding invoices. (See **Exhibits “A-1”, “A-2”, and “A-3”**).

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, there were no reports that were not going to be discussed by the Committees outside of a remaining agenda item

8. **Receive reports, by:**

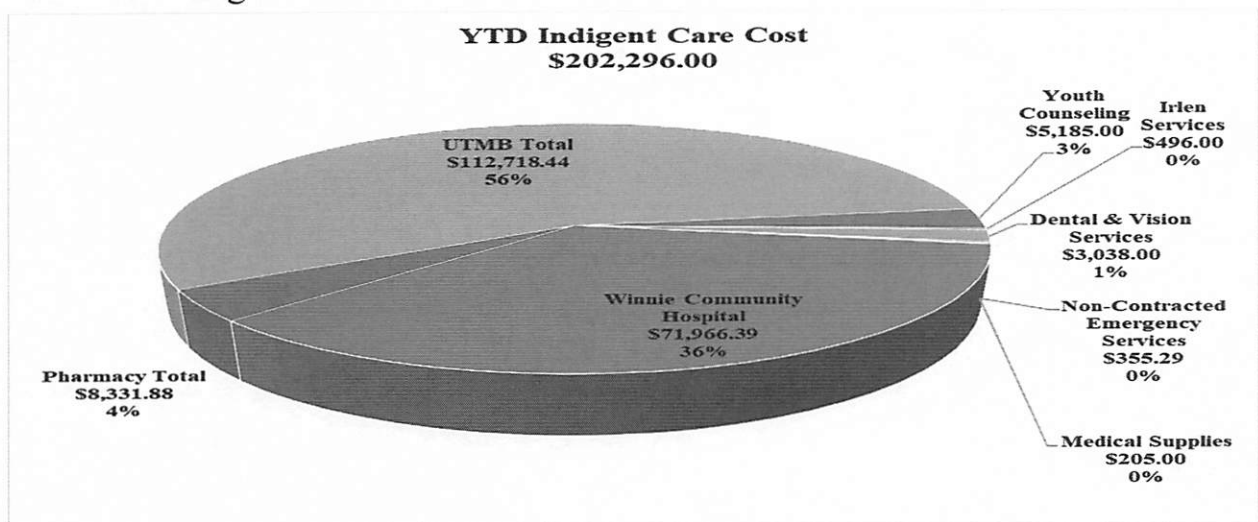
a. Administrator’s Report

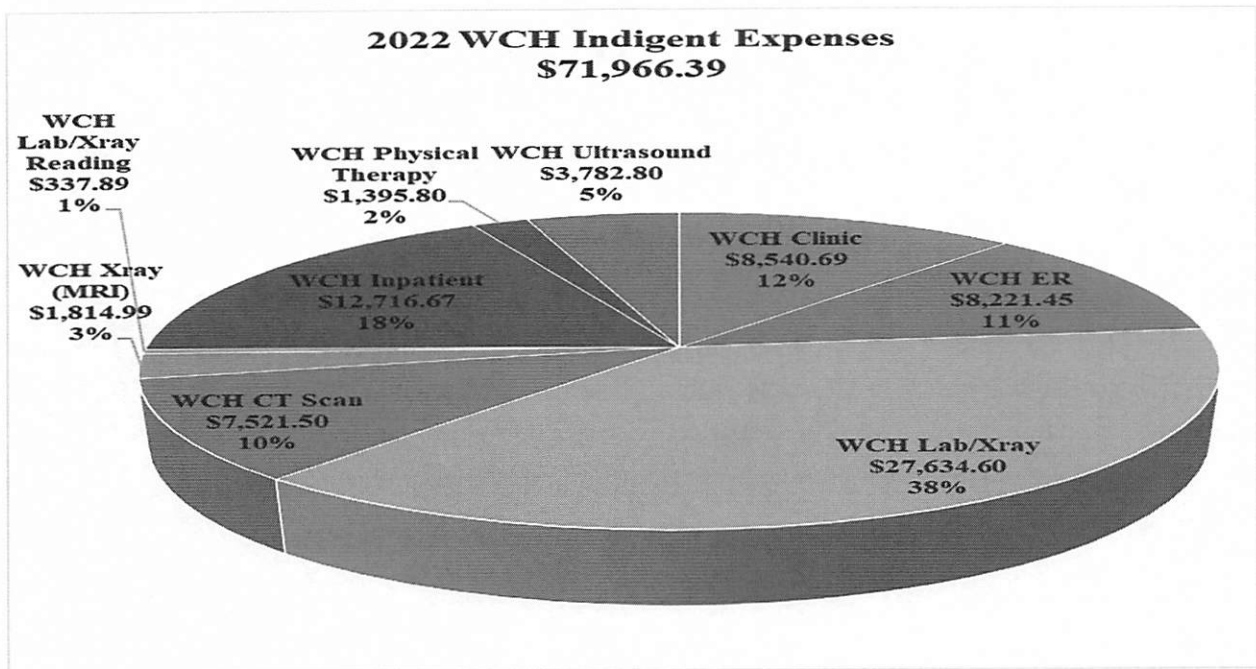
Mrs. Norris stated that she had no report.

