

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., September 21, 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 6:06 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. 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. Charles Floyd	Counsel, for Hospital
Mr. Tommy Davis	Durbin and Co.
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.

President Murrell President Murrell then called on Mr. Tommy Davis with Durbin and Co. to present the District's draft 2021 audit. Mr. Davis then asked the Board to review the draft financial aspect of the audit and a PowerPoint set forth as **Exhibit "A"**.

According to Mr. Davis, as with previous years, the District was in sound financial shape with a total net position of \$11,791,196.00. Otherwise, the Auditors stated in the report that:

- The auditor's report expresses an unmodified opinion on whether the financial statements of Winnie-Stowell Hospital District were prepared in accordance with GAAP;
- Auditors found no significant deficiencies relating to the audit of the financial statements as reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in accordance with Government Auditing Standards;
- There were no instances of noncompliance material to the financial statements of the District, which would be required to be reported in accordance with Government Auditing Standards, disclosed during the audit;

- The auditors did not find any significant deficiencies relating to the audit of the major federal award programs as reported in the Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance;
- The auditor’s report on compliance for the major federal award programs for Winnie-Stowell Hospital District expresses an unmodified opinion on all major federal programs;
- There are no audit findings related to major programs that are required to be reported in accordance with 2 CFR §200.516(a); and
- Winnie-Stowell Hospital District was determined to be a low-risk auditee.

In addition, the Auditors provided the District with a list of adjustments that needed to be made, and explained that one major adjustment needed to be made this year because of a formula used in the financial spreadsheet for the nursing homes whenever the District added eleven (11) new homes. (*See Exhibit “A”*). However, this formula was corrected and will not be an issue in the future.

Upon the conclusion of the review of the draft financials and the presentation by Mr. Davis, a motion was made by Director Stramecki to accept the draft Audit for 2021 subject to the receipt of a Management Letter. (*See Exhibit “A”*). This motion was seconded by Director Way and unanimously approved by all Board.

6. Review and Approve Minutes of Previous Regular Meeting on August 17, 2022.

The Board was then asked to consider Agenda Item No. 6, to review and approve minutes for the August 17, 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 August 17, 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 August 2022 Balance Sheet and Income Statement. (See **Exhibit “B-1”**). Regarding the financial reports, Mr. Sticker reviewed the Balance Sheet and then advised the Board that he had met with staff and the Finance Committee, and they were prepared to present and second budget amendment for 2022. (See **Exhibit “B-2”**).

According to Mr. Sticker, the Budget needed to be amended a second time to: (a) update the income for the year because the initial budget called for an achievement rate for the Qualify Incentive Payment Program (“QIPP”) of 75% and as the year has progressed, the actual achievement rates were closer to 90%; (b) account for grants awarded during the year that were not originally anticipated; (c) reorganize the line items to classify them by related categories; and (d) to make routine updates to various line items. A summary of the total budget amendment is set forth below and detail changes, with explanations, are set forth in **Exhibit “B-2”**.

	Year to Date Through August 2022	Budget (Amendment 1)	Proposed Budget Amendments for Amendment 2	Budget (Amendment 2)	% Change in Budget
Revenue					
Total Income	\$ 32,113,161.98	\$ 53,581,230.70	\$ 4,132,269.30	\$ 57,713,500.00	7.71%
Expenses					
Total Expense	\$ 31,065,492.45	\$ 50,819,236.96	\$ 1,136,133.29	\$ 51,955,370.25	2.24%
Net Ordinary Income	\$ 1,047,669.53	\$ 2,761,993.74	\$ 2,996,136.01	\$ 5,758,129.75	108.48%

Upon the completion of presenting the District’s August 2022 Financial Statements by Mr. Sticker, President Murrell called on Attorney Oxford to review the District’s Treasurer’s report through September 21, 2022. (See **Exhibit “B-3”**). First, Attorney Oxford and Mrs. Norris asked the Board to review the invoices in the following table and asked if there were any questions.

