

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., August 17, 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 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 Vratiss	Director

All said Board members were present except Directors Rollo and Vratiss. 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
Ms. Kaley Smith	Coastal Gateway Health Center
Mr. Mo Danishmund	Chief Financial Officer, Winnie Community Hospital (“Hospital”)
Mr. Saad Javed	Winnie Community Hospital
Mr. Chris Portner	Counsel, for Hospital
Mr. Chris Rutledge	LTC Group
Mr. David Smith	LTC Group
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. There being none, he then asked the Board to address the different Agenda Items

5. Discuss and take-action, if necessary, on approving the 2021 Audit.

Attorney Oxford informed the Board that this Agenda Item needed to be tabled because the audit for 2021 was not ready to be presented. However, he did state that the Auditors told him that they anticipate presenting the audit at the September 2022 Regular Meeting. President Murrell asked Attorney Oxford to please remind the auditors of their agreement to provide the audit no later than July 2022 and he expected that the audit be presented at the next meeting.

In response, a motion was made by Director Stramecki to table Agenda Item 5. This motion was seconded by Director Way and unanimously approved by all the Board members.

6. Review and Approve Minutes of Previous Regular Meeting on July 20, 2022.

The Board was then asked to consider Agenda Item No. 6, to review and approve minutes for the July 20, 2022 Regular Meeting. The Board reviewed the minutes and had no further changes.

Consequently, Director Stramecki made a motion to approve the minutes of the July 20, 2022 Regular Meeting. This motion was seconded by Director Way, and unanimously approved by all the Board members present.

7. 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 July 2022 Balance Sheet and Income Statement. (See **Exhibit “A-1”**). Regarding the financial reports, Mr. Sticker reviewed the Balance Sheet and Income statement and advised the Board that through July 2022, the District’s budget was in order. However, Mr. Sticker did report to the Board that he and staff have been meeting to discuss budget amendments and expected to have a set of amendments to be reviewed and approved by the Board at either the Special Meeting for the election on August 29, 2022 or the September 21, 2022 Regular Meeting.

Upon the completion of presenting the District’s July 2022 Financial Statements by Mr. Sticker, President Murrell called on Attorney Oxford to review the District’s Treasurer’s report through August 17, 2022. (See **Exhibit “A-2”**). First, Attorney Oxford and Mrs. Norris asked the Board to review the invoices in the attached table and asked if there were any questions.

Pending Expenses	For	Amount
Brookshire Brothers	Indigent Care	\$1,819.26
Wilcox Pharmacy	Indigent Care	\$1,327.97
UTMB at Galveston	Indigent Care	\$1,472.65
UTMB Faculty Group	Indigent Care	\$980.34
Thompson Outpatient Clinic	Indigent Care	\$1,006.49
Omnipoint Health-Dental	SP Program	\$1,020.00
Penelope (Polly) Butler	Youth Counseling	\$170.00
Nicki Holtzman	Youth Counseling	\$680.00
Kalos Counseling (Benjamin Odom)	Youth Counseling	\$425.00
Indigent Healthcare Solutions	IC Inv #41218	\$1,109.00
Benckenstein & Oxford	Inv #50501	\$22,820.00
Hubert Oxford	Legal Retainer	\$1,000.00
David Sticker	Inv #83	\$2,031.25
Technology Solutions of Tx	Inv #s 1686 & 1704	\$604.99
Felipe Ojedia-Yard Service	Inv # 1028	\$300.00
Graciela Chavez-Office Cleaning	Inv #8018612	\$60.00
WSVEMS (dated)	Grant Inv July 2022	\$10,416.00
American Education Services	S Stern-Student Loan	\$150.14
Function4-contract	Inv #954530 & 953037	\$274.11
Allegiance Bank	LOC Interest-Auto Pay	\$15,370.83
Cigna (overpayment)	Reimb C RH QY5 May&Jun	\$68.38
Coastal Gateway Health Center	Grant (Aug Req)	\$194,687.18
Total Pending Expenses:		\$257,793.59

Next, 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 \$24,646,801.49. Of the total funds deposited in this account, the District’s Unrestricted funds balance was \$10,838,973.58.