b. District Indigent Care Director Report

Next, Mrs. Ojeda was called on to give the Indigent Care report. Mrs. Ojeda reported that in February 2022, there were sixty-six (66) indigent clients enrolled in the District’s Indigent Care Program. In addition, the District was providing Youth Counseling to twenty-two (22) children; has provided Irlen Services to three (3) children throughout the year; and have had two (2) clients utilizing the District’s dental benefits. (See Exhibit “B”).

Mrs. Ojeda then reviewed the year-to-date indigent care cost as summarized in the following tables:





Thereafter, Mrs. Ojeda presented reports for the County Van, Marcelous Williams, and the Winnie Stowell Emergency Medical Services (“WSEMS”). A summary of activity for each is as follows:

District Program	Residents Served	District Indigent Clients
County Van	48	5
Marcelous Williams	9	7
WSEMS Transport Van	4	0

For the balance of her reports, Mrs. Ojeda referred the Board to **Exhibit “B”** and asked that after the Directors reviewed in more detail to please call her with any questions.

c. District General Counsel Report

Attorney Oxford informed the Board that on Monday, March 21, 2022, the District received a notice for the final Intergovernmental Transfer in the amount of \$14,766.14 for the DY-10 Uncompensated Care program. He then advised the Board that this payment was previously approved in prior authorizations for DY-10 IGTs but each time, the final IGT was for less than the amount authorized by the

Board. Since the IGT amount was already approved, Attorney Oxford stated that staff wanted to bring this to the Board's attention and was going to make the IGT on the upcoming scheduled date. (See Exhibit "C" for Reconciliation of DY-10). The Board concurred.

d. Coastal Gateway Health Center Report

Director Stramecki, speaking as the President of the Coastal Gateway Health Center Board, reported to the Board that the health center board has been meeting and as of their last meeting, there were five (5) board members with a sixth (6th) potential board member scheduled to be considered. In addition, Director Stramecki stated that the Health Center Board has adopted several policies relating to governess and establishing a bank account. Otherwise, Director Stramecki stated there was nothing further to report.

e. LTC Report

Staff presented the LTC Report for February 2022 and advised that LTC was going to be at the meeting but once the meeting was postponed a week, they were not able to attend but would try to be at the April 20, 2022 Regular Meeting. (See Exhibit "D").

f. Hospital Report

President Murrell then called on Mr. Javed to give the Hospital report for February 2022, which is set forth below:

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2022				
Census	Jan	Feb	Average	Texas Average
ER Visits	210	161	186	
Conversion to Inpatient/observation	17	18	18	
<i>Percentage</i>	8%	11%	10%	
Transferred out	13	10	12	
<i>Percentage</i>	6%	6%	12%	
ER shifts covered by doctors	3%	4%	4%	
Number Inpatient days	190	171	181	
Number Hospice days	0	4	2	
Number Swingbed days	27	47	37	
Number Observation days	44	38	41	
Total All Inpt. Days	261	260	43	
Average Inpatient days per day	8.42	8.97	1.45	1.63
CTs	70	56	63	
Xrays	268	242	255	
Ultrasounds	29	41	35	
Encounters - Adult Clinic	471	47	259	
Encounters - Pediatric Clinic	188	232	210	
Behavioral Health patients	30	29	30	
Physical Therapy	1	1	1	

Once again, the focus of the Board’s discussion after the review of the monthly statistics was on the transported patients as the District’s Board wants to ensure that the Hospital is utilizing the transport ambulance service offered by the Winnie Stowell Emergency Medical Service (“WSEMS”). The Hospital staff reported that of the ten (10) transfers in February, the WSEMS was only able to execute four (4) of the transfers. The Hospital then gave the reasons why, they were told the WSEMS could not make the six (6) remaining transfers such as the WSEMS does not go to Houston or do transfers to “floors” (e.g., transfer from the emergency room at Riceland directly to a hospital room at another hospital, not to the emergency room at another hospital).