Pending Expenses	For	Amount
Brookshire Brothers	Indigent Care	\$2,410.27
Wilcox Pharmacy	Indigent Care	\$1,348.13
UTMB at Galveston	Indigent Care	\$11,668.26
UTMB Faculty Group	Indigent Care	\$7,333.83
Thompson Outpatient Clinic	Indigent Care	\$1,135.85
Barrier Reef Emergency Physicains	Indigent Care	\$121.20
Omnipoint Health-Dental	SP Program	\$1,576.00
Dr. June Stansky, Optometrist	SP Program	\$180.00
\$25 Optical	SP Program	\$95.00
Penelope (Polly) Butler	Youth Counseling	\$85.00
Nicki Holtzman	Youth Counseling	\$595.00
Kalos Counseling (Benjamin Odom)	Youth Counseling	\$935.00
Indigent Healthcare Solutions	IC Inv #74389 & 74468	\$1,234.00
Benckenstein & Oxford	Inv #50550	\$19,100.00
Hubert Oxford	Legal Retainer	\$1,000.00
David Sticker	Inv #84	\$3,343.75
Technology Solutions of Tx	Inv # 1711	\$75.00
Felipe Ojedia-Yard Service	Inv #1029	\$300.00
Graciela Chavez-Office Cleaning	Inv #8018613	\$120.00
WSVEMS (dated)	Grant Inv Aug Payroll	\$10,416.00
American Education Services	S Stern-Student Loan	\$150.14
Lisa Rae, LLC	Inv #1141	\$555.00
Allegiance Bank	LOC Interest-Auto Pay	\$15,370.84
Total Pending Expenses:		\$79,148.27

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 \$21,274,228.24. Of the total funds deposited in this account, the District's Unrestricted funds balance was \$10,480,802.06.

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

Attorney Oxford then presented the Board with a cash flow statement that had been prepared with the assistance of staff and LTC. (*See Exhibit “B-4”*). According to Attorney Oxford, the District should have sufficient funds in June 2023 and December 2023 to make intergovernmental transfer for the QIPP program for forty-four facilities. In addition, Attorney Oxford referred the Board to the Check Register and other supporting financial information found in **Exhibit “B-5”**.

President Murrell then called for a motion to approve the financials for September 21, 2022; the Treasurer’s Report; and payment of invoices. In response, Director Vratis made a motion, which was seconded by Director Way, with the unanimous approval of the Board members to: a) approve the financials for September 21, 2022; b) approve the Treasurer’s Report; and c) pay the outstanding invoices; and approve Budget Amendment 2. (*See Exhibit “B-1”, “B-2”, and “B-3”, “B-4”, and “B-5”*).

- 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 items.

