

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

The Public Hearing set for 1:00 p.m. on December 21, 2020 to address the 2021 budget of the Winnie-Stowell Hospital District (“District”) was published and filed ten (10) days prior to the meeting in the Hometown Press and Seabreeze Beacon pursuant to Section 286.125 of the Texas Health & Safety Code. Additionally, the Public Hearing and the Special Board meeting were noticed pursuant to Chapter 551 of the Texas Government Code seventy-two (72) hours prior to the opening of said meeting for 1:00 p.m. on the 20th day of December 2020, at the 520 Broadway, Winnie, Texas 77665 (a copy of said Notice being placed amongst the files of the District).

This meeting was held via videoconference to mitigate the spread of COVID-19. The meeting was duly posted pursuant Texas Government Code 551.127 as modified by the December 6, 2020 Proclamation of Governor Abbott in which the Governor acted to maintain government transparency and continued government operations while reducing face-to-face contact for government open meetings. In addition, members of the public were able to participate and address the Board during the videoconference meeting and a recording of the meeting was made and is available to the public.

Public Hearing

At approximately 1:00 p.m., the Public Hearing was convened, and the roll was called of the members of the Board, to wit:

| | |
|-----------------------|----------------|
| Mr. Ed Murrell | President |
| Mr. Anthony Stramecki | Vice-President |
| Robert “Bobby” Way | Treasurer |
| Jeff Rollo | Secretary |
| Kacey Vratis | Director |

All said Board members were present, thus constituting a quorum. In addition, to the above-named Board members, also present at the meeting were:

Mrs. Sherrie Norris
 Mrs. Patricia Ojeda
 Mr. Hubert Oxford, IV

District Administrator
 Indigent Care Director
 General Counsel for the District

President Murrell then called on Vice-President Stramecki to discuss the proposed 2021 Budget. Director Stramecki informed those in attendance that he and Director Way (i.e., “Finance Committee” or “Committee”) met with the District’s CPA and General Counsel to discuss the 2020 Final Budget Amendments and the 2021 Budget. (See Exhibit “A”). Directors Stramecki and Way then recommended the Board consider both the 1) 2020 Final Budget Amendments; and 2) the 2021 Budget in the public hearing since much of the 2021 Budget is based on the 2020 Final Budget Amendments. The Board agreed.

Moving to the 2020 Final Budget Amendments, the amendments recommended were as follows:

| 2020 Budgets & Amendment(s) and 2021 Proposed Budget | | | | |
|--|--------------------------|--|---|----------------------------|
| | November 2020 Actuals | Revised Budget post Amendment 3 August 19, 2020 | Budget Amendment 4 December 16, 2020 | Diff Bw Amendment 3 & 4 |
| Revenue | | | | |
| 400 Sales Tax Revenue | \$627,485.13 | \$500,000.00 | \$650,000.00 | \$150,000.00 |
| 405 Investment Income | \$43,230.86 | \$46,000.00 | \$46,000.00 | \$0.00 |
| 409 Tobacco Settlement | \$13,221.78 | \$9,800.00 | \$13,200.00 | \$3,400.00 |
| 415 Nursing Home-QIPP Programs | \$30,606,993.74 | \$34,690,788.07 | \$35,851,765.00 | \$1,160,976.93 |
| Total Income | \$31,290,931.51 | \$35,246,588.07 | \$36,560,965.00 | \$1,314,376.93 |
| Expense | | | | |
| 500 Admin-Administrator Salary | \$56,833.54 | \$63,000.00 | \$67,000.00 | \$4,000.00 |
| 504 Admin-Administrator’s Payroll Taxes | \$5,531.27 | \$4,800.00 | \$6,000.00 | \$1,200.00 |
| 550 Admin-D&O / Liability Insurance | \$9,601.04 | \$9,331.00 | \$9,601.04 | \$270.04 |
| 560 Admin-Cont Ed, Travel & Seminar | \$200.00 | \$5,000.00 | \$200.00 | (\$4,800.00) |
| 561 Admin-Student Loan/Cont Ed-Med Personnel | \$1,651.55 | \$5,000.00 | \$2,000.00 | (\$3,000.00) |
| 562 Admin-Travel & Mileage Reimbursed | \$0.00 | \$1,500.00 | \$0.00 | (\$1,500.00) |
| 571 Admin-Office Supplies and Expenses | \$3,540.06 | \$6,800.00 | \$4,500.00 | (\$2,300.00) |
| 572 Admin-Web-Site | \$485.00 | \$1,500.00 | \$500.00 | (\$1,000.00) |
| 573 Admin-Copier Lease/Contract | \$2,560.31 | \$2,500.00 | \$2,776.00 | \$276.00 |
| 590 Admin-Election Cost | \$0.00 | \$5,000.00 | \$0.00 | (\$5,000.00) |
| 591 Admin- Notices & Fees | \$2,546.69 | \$5,000.00 | \$2,600.00 | (\$2,400.00) |
| 592 Admin-Rent | \$7,500.00 | \$7,080.00 | \$11,580.00 | \$4,500.00 |
| 598 Admin-Building Maintenance | \$2,456.06 | \$0.00 | \$3,000.00 | \$3,000.00 |
| 602 IC-WCH 1115 Waiver UC/IGT Prog | \$109,171.59 | \$102,657.38 | \$109,171.59 | \$6,514.21 |