In response, the Board asked the Indigent Care Director to reach out to the WSEMS and to ask the following questions:

- How many times is the Transfer Ambulance used per month?
- Why is the WSEMS not making calls to Houston or “floor” calls?
- Why is the WSEMS not making calls between the nursing home and the hospital and vice versa?

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

Attorney Oxford updated on the Indigent Care Agreement between the District and Thompson Outpatient Clinic. Attorney Oxford distributed a draft agreement that he and Mr. Thompson have agreed to and recommended that it be approved by the Board and signed by President Murrell. (See **Exhibit “E”**).

After a brief discussion to confirm the terms of the Agreement and to ensure there was a thirty (30) day termination clause, a motion was made by Director Stramecki to authorize the execution of the Indigent Care Agreement, set forth in **Exhibit “E”** between the Thompson Outpatient Clinic and the Winnie Stowell Hospital District. This motion was seconded by Director Way and unanimously approved by all Board.

10. Discuss and take-action, if necessary, on considering grant request.

During this meeting, the Board was asked to consider grant requests by the Thompson Outpatient Clinic; Winnie Community Hospital for the previously discussed Operating Room project; and the Coastal Gateway Health Center (“CGHC” or Health Center”) request for operating funds. The individual requests were as follows:

- **Thompson Outpatient Clinic:** The Thompson Outpatient Clinic request was for up to two month’s assistance with their payroll expenses that were expected to be \$61,486.00 per month. (See **Exhibit “F-1”**). If approved, Mr. Thompson requested that the first payment be made on May 1, 2022 as an advance payment for the May 2022 payroll expenses. Mr. Thompson was unsure if the clinic needed the assistance in June 2022 but requested that be approved as well if he requested the additional payment. In exchange, Mr. Thompson agreed to provide a complete reconciliation of the District funds and if any of the funds are not used, the funds would be reimbursed.

Director Stramecki then stated that prior to the meeting, he, and Director Way (i.e., Finance Committee), met with Mr. Thompson to receive a budget for the

monthly payment(s) and agreed to recommend the request if Mr. Thompson agreed that the reconciliation reports that the District was going to require in the Grant Agreement, would be more detailed. Mr. Thompson agreed.

- **Hospital Operating Room:** The Board then turned their attention to the request by the Hospital for the District to fund the construction of a surgical suite inside of the Hospital to improve local quality and availability of care by negating the need for residents of the District to travel outside of the area for surgery. A copy of the grant request is set forth in **Exhibit “F-2”**. Also see the minutes from the February 16, 2022 Regular Meeting for initial discussion of the request. Per the request, the Hospital asked for \$2,890,748.33 to construct and equip the surgical suite.

Following the introduction of the request, the Board and the Hospital engaged in a lengthy discussion regarding the feasibility of the project; public benefit; and safeguards of the District’s funds. Both Director Stramecki and Director Way, as members of the Finance Committee, informed the Board that they were in favor of the grant if the District can secure sufficient guarantees that the District’s funds were protected; and spent in a cost-efficient manner (e.g., not pay sales tax for a public project for equipment and building materials).

Director Stramecki then proposed issues and methods discussed to provide such safeguards. First, the issue was discussed that the Hospital District, if possible, should purchase the equipment and building materials to save money on sales tax. Second, the group agreed that the Hospital shall use the profits from the surgical suite to make upgrades to the Hospital. Next, the Hospital District advised that they wanted to receive three (3) bids by contractors to perform the work. In addition, Director Stramecki suggested that if the District gave \$2,800,000.00, then the District would ask for a \$2,000,000.00 guaranteed return on the investment through annual indigent care credit and the Hospital would receive an annual depreciation credit. However, the District would evaluate the guarantee after five (5) years and if the Hospital demonstrated that they reinvested their profits into Hospital; the surgical suite was operating as proposed, and the surgical suite was serving a public purpose, the District could

evaluate the grant and possibly waive the balance due on the \$2,000,000.00 return on the investment. An example of the guarantee is set forth below:

Grant	\$2,800,000.00		
Reimbursement Cap	\$2,000,000.00		
	Depreciation Credit	Indigent Care Credit	Credit Balance
Construction Time Period			
End of Year 1	\$100,000.00	\$100,000.00	\$1,800,000.00
End of Year 2	\$100,000.00	\$100,000.00	\$1,600,000.00
End of Year 3	\$100,000.00	\$100,000.00	\$1,400,000.00
End of Year 4	\$100,000.00	\$100,000.00	\$1,200,000.00
End of Year 5 (Evaluation)	\$100,000.00	\$100,000.00	\$1,000,000.00
End of Year 6	\$100,000.00	\$100,000.00	\$800,000.00
End of Year 7	\$100,000.00	\$100,000.00	\$600,000.00
End of Year 8	\$100,000.00	\$100,000.00	\$400,000.00
End of Year 9	\$100,000.00	\$100,000.00	\$200,000.00
End of Year 10	\$100,000.00	\$100,000.00	\$0.00

Moreover, the group discussed the need to have a lien on the Hospital property to protect the District's funds if the Hospital is closed or sold for non-hospital purposes. As an alternative and/or in addition to the lien, the District asked for a right of first refusal.

Thereafter, those in attendance discussed three (3) scenarios for the future of the Hospital and remedies to secure the District's funds. The scenarios discussed and agreed to remedies were as follows:

Scenario	Remedy
Hospital sold to Other Hospital Operator	Parties agreed that the balance of the Reimbursement Cap could be assigned to the new operator who would be obligated to honor the indigent care credit for the balance of the ten (10) year repayment term.
Riceland Forced Close Hospital	Through a lien and right of first refusal, the District would be able to acquire the Hospital and

	utilize the balance of the unused Reimbursement Cap to acquire the facility. If the District does not acquire the facility, the District shall be reimbursed by Riceland for any unused Reimbursement Cap.
Riceland Sells Hospital for non-hospital purposes	Through a lien and right of first refusal, the District would be given the opportunity to acquire the Hospital and utilize the balance of the unused Reimbursement Cap to acquire the facility. If the District does not acquire the facility, the District shall be reimbursed from the sale proceeds of any unused Reimbursement Cap.

Once the concepts were discussed, the Board then negotiated with the Hospital on an acceptable depreciation credit and indigent care credit. After some discussion, the District and the Hospital agreed to the following schedule:

Grant	\$2,800,000.00		
Reimbursement Cap	\$2,000,000.00		
	Depreciation Credit	Indigent Care Credit	Credit Balance
Construction Time Period			
End of Year 1	\$175,000.00	\$25,000.00	\$1,800,000.00
End of Year 2	\$150,000.00	\$50,000.00	\$1,600,000.00
End of Year 3	\$125,000.00	\$75,000.00	\$1,400,000.00
End of Year 4	\$100,000.00	\$100,000.00	\$1,200,000.00
End of Year 5 (Evaluation)	\$100,000.00	\$100,000.00	\$1,000,000.00
End of Year 6	\$75,000.00	\$125,000.00	\$800,000.00
End of Year 7	\$50,000.00	\$150,000.00	\$600,000.00
End of Year 8	\$25,000.00	\$175,000.00	\$400,000.00
End of Year 9	\$0.00	\$200,000.00	\$200,000.00
End of Year 10	\$0.00	\$200,000.00	\$0.00

For a complete discussion of this request, please see the following link: [March 23, 2022 Regular Meeting-Hospital Grant Request Discussion](#). At the end of the discussion, the Finance Committee recommended the approval of the grant.