9. Receive reports, by:

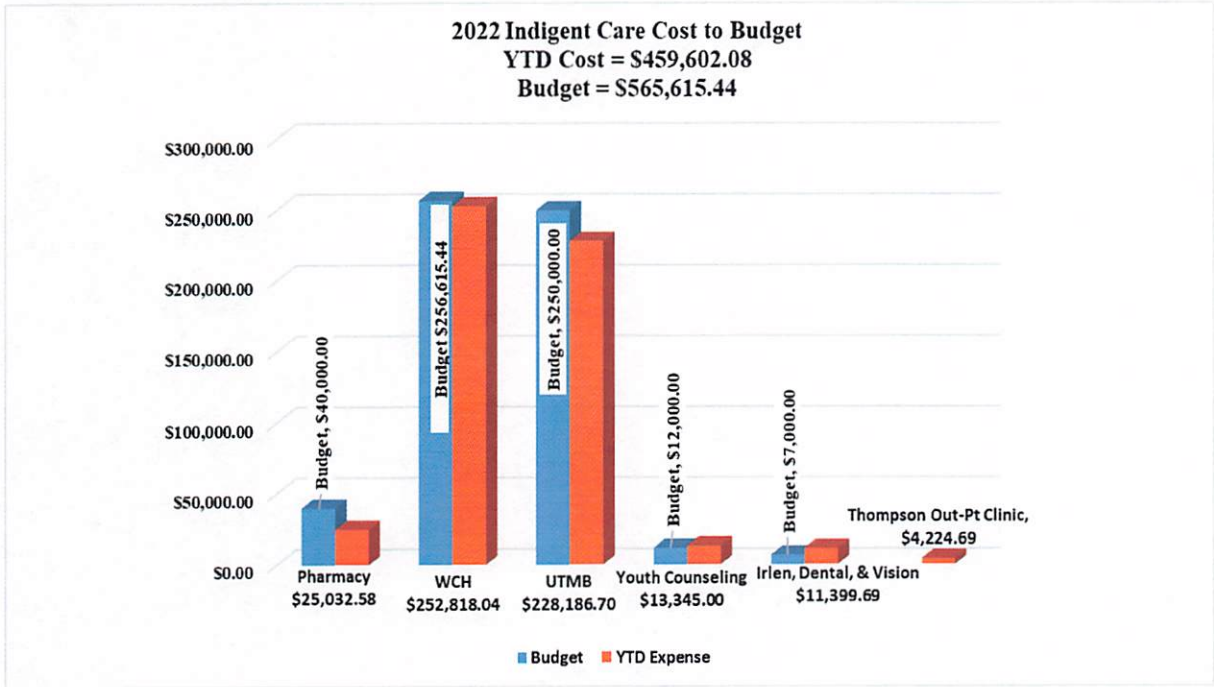
a. Administrator's Report

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

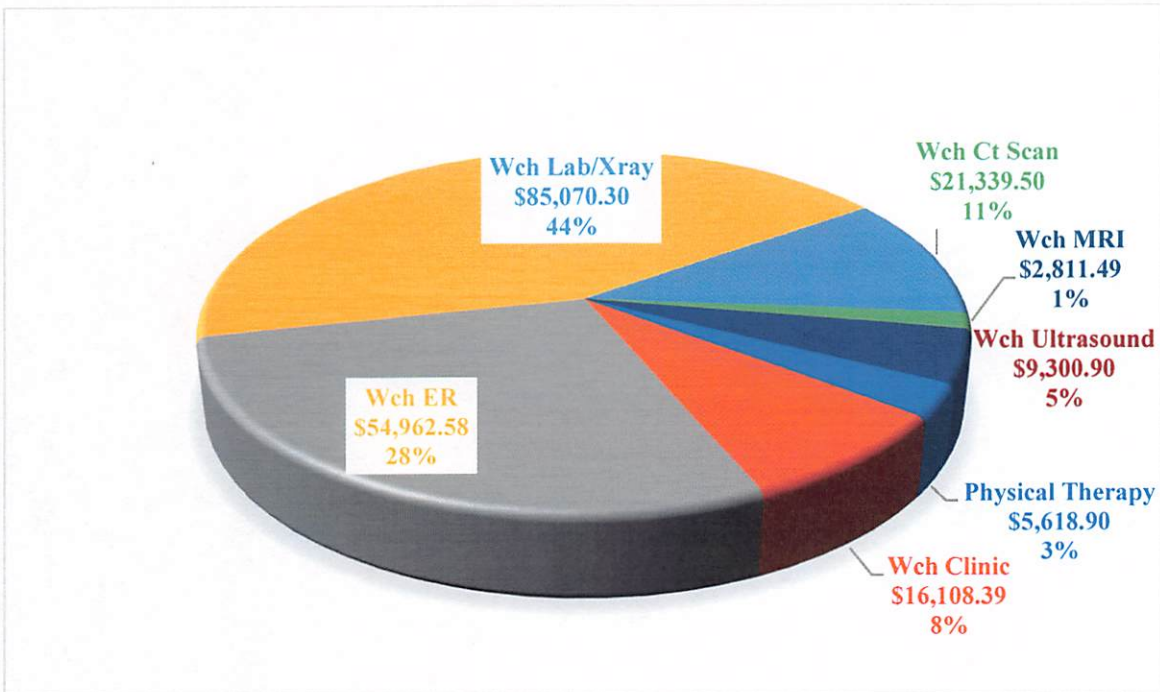
b. District Indigent Care Director Report

Next, Mrs. Ojeda was called on to give the Indigent Care report. Mrs. Ojeda reported that in August 2022, there were eighty-four (84) indigent clients enrolled in the District's Indigent Care Program. This is a decrease of six (6) clients from the previous month. Mrs. Ojeda then informed the Board that the number of children who have received youth counseling for the year remained at thirty-one (31) children. Furthermore, as in the prior month, the District did not provide any Irlen services, but in August, two (2) residents used the dental benefits and eight (8) used the vision benefits. (*See Exhibit "C"*).