| | | | | |
|--------------------------------------|------------------------|------------------------|------------------------|-----------------------|
| 603A IC-Pharmaceutical Costs | \$66,520.72 | \$110,000.00 | \$73,000.00 | (\$37,000.00) |
| 604a IC-Non Hosp. Costs-Other | \$518.78 | \$5,000.00 | \$63,000.00 | \$58,000.00 |
| 604b IC-Non Hosp. Costs-UTMB | \$171,656.09 | \$250,000.00 | \$200,000.00 | (\$50,000.00) |
| 605 IC-Office Supplies/Postage | \$351.98 | \$1,200.00 | \$500.00 | (\$700.00) |
| 611 IC-Indigent Care Director Salary | \$43,000.00 | \$45,000.00 | \$48,333.33 | \$3,333.33 |
| 612 IC-Payroll Taxes for Director | \$3,239.07 | \$3,500.00 | \$4,000.00 | \$500.00 |
| 616 IC-Travel | \$677.90 | \$550.00 | \$700.00 | \$150.00 |
| 617 Youth Counseling | \$5,695.00 | \$5,000.00 | \$6,300.00 | \$1,300.00 |
| 630 NH Program - Mgt Fees | \$7,447,855.99 | \$8,752,055.52 | \$9,178,042.96 | \$425,987.44 |
| 631 NH Program IGT | \$15,711,281.71 | \$17,590,711.32 | \$17,495,678.66 | (\$95,032.66) |
| 632 NH Telehealth Expenses | \$128,750.70 | \$154,500.82 | \$154,501.15 | \$0.33 |
| 634 NH Program-Legal Fees | \$192,371.54 | \$190,000.00 | \$220,000.00 | \$30,000.00 |
| 635 NH Program-LTC Fees | \$1,506,000.00 | \$1,692,000.00 | \$1,656,000.00 | (\$36,000.00) |
| 637 NH Program-Interest Expense | \$2,011,695.91 | \$2,109,782.67 | \$2,108,851.64 | (\$931.03) |
| 639 Nursing Home Appraisal | \$0.00 | \$2,500.00 | \$2,500.00 | \$0.00 |
| 640 Nursing Home Acquisition Fees | \$0.00 | \$2,500.00 | \$0.00 | (\$2,500.00) |
| Total Expense | \$28,171,223.80 | \$31,908,898.07 | \$32,205,765.73 | \$296,867.66 |
| Net Income | \$3,119,707.71 | \$3,337,690.00 | \$4,355,199.27 | \$1,017,509.27 |

Some highlights of the discussion regarding the Final 2020 Budget Amendment were:

- **Net Income:** Net Income in the Final Budget Amendment for 2020 was expected to increase by \$1,017,509.27 from the estimates in Budget Amendment 3 and \$2,408,751.67 from the original Budget.
- **Revenues:** The Committee recommended increasing the sales tax revenue to \$650,000.00 from \$500,000.00 because annual sales revenues were higher than expected and did not include any adjustment payment by the Comptroller for underpaid or overpaid businesses. Also, the Nursing Home QIPP funds were increased since the District received payments for Components at higher levels than the budgeted seventy-five percent (75%).

- **Line Items 500 & 611 Salaries:** Salaries for both the Administrator and Indigent Care Director were recommended to be increased for the year to account for performance bonuses of \$5,000.00 for the Administrator and \$1,000.00 for the Indigent Care Director.
- **592 Admin-Rent:** Rent was increased from \$7,080.00 to \$11,580.00 because prior budgets did not include the annual payment of rent to the Hospital in the amount of \$4,080.00.
- **603A IC-Pharmaceutical Cost:** This line item was reduced to \$73,000.00 from \$110,000.00 thanks to the Board's adoption of a Pharmacy Benefit Program. The Board thanked the Indigent Care Director for leading the efforts on this program.
- **604a IC-Non-Hosp. Costs-Other:** This line item was increased from \$5,000.00 to \$63,000.00 to pay for the County van in December 2020 that approved during the November 2020 Regular Meeting.
- **604b IC-Non-Hosp. Costs-UTMB:** Again, the UTMB medical cost budget was reduced from \$250,000.00 to \$200,000.00 because the Board gave the Indigent Care Director authority to make decisions on medical necessity. Therefore, the District was only referring to UTMB those clients that needed significant, life altering, or life savings procedures.