After a review of the funds in the First Financial Bank accounts and a discussion on the funds due for the Mission, Red Oak, and Villa at Texarkana facilities, as discussed below in Agenda Item 13, Attorney Oxford referred the Board to the Funds Summary section set forth in the following table:

Funds Summary	Totals
Prosperity Operating (Unrestricted)	\$184,787.71
First Financial (Unrestricted)	\$10,838,973.58
First Financial (Restricted)	\$13,807,827.92
TexStar	\$692,497.44
Allegiance Bank LOC (Available)	\$0.00
Total District Funds	\$25,524,086.64
Less First Financial (Restricted)	(\$13,807,827.92)
Less TexStar Reserve Account	(\$692,497.44)
Less Committed Funds (Capital Acquisition and Grant Funding-See below)	(\$4,494,396.88)
Cash Position (Less First Financial Restricted)	\$6,529,364.41
Pending Expenses	(\$257,793.59)
Ending Balance (Less expenses-Available Cash, not Committed)	\$6,271,570.82
Total Funds (Ending Balance+LOC Outstanding+QIPP Funds Outstanding)	\$14,168,983.66

President Murrell then called for a motion to approve the financials for August 17, 2022; the Treasurer’s Report; and payment of invoices. In response, Director Stramecki made a motion, which was seconded by Director Way, with the unanimous approval of the Board members to: a) approve the financials for August 17, 2022; b) approve the Treasurer’s Report; and c) pay the outstanding invoices. (See Exhibit “A-1”, “A-2”, and “A-3”).

8. 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.

9. Receive reports, by:

a. Administrator's Report

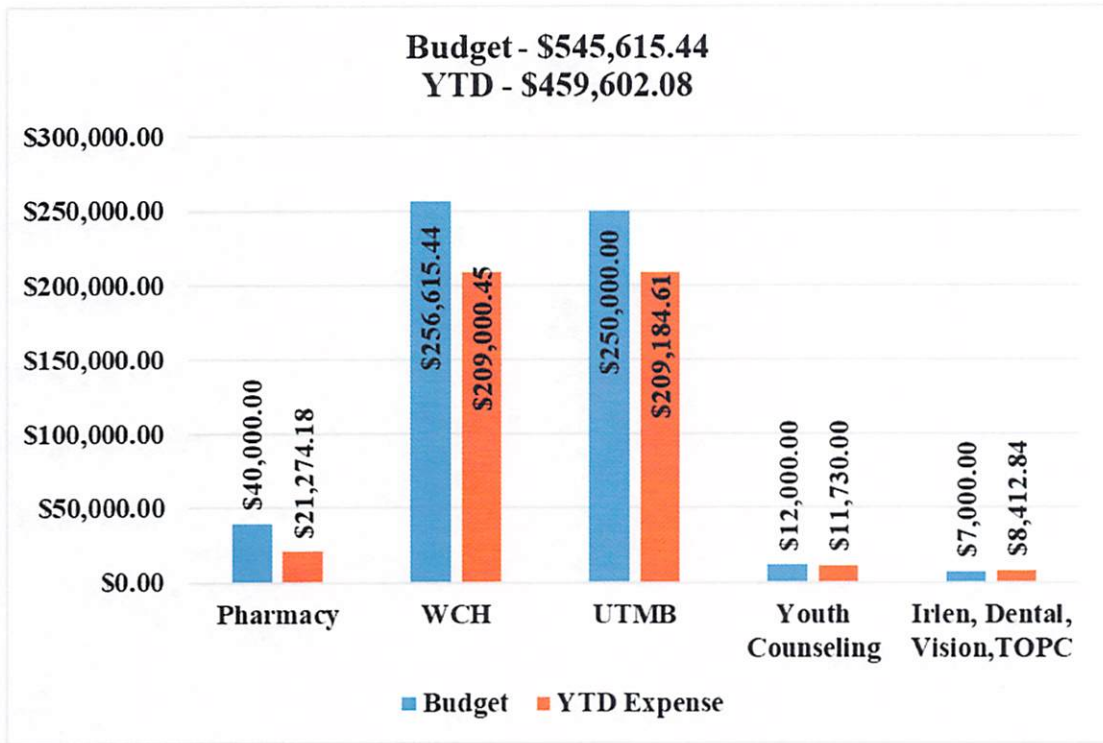
Mrs. Norris informed the Board that she did not have anything to report.