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

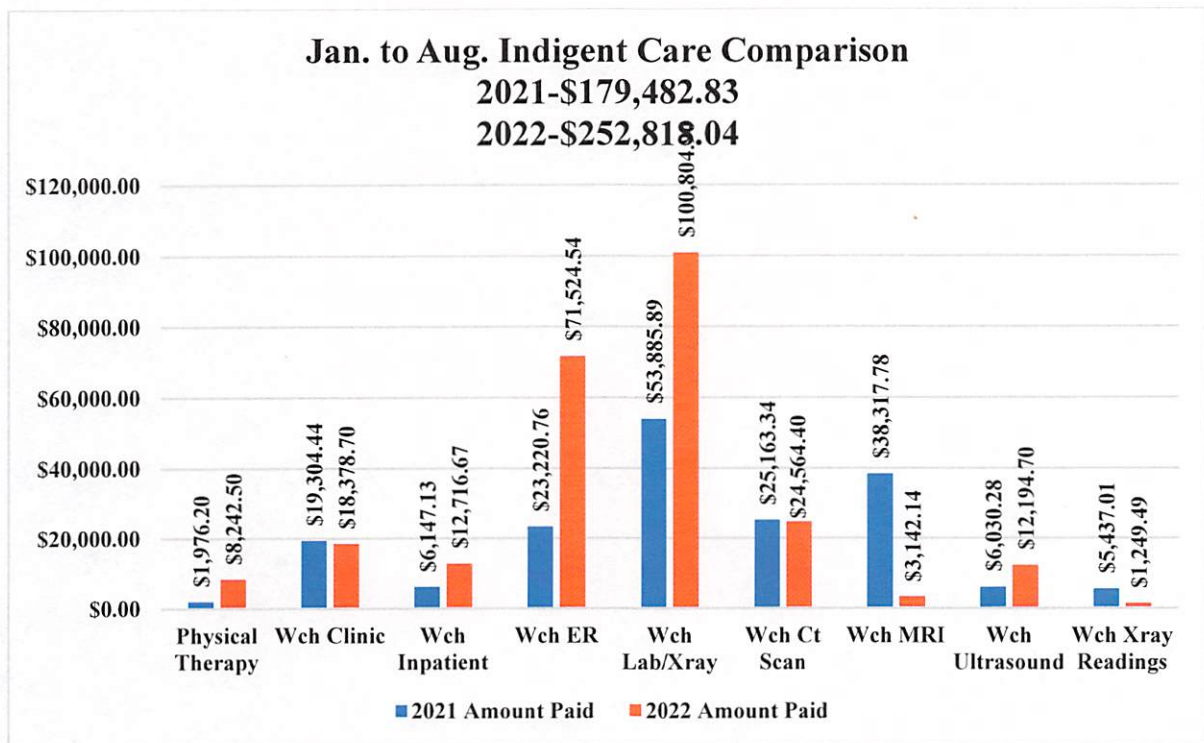


Regarding the Hospital specific expenses, year to date, the District has incurred \$252,818.04 in Hospital expenses. The pie chart below identifies how these funds were spent by department at the Hospital.



In addition, Mrs. Ojeda informed the Board that as of the end of August, the indigent expenses with the Hospital had nearly reached the payment level agreed to pursuant to the Indigent Care Agreement of \$256,615.44 and requested direction on implementing the overage provisions set forth in the Second Amended Indigent Care Support Agreement. Attorney Oxford explained that pursuant to this agreement, the District agreed to pay the actual cost incurred over \$256,615.44 if the yearly cost exceeded ten percent (10%) of the annual payment. In this situation, Attorney Oxford advised that the District will most likely exceed the ten percent and recommended that moving forward, the Hospital submit a monthly invoice for the health care cost agreed to in the agreement and be paid monthly.

In response, the Board asked why the costs were already hitting the annual payment amount and staff then presented the Board with the chart below that compared the year-to-date 2021 to 2022 Indigent Care Cost. According to the statistics, the cost for the emergency room visits and lab and x-rays has been substantially higher than in 2021.



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

District Program	Residents Served	District Indigent Clients
County Van	59	3
Marcelous Williams	24	21
	Transports by WSVEMS	Transports From Riceland
WSEMS Transport Van	9	5

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

c. District General Counsel Report

Attorney Oxford presented the Board with an invoice he submitted to Regency Healthcare for work performed to assist with the conversion of the Regency facilities to a non-profit organization. (See **Exhibit “D”**). Attorney Oxford explained that he had to submit this invoice prior to the meeting so that Regency could include the invoice as part of the financing package and prior to submitting the invoice, Attorney Oxford notified President Murrell and Mrs. Norris.

d. Coastal Gateway Health Center Report

Turning to the Coastal Gateway report, Ms. Kaley Smith, Coastal Gateway’s Chief Executive Officer, presented their monthly report. (See **Exhibit “E”**). Some highlights of Ms. Smith’s report were as follows:

- Michael Lyons, D.O. submitted and signed the Letter of Intent for the position of Chief Medical Officer (CMO) and it is anticipated he will sign the contract by the end of the week.
- The plans and color scheme for the building were signed off on several weeks ago. Color scheme sample will be posted on the wall at the Admin Building.
- Received word that the building is slated to go into production towards the end of October and could be ready for delivery around mid to late November.
- In addition, Ms. Smith reported that various steps that must occur before the building is able to be delivered. The first step that needed to be complete was opening of a Commercial Development Application with the County. Next, the District must submit a drainage survey plan that was recently received from the District’s engineer. Once the drainage survey was submitted, the District would then receive approval or be asked to make adjustments. Since the plan was just received, Ms. Smith will submit and have further information at the next meeting.
- Ms. Smith met with Riceland administration/staff regarding laboratory and radiology arrangements and interfaces. The parties were having standing bi-weekly meetings to continue the conversations and the work that needs to be accomplished to complete the interfaces between the two EMRs.

- Additionally, Ms. Smith has had initial conversations with Quest and LabCorp for lab services for patients with insurances that require these companies or patient preference.
- Lastly, Ms. Smith announced that she was continuing with plans for a January 2023 official opening and go-live with patients.

e. LTC Report

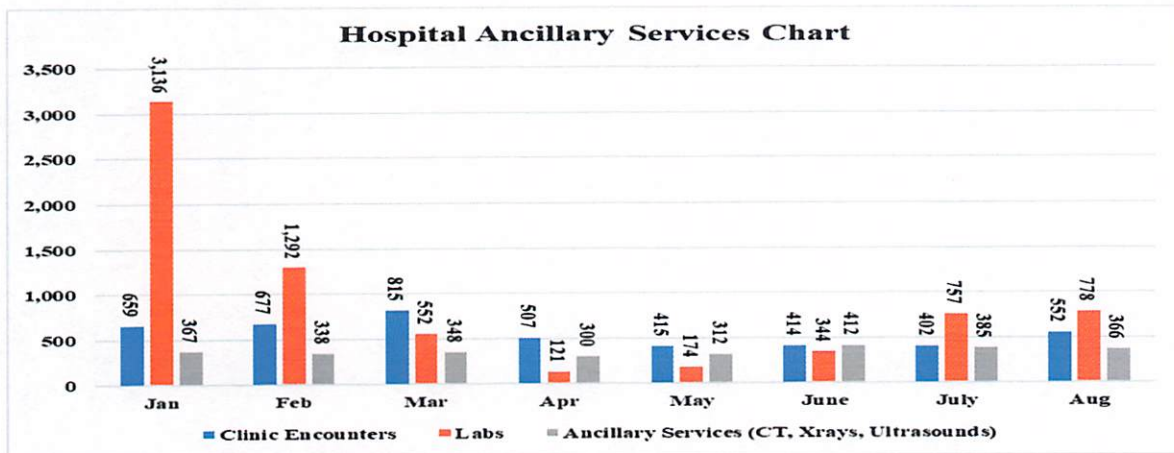
The Board was then directed to **Exhibit “F”** for a review of the LTC Report for August 2022. (*See Exhibit “F”*). After being given time to review the report, the Board was asked if there were any questions but there were none.

f. Hospital Report

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

2022									
Census	Jan	Feb	Mar	Apr	May	June	July	Aug	Average
ER Visits	210	161	215	229	240	245	242	194	217
Conversion to Inpatient/observation	17	18	26	24	20	16	19	15	19
<i>Percentage</i>	8%	11%	12%	10%	8%	7%	8%	8%	9%
Transferred out	13	10	12	12	11	15	13	7	12
<i>Percentage</i>	6%	6%	6%	5%	5%	6%	5%	4%	5%
ER shifts covered by doctors	3%	4%	3%	3%	3%	0%	3%	10%	4%
Number Inpatient days	187	171	127	74	125	163	174	191	152
Number Hospice days	0	4	8	5	7	0	0	8	4
Number Swingbed days	27	47	53	60	67	218	47	59	72
Number Observation days	47	38	29	24	51	14	34	39	35
Total All Inpt. Days	261	260	217	163	250	395	255	297	262
Average Inpatient days per day	8.42	9.29	7.00	5.43	8.06	13.17	8.23	9.58	8.65
CTs	70	56	85	77	47	44	86	55	65
Xrays	268	241	228	198	225	340	259	283	255
Ultrasounds	29	41	35	25	40	28	40	28	33
Labs-Covid	3,028	1,137	380	23	47	96	130	200	630
Labs-RPP	6	2	23	9	20	25	91	125	38
Labs-All Encounters	102	153	149	89	107	223	536	453	227
Encounters - Adult Clinic	471	445	499	262	220	227	206	236	321
Encounters - Pediatric Clinic	188	232	316	245	195	187	196	316	234
Behavioral Health patients	30	29	31	32	44	43	34	43	36
Physical Therapy	1	1	0	0	0	2	0	3	1