- **Coastal Gateway Health Center:** President Murrell turned the Board's attention to the Coastal Gateway Health Center grant request set forth in **Exhibit "F-3"**. For the most part, this grant had previously been discussed and approved when the District established its budget for 2022 and set aside reserves for 2022 for the Health Center grant. However, Attorney Oxford advised of concerns that until the clinic was self-sufficient and not dependent on public funds, the Clinic was going to be classified as a "Component Unit" by the auditors and as a Component Unit, the Clinic needed to follow the Public Funds Investment Act rules. Consequently, Attorney Oxford recommended that the Clinic's account never have over \$250,000.00 on deposit. In addition, the Board was informed that since the District was going to be the owner of the property and the Clinic was going to be the tenant, it was the District's responsibility to build any improvements on the real property, and the District is legally obligated to follow the State's procurement laws. This was discussed because there were some questions as to whether the Clinic was going to be responsible for any build out of an existing facility or to be built facility. Otherwise, the Finance Committee recommended the approval of the grant request.

After the discussion of the various grant requests, Attorney Oxford reminded the Board of the rules for using public funds for a private entity. According to Attorney Oxford, Article III, Section 52-a of the Texas Constitution prohibits the use of public funds for private purposes unless the political entity's (i.e., District) governing authority determines that a grant of public money: (1) determines, in good faith, that the expenditure serves a public purpose; (2) places sufficient controls on the award to ensure that the public purpose is carried out; and (3) ensures that the political subdivision receives a return benefit. See Tex. Const. Art. IX, § 9; Tex. *Mun. League Intergovernmental Risk Pool v. Tex. Workers' Comp. Comm'n.*, 74 S.W.3d 377, 384 (Tex. 2002); Tex. Att'y. Gen. Op. No. GA-0076 (2003); and Tex. Att'y. Gen. Op. No. JC-0113 (1999).

Regarding the public purpose requirement, Attorney Oxford informed the District that it is obligated pursuant to the Texas Constitution and the Texas Health and Safety code to assume full responsibility for operating a hospital facility and for providing basic medical and hospital care for its indigent inhabitants without charge

as set forth in Chapter 61 of the Texas Health and Safety Code. *See* Tex. Const. Art. IX, § 9 (2014) (emphasis added); Tex. Health & Safety Code §§ 286.073, 286.082, 61.028, and 61.052(a). Tex. Att'y. Gen. Op. No. JM-858 (1988); and Tex. Att'y. Gen. Op. No. JC-0220 (2000). Therefore, the District is empowered, pursuant to the Indigent Healthcare and Treatment Act, to arrange to provide health care services through contracts with public or private healthcare providers. *See* Tex. Health & Safety Code § 61.056. Moreover, in addition to the obligation to provide health care to the indigent residents, providing hospital and medical care to all the residents of a hospital district has been deemed to be a constitutionally authorized purpose of a hospital district in this state and the expenditure of public fund for these purposes was a legitimate public purpose. *See* Tex. Const. Art. IX, 9; and Tex. Att'y. Gen. Op. No. JC-0434.

A motion was made by Director Stramecki to declare that each grant was:

1. Consistent with the District's constitutional and statutory duty and serves a public purpose by: 1) assisting, through incentives, the retention of a local healthcare provider to continue offering services within the District but to also establish an additional healthcare facility for all the residents of the District to utilize; and 2) to promote local economic development and stimulate business and commercial activity within the District;
2. Through the grant application and safeguards established by this Agreement, the District has established adequate control to ensure the public purpose was executed; and
3. The return benefit for District is to enable the District's residents and indigent to have a choice in healthcare providers and the opportunity to remain within the District to receive medical care in the form of a primary care physician.

Director Stramecki's motion was seconded by Director Way and unanimously approved by all the Board Members present.

Next a motion was made by Director Stramecki to authorize the grant request by Thompson Outpatient Clinic subject to the terms discussed above. This motion was also seconded by Director Way and unanimously approved by all the Board Members.

President Murrell then called for a motion to tentatively approve the Hospital's grant request for a surgical suite subject to an Agreement setting forth the terms discussed above. In response, Director Stramecki made a motion to approve the Hospital's grant request subject to an agreement by both the Hospital and District and the Hospital to coming to terms on the issues discussed above. This motion was seconded by Director Rollo and unanimously approved by all the Board Members.

Lastly, a motion was made by Director Rollo to approve the Coastal Gateway Health Center's grant request. Director Rollo's motion was seconded by Director Way and unanimously approved by all the Board Members.

11. Discuss and take-action, if necessary, on adopting amendments to the Indigent Care Provider Agreement with the Winnie Community Hospital.

Attorney Oxford asked that this agenda item be tabled as he needed clarification on several issues. Attorney Oxford reported that the clarification was received, and he would have an agreement to be approved at the April 20, 2022 Regular Meeting.