b. District Indigent Care Director Report

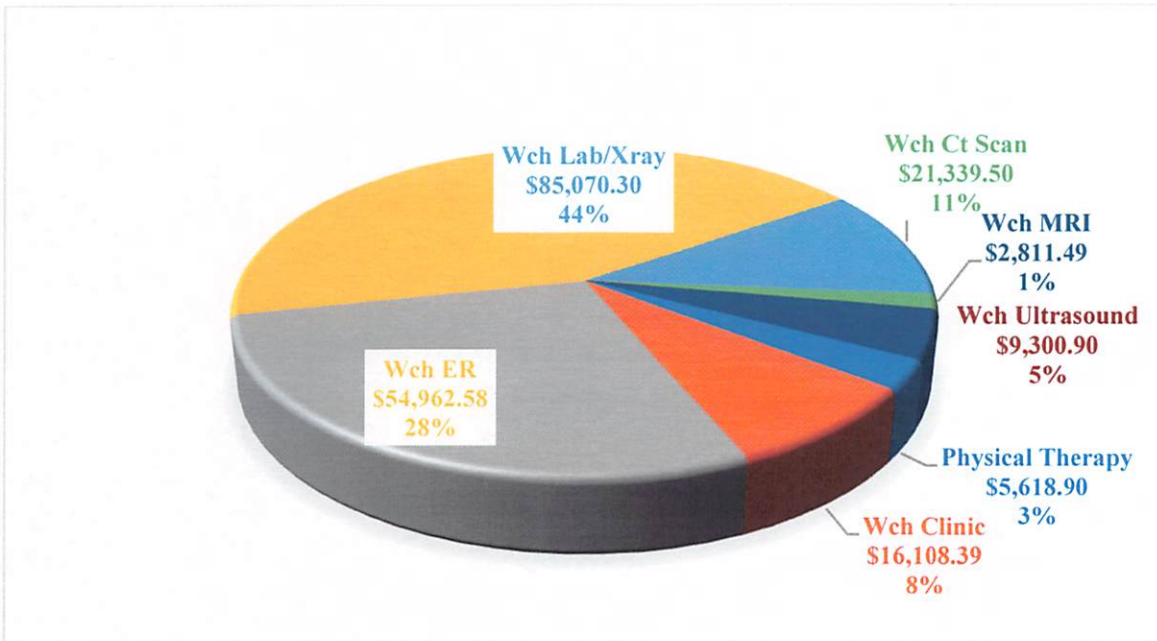
Next, Mrs. Ojeda was called on to give the Indigent Care report. Mrs. Ojeda reported that in July 2022, there were seventy-eight (78) indigent clients enrolled in the District's Indigent Care Program. This is a decrease of one (1) client from the previous month. Mrs. Ojeda then informed the Board that the District provided Youth Counseling to thirty-one (31) children, which is also the same amount as the month before. Furthermore, as in the prior month, the District did not provide any Irlen services, and five (5) residents used the dental benefits through July 2022. (*See Exhibit "B"*).