In regard to the concerns about the impact on the ancillary services resulting from a decrease in the encounters at the clinic, this month Mr. Javid highlighted that the Hospital’s report included the lab history for the year. Per Mr. Javid, the clinic was starting to see similar numbers prior to the opening of the Thompson Outpatient Clinic and the amount of lab work being performed was returning to the non-covid levels.



10. Discuss and take-action, if necessary, on approving grant requests.

This month, there were no grant requests to be considered and therefore, no action was taken on this agenda item.

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

Mrs. Ojeda and Attorney Oxford were called on to discuss the proposed adoption of a written Special Needs Assistance Program policy. The two reminded the Board that during the August 2022 Regular Meeting, the Board orally adopted a program with program criteria, but they memorialized the Board’s action in a written policy and asked that the Board adopt the written policy. (See **Exhibit “G”**).

After the Board had a chance to review the written policy, Director Stramecki made a motion to approve the Special Needs Assistance Program policy set forth in **Exhibit “G”**. This motion was seconded by Director Way, and unanimously approved by all the Board members present.

12. Discuss and take-action, if necessary, on receiving proposals change orders for the modular building on Highway 124.

President Murrell then turned to Agenda Item 12 and asked the Board for authority to consider a change order on the new facility by installing a generator for the facility. The Board then discussed the need for a generator, proper sizing, availability, and whether to power using natural gas or propane. Without having answers to the various issues raised, President Murrell advised he would discuss with electricians who install generators and report back at the next meeting.

Thereafter, a motion was made by Director Stramecki to table Agenda Item No. 12. This motion was seconded by Director Way, and unanimously approved by all the Board members present.

13. Discuss and take-action, if necessary, on approving the conflicts of interest waiver for the Underwood Firm on behalf of the Spring Branch facility.

Attorney Oxford then presented the Board with a conflict-of-interest waiver for the Underwood Firm to represent Spring Branch in an administrative matter involving a fine assessed against the facility as the facility was attempting to reduce the amount of fine. (*See Exhibit "H"*). Attorney Oxford told the reason the waiver was necessary is because the Underwood Firm would be representing the District, but they also represent HMG in their various matters with the District. In addition, Attorney Oxford reminded the Board that they have approved similar waivers in the past.

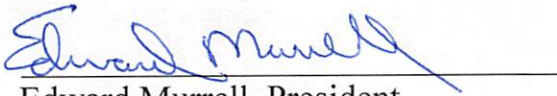
The Board concurred, and then Director Stramecki made a motion to authorize the execution of the conflict-of-interest waiver for the Underwood Firm on behalf of the Spring Branch facility set forth in **Exhibit "H"**. This motion was seconded by Director Vratis, and unanimously approved by all the Board members present.

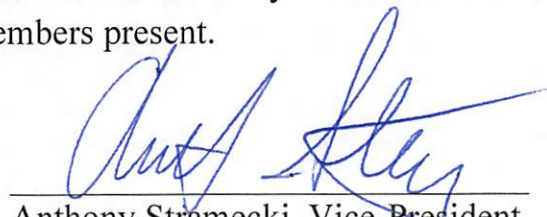
14. Discuss and take-action, if necessary, to adopt the Fifth Amended and Restated Banking and Transfer Policies.

Lastly, Attorney Oxford was asked to address Agenda Item No. 14. Attorney Oxford presented the Board with a Fifth Amended and Restated Bank and Transfer Policy and explained that the change in this draft policy was to terminate the provision that required the District to reserve five (5) months interest for their loans for nursing home operations with Salt Creek. (See **Exhibit "I"**).

The Board thanked Attorney Oxford for his efforts in getting approval to strike this provision in the policy, and Director Stramecki made a motion to approve the Fifth Amended and Restated Banking and Transfer Policies set forth in **Exhibit "I"**. Director Stramecki's motion was seconded by Director Vratis, and unanimously approved by all the Board members present.

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 October 19, 2022. A motion was made by Director Stramecki at 8:09 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