The Board concurred, and 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 withdrawing the January 19, 2022 approval of the 2020 audit.

Staff advised the Board that the District received a revised Management Letter that changed the initial Material Deficiency due to an adjustment in the nursing facility revenues and expenses that needed to be made by the auditors to a Significant Deficiency. Staff and the District's CPA explained to the Board that they now had a procedure in place to avoid the problem in the future. Staff then recommended that the District's Board take no action on this agenda item as the previous 2020 audit acceptance shall remain effective. The Board agreed and no action was taken.

13. Discuss and take-action, if necessary, on assigning or terminating the Agreement for Services with THRIVE.

Attorney Oxford presented the Board with an Assignment Agreement to assign the THRIVE consulting agreement to Coastal Gateway Health Center to be effective April 1, 2022. (See Exhibit "G"). Attorney Oxford explained that starting on April 1, 2022, THRIVE would submit their invoice from March 2022 to the Health Center for payment.

After some discussion, a motion was made by Director Stramecki to terminate the THRIVE agreement and to assign the agreement to Coastal Gateway Health Center. The motion was seconded by Director Way, and unanimously approved by all the Board members.

14. Discuss and take-action, if necessary, on approving Conflicts of Interest agreement between Benckenstein & Oxford, LLP and Coastal Gateway Health Center.

Attorney Oxford asked that this agenda item be tabled because he was not sure whether the approval of a Conflicts of Interest agreement was going to be necessary.

After receiving Attorney Oxford's recommendation, a motion was made by Director Way to table this agenda item until the next regularly scheduled meeting. This motion was seconded by Director Stramecki and unanimously approved by all Board.

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

President Murrell advised the Board that the Chambers County Commissioner's Court was scheduled to consider the District's request to purchase the Old Library located at 924 State Highway 124, Winnie, Texas 77665 ("Property") during their April 12, 2022 Regular Commissioner's Court meeting. As such, President Murrell requested the Board to provide authority for the District to acquire the Property if the Commissioners Court agreed to sell it. In addition,

President Murrell reminded the District's Board that the Property appraised for \$400,000.00 and he therefore, suggested authorizing the purchase of the Property for up to the appraisal value.

The Board agreed with President's Murrell's recommendation to expedite the purchase of the Property, a motion was made by Director Stramecki to purchase the Old Library located at 924 State Highway 124, Winnie, Texas 77665 from Chambers County, Texas for up to \$400,000.00 if the property became available. This motion was seconded by Director Vratis and unanimously approved by all the Directors.

16. Discuss and take-action, if necessary, engaging an auditor to perform the 2021 District Audit.


President Murrell called on staff to suggest the engagement of an audit firm for the 2021 audit. Attorney Oxford asked to speak and informed the Board that he discussed the 2021 audit with Tommy Davis, Durbin & Co, and expressed the concerns by the Board that the audits were not be being completed timely and as a result, the District believed data conveyed by the District was being overlooked or not addressed. In response, Mr. Davis informed Attorney Oxford that he would personally supervise the 2021 audit and he assured Attorney Oxford that his team would have the audit completed by the June 15, 2022 Regular Meeting, if Durbin & Company received the required information timely. Lastly, Attorney Oxford stated that Mr. Davis once again agreed to include a "not to exceed" amount of \$25,000.00 for the audit.

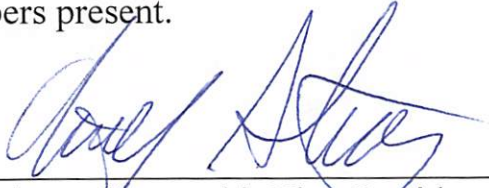
Attorney Oxford then asked the staff and the District's CPA for their opinion. The District's CPA recommended continuing to use Durbin & Co because of their prior experience with the District but he did agree that the audits needed to be completed timelier. Staff also expressed their support for Durbin & Co. and stated that they have all the information ready to be transmitted to the auditor once the information was requested.

Upon the completion of the discussion, a motion was made by Director Stramecki to engage Durbin & Co. to perform the 2021 audit to be completed, if

possible, by June 15, 2022. This motion was seconded by Director Rollo, 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 May 18, 2022. A motion was made by Director Stramecki at 9:02 p.m., 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