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

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In regard to the Hospital specific expenses, they are as follows with the Lab/Xrays consuming most of the expenses incurred:



Thereafter, Mrs. Ojeda presented reports on the County Van, Marcelous Williams, and the Winnie Stowell Emergency Medical Services (“WSEMS”). A summary of activity for July 2022 is as follows:

District Program	Residents Served	District Indigent Clients
County Van	51	2
Marcelous Williams	20	20
	Transports by WSVEMS	Transports From Riceland
WSEMS Transport Van	13	6

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 he had two things to present to the Board. The first was an Agreement between Caring Healthcare on behalf of the Villa at Texarkana facility and the District to allow the Villa at Texarkana to keep the Quality Improvement Payment Program (“QIPP”) benefits for QIPP Year 5 in exchange for the dedication of Component 1 and 4 funds to capital improvements for the Caring Healthcare facilities owned by the District. (See **Exhibit “C”**).

Furthermore, Attorney Oxford advised the Board that he received a telephone call from Salt Creek Capital to inquire about funding nursing home operations with loan proceeds in December 2022. Specifically, Attorney Oxford was asked how much of the Intergovernmental Transfer (“IGT”) in December 2022 the District was going to fund through its line of credit. Attorney Oxford requested that the Board allow him to complete a cash flow model through August 2024 and to present at the next meeting. Attorney Oxford stated that he believed this was important so that the Board would have a more accurate depiction of their available cash and cash flow needs in the next two years.

As part of this discussion, Attorney Oxford did inquire of the Hospital staff their intentions to utilize the \$2,890,748.33 the District set aside for the operating room because if the Hospital was going to move forward with the operating room within the year, this would impact the District's cash on hand. Per the representatives from the Hospital, they expected some expenditures to be incurred in November 2022 but most of the expenses would accrue in a year. In response to questions from the Board regarding the Hospital's plans, Mr. Danishmund stated that the Hospital was completing a feasibility study of building an operating room within the hospital and the preliminary result of the study was that remodeling the hospital to accommodate to the operating room was not feasible. Instead, Mr. Danishmund reported that the Hospital was researching modular buildings to serve as a detached operating room. This announcement inspired multiple questions from the District's Board regarding cost, aesthetics, and timelines but since the concept was new, the Hospital was not able to provide detailed responses. Nevertheless, Mr. Danishmund did state that if the District did remove the funds for the operating room from the Committed Fund schedule and used elsewhere, this would be prudent except that the Hospital may need the funds in a year.

At the conclusion of the discussion, the Finance Committee did agree to meet prior to the next meeting and to make a decision on cash flow needs and the District's long-term ability to fund nursing home operations, including IGTs.

d. Coastal Gateway Health Center Report

Speaking on behalf of Coastal Gateway Health center ("Coastal Gateway"), Ms. Kaley Smith presented the Board with Coastal Gateway monthly report. (*See Exhibit "D"*). In addition to reviewing the various line items in the report and asking for any questions, including the approval of Coastal Gateway's not for profit status, Ms. Smith then requested that the District fund the Coastal Gateway grant by depositing \$194,687.19 in the Coastal Gateway Operating Account. If approved, this deposit would bring Coastal Gateway's account back to \$250,000.00. In support of this request, Ms. Smith reviewed the Coastal Gateway financial statements and check register with the Board. According to Ms. Smith, after the deposit was made, the year-to-date funds paid by the District for the Coastal Gateway grant would be \$591,763.63 out of the \$1,245,840.00 that was budgeted by the District. Since the

grant for the clinic was already approved and in the District's Budget, no formal action was needed to be taken but the Board did consent to fund the request.

e. LTC Report

This month, David Smith, with LTC, presented the LTC Report for July 22 and asked the Board to review and contact LTC with any questions. (See **Exhibit "E"**). Furthermore, Mr. Smith and Mr. Rutledge discussed the status of the QIPP and were pleased to inform the Board that everything was going smoothly with QIPP.

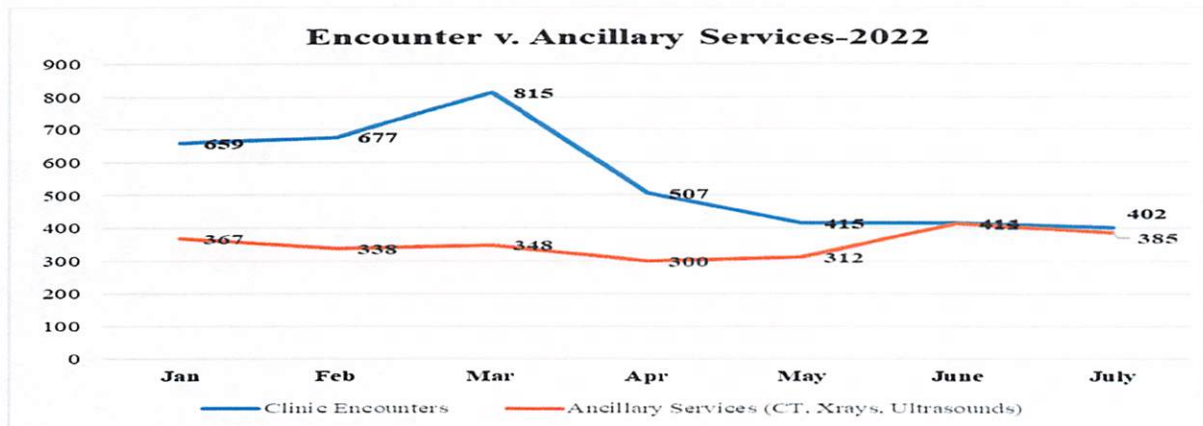
f. Hospital Report

President Murrell then called on Mr. Javed to provide the Hospital's monthly report for July 2022. Mr. Javed distributed his monthly report, which is set forth below and began to review the statistics.

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Census	Jan	Feb	Mar	Apr	May	June	July	Average
ER Visits	210	161	215	229	240	245	242	220
Conversion to Inpatient/observation	17	18	26	24	20	16	19	20
Percentage	8%	11%	12%	10%	8%	7%	8%	9%
Transferred out	13	10	12	12	11	15	13	12
Percentage	6%	6%	6%	5%	5%	6%	5%	6%
ER shifts covered by doctors	3%	4%	3%	3%	3%	0%	3%	3%
Number Inpatient days	187	171	127	74	125	163	174	146
Number Hospice days	0	4	8	5	7	0	0	3
Number Swingbed days	27	47	53	60	67	218	47	74
Number Observation days	47	38	29	24	51	14	34	34
Total All Inpt. Days	261	260	217	163	250	395	255	257
Average Inpatient days per day	8.42	9.29	7.00	5.43	8.06	13.17	8.23	8.51
CTs	70	56	85	77	47	44	86	66
Xrays	268	241	228	198	225	340	259	251
Ultrasounds	29	41	35	25	40	28	40	34
Encounters - Adult Clinic	471	445	499	262	220	227	206	333
Encounters - Pediatric Clinic	188	232	316	245	195	187	196	223
Behavioral Health patients	30	29	31	32	44	43	34	35
Physical Therapy	1	1	0	0	0	2	0	1

After a review of the monthly statistics, the Hospital staff and the Board discussed the need to continue to monitor the decrease in the Clinic Encounters compared to the Ancillary Services. According to the Hospital, the Clinic Encounters have decreased because of the Thompson Outpatient Clinic, but the Hospital District contends that the Ancillary Services should begin to increase as the Thompson Outpatient Clinic begins to utilize the Hospital for these services. As for the meeting, both sets of services have equalized at approximately four hundred (400) encounters but Attorney Oxford reminded the Board and Hospital that the Ancillary Services do not include lab work, which is a major source of services.



Lastly, Mr. Javid informed the Board of some monthly operations matters as follows:

- The Intensive Outpatient Therapy program is open and serving Nursing Home patients from the Arboretum and both therapists are at ninety percent (90%) capacity.
- The Pulmonary Care's ventilator weaning program remains on hold pending recruitment of a nephrologist to cover hemodialysis.
- Recent State survey completed and there were some minor deficiencies noted, but have all been addressed.

10. Discuss and take-action, if necessary, on ordering the November 8, 2022 election for two (2) at-large Board member positions.

Staff was called on to present the proposed Election Order for the November 8, 2022 election for two (2) at-large Board member positions. (See **Exhibit "F"**). Given the deadline for adopting the proposed order, staff recommended that the Board adopt the Order at this meeting to avoid a Special Meeting prior to the Monday, August 22, 2022 deadline.

The Board concurred and then Director Stramecki made a motion to order the November 8, 2022 election for two (2) at-large Board member positions. This motion was seconded by Director Way and unanimously approved by all the Board members.

11. Discuss and take-action, if necessary, on approving agreement with the Chambers County Clerk to conduct the District's November 8, 2022 director's election.

Staff presented the Board with the election agreement between the District and the County Clerk's office to administer the November 8, 2022 director's election. (See **Exhibit "G"**). Attorney Oxford stated that he had read and reviewed the agreement it was the same agreement that the District's Board had previously approved. He then recommended that the agreement be approved but for staff to not

submit the agreement until after the August 29, 2022 Special Meeting because the District may not have an election.

Thereafter, Director Stramecki made a motion to approve this the agreement subject to an understanding with staff not to send the Agreement until after the August 29, 2022 Special Meeting. This motion was seconded by Director Way and unanimously approved by all Board members present.

12. Discuss and take-action, if necessary, on approving amendments to Service Agreement with LTC Group.

Attorney Oxford presented the Fifth Amendment to the Service Agreement with the LTC Group for QIPP Year 6 and explained that nothing changed in the Agreement except for the Exhibit of the List of Facilities to be serviced by LTC to include twelve (12) new homes at a cost of \$6,000.00 per facility monthly. (*See Exhibit “H”*). Attorney Oxford stated that if the Board approves the Amendment, the District’s monthly payment to the LTC Group would go from \$201,000.00 per month (i.e., full payment for twenty-eight facilities and half payment for eleven new HMG facilities) to \$240,000.00 for forty (40) facilities.

After a review of the Amendment, Director Stramecki made a motion to approve the Fifth Amendment to the Service Agreement with the LTC Group. This motion was seconded by Director Way with the unanimous consent of all the Board members present.

13. Discuss and take-action, if necessary, on approving grant requests, including:

- a. Request by Hospital for DY-7 Repayment; and**
- b. Tuition loan repayment requests.**

President Murrell then called on Hospital staff to discuss the Hospital’s request for assistance with the repayment demand by the Texas Health and Human Services Commission for \$580,527.00 resulting from an overpayment from the DY-7 Uncompensated Care funds. Of this reimbursement payment, \$250,323.24 is for

the District's share of IGT funds that it over paid and once the funds were paid, the District would receive \$250,323.24. Director Stramecki stated that he was able to get confirmation that the repayment demand was due to a change in the formula due to a third-party lawsuit involving children's hospitals, not because of anything the Hospital submitted in their reports. Therefore, Director Stramecki concurred with President Murrell's prior suggestion at the last meeting, that the District pay the District's portion of the repayment request resulting from the overpayment of the IGT in the amount of \$250,323.24, but upon receipt of these funds from the State of Texas, the District would be reimbursed. Therefore, if the District paid a portion of the repayment demand, the District would receive a refund of its contribution and then the only funds the District would not recoup was this same amount in the original IGT. If approved, the Board asked Attorney Oxford to prepare an agreement with the Hospital that provides that the District will assist in payment of the District's share totaling \$250,323.24 but once the total repayment was made by the Hospital, the District shall receive the refund of \$250,323.24.

Regarding the tuition reimbursement program, the Board was presented with the applications submitted, of which one qualified, and then decided that the District needed further information to evaluate what courses qualify for reimbursement. In addition, they asked that criteria be included that the applicant apply for federal loan assistance prior to applying. They then asked Mrs. Ojeda to work with local universities to determine the cost for qualified courses.

Subsequently, Director Stramecki's made motion to: (1) provide an advance of \$250,323.24 to the Hospital for the overpayment of the IGT for DY-7 and to require the Hospital to reimburse the District this same amount, if the funds are paid the Hospital, upon the completion of the total reimbursement request; and (2) to table the tuition reimbursement request. This motion was seconded by Director Way and unanimously approved by all the Board members.

14. Discuss and take-action, if necessary, on approving Hospital Intergovernmental Transfer for DY-11 Uncompensated Care.

Staff reported that on August 5, 2022, the District was asked by the Hospital to make an intergovernmental transfer ("IGT") on their behalf for the DY-11, 1115

Waiver Program-Uncompensated Care payment. According to the staff, this was the second of two (2) scheduled IGTs for the year and the maximum amount of the IGT was \$53,319.66. Once made, the IGT will generate an Uncompensated Care payment of \$161,574.74. Lastly, because the amount of the IGTs sometimes change, staff asked for authority to make an IGT of up to \$60,000.00, if necessary.

The Board agreed and then a motion was made by Director Stramecki to authorize an IGT on behalf of the Hospital to participate in the DY-11, 1115 Waiver Program-Uncompensated Care in the amount of up to \$60,000.00. The motion was seconded by Director Way, and unanimously approved by all the Board members.

15. Discuss and take-action, if necessary, on adopting a Special Needs Assistance Program.

The last action item to be discussed was staff's request for a Special Needs Assistance Program, or Charity Care Program, to assist residents that may not qualify for the District's Indigent Care Program because of the lack of citizenship requirement but who are in need of an emergency or lifesaving healthcare treatment. In response, after hearing examples of situations where Mrs. Ojeda had to deny patients that needed life savings procedures but could not qualify for the Indigent Care Assistance Program, the Board agreed to adopt a policy, subject to the following conditions:

- a. Applicants must apply for all other available assistance prior to being considered for the program and Applicant shall provide the eligibility determination notice(s) for other assistance program, if any, with the application form.
- b. All urgent/emergent medically necessary medical care must be rendered at a UTMB facility and by a UTMB contracted healthcare provider.
- c. Charity Care will be granted on a case-by-case basis and at the discretion of the District, with a Charity Care 50% co-payment by the District for the approved service charges, up to \$15,000.00 maximum per individual.
- d. Applicant must agree to be responsible for the billed charges that are not paid by the Charity Care Benefits.

e. In addition, the Applicant must:

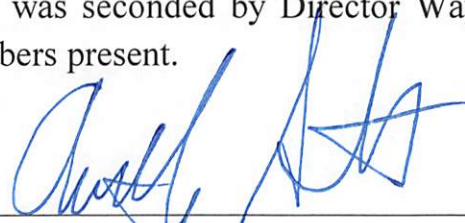
- (1) Be a current resident of the Chambers County Winnie-Stowell Hospital District area, and plan to stay in the District's area;
- (2) Must qualify for the Indigent Care Assistance Program ("ICAP") except the applicant may be an undocumented alien;
- (3) Be gainfully employed, must file income tax returns, and must provide a copy of the current tax year return;
- (4) Provide documentation from a treating healthcare provider confirming the need for the Medical Services.

After agreeing to the terms and conditions of the program and considering the need to provide immediate assistance for an emergency healthcare need by a local resident that qualifies the program, a motion was made by Director Stramecki to authorize the Charity Care program immediately subject to the terms and conditions set forth above and to include \$50,000.00 in this budget to fund the program. The 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 September 21, 2022. A motion was made by Director Stramecki at 8:20 p.m., 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