Turning to the 2021 Budget, Directors Stramecki and Way stated that the net income in 2021 is expected to increase by \$2,056,958.72 to \$6,387,157.99. Per Director Stramecki, a large part of the reasons for the increased in revenues is due to the increased number of nursing facilities owned by the District and the accrual of the income and expenses in 2021. Otherwise, below are the non-nursing home expenditure that the Committee wanted to highlight for the Board:

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| 2020 Budgets & Amendment(s) and 2021 Proposed Budget | | | |
|--|---|------------------------|---------------------------------------|
| | Budget Amendment 4 December 16, 2020 | 2021 Draft Budget | Diff bw Final 2020 & 2021 Proposed |
| Revenue | | | |
| 400 Sales Tax Revenue | \$650,000.00 | \$650,000.00 | \$0.00 |
| 415 Nursing Home-QIPP Programs | \$35,851,765.00 | \$49,379,998.72 | \$13,528,233.72 |
| Total Income | \$36,560,965.00 | \$50,089,198.72 | \$13,528,233.72 |
| Expense | | | |
| 601 IC-Pmt to Hosp (Indigent) | \$196,669.36 | \$550,330.00 | \$353,660.64 |
| 607 IC-Non Hosp. Costs-WSEMS | \$1,000.00 | \$223,000.00 | \$222,000.00 |
| 608 IC-Non Hosp. Cost-Special Programs | | \$25,000.00 | |
| 629 Property Acquisition | \$150,000.00 | \$150,000.00 | \$0.00 |
| Total Expense | \$32,205,765.73 | \$43,702,040.73 | \$11,471,275.00 |
| Net Income | \$4,355,199.27 | \$6,387,157.99 | \$2,056,958.72 |

According to Directors Stramecki and Way, the line items set forth above and discussed below involve non-nursing home income and expenses and that they wanted the Board to consider.

- Revenues:** Revenue increased substantially mainly due to the acquisition of addition nursing homes and the corresponding cost of operations including payment and receive of Intergovernmental Transfers (“IGTs”) the QIPP program. However, the Board agreed to leave the sales tax revenue at \$650,000.00 instead of \$500,000.00 because there was a misunderstanding of the year that the District received a substantial adjustment payment from the Comptroller of Public Accounts.
- 601 IC-Pmt. to Hospital:** Includes the balance of funds from the April 2020 payment to the hospital for personnel in the amount of \$450,000.00. This is \$253,300.00 but the Committee is requesting authority to meet with the Hospital to determine an indigent care payment amount for 2021 and to take-- into account: 1) the actual Medicaid rate as agreed to in the agreement; and the values for the prior five (5) years that have been traditionally assessed.
- 601 IC-Pmt. to Hospital:** The 2021 Budget includes payment for ventilators, Covid-19 testing, and generator for air conditioning.

- **607 IC-Pmt. to WSEMS:** Purchase of transport van and payment for one (1) employee on a 24/7 basis.
- **608 IC-Non-Hosp. Cost-Special Programs:** The Committee recommended this agenda item to help pay for additional health care such as dental care, vision, and hearing services. Moreover, a portion of the funds in this line can be used to update the prior FQHC to determine if there are any new funding options and programs that may be available.
- **629 Property Acquisition:** As with 2020, the Committee agreed to recommend the funding of Property Acquisition in the amount of \$150,000.00. If the money is not used, the Committee recommended that if the funds were not used, that they be deposited into a new Capital Improvement Account.

After the Finance Committee completed their presentation and the Board discussed the recommendations for both budgets, the President asked if there were any other questions. There being none, a motion was made at 2:28 p.m. by Director Stramecki to close the public meeting. This motion was seconded by Director Way and passed with the unanimous consent of all Board members present.

Special Meeting

Immediately following, at 2:28 p.m., President Murrell called the Special Meeting of the Board of Directors of Winnie Stowell Hospital District to order. The roll was called of the members of the Board, to wit:

| | |
|-----------------------|----------------|
| Mr. Ed Murrell | President |
| Mr. Anthony Stramecki | Vice-President |
| Robert “Bobby” Way | Treasurer |
| Jeff Rollo | Secretary |
| Kacey Vratis | Director |

All said Board members were present, thus constituting a quorum. In addition, to the above-named Board members, also present at the meeting were:

| | |
|---------------------|------------------------|
| Mrs. Sherrie Norris | District Administrator |
| Mrs. Patricia Ojeda | Indigent Care Director |

2. Pledge of Allegiance

President Murrell called on those present to recite the Pledge of Allegiance and the Pledge of Allegiance to the State Flag of Texas.

3. Public Comment

Next, President Murrell asked for Public Comment but there was none.

3. Discuss and take-action, if necessary, to adopt final budget amendments for 2020 Budget.

President Murrell then called on the Finance Committee to discuss the proposed Final Budget Amendments for 2020. The Finance Committee referred the Board to their prior discussion in the Public Hearing and **Exhibit “A”** and asked that the proposed budget amendments for 2020 be approved as discussed.

Upon motion by Director Stramecki, which was seconded by Director Way, the Board unanimous approved the Budget Amendments for 2020 as set forth in **Exhibit “A”** and discussed in the Public Hearing.

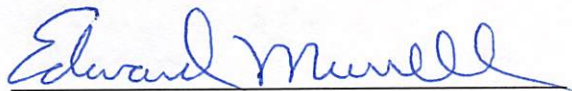
4. Discuss and take-action on adopting a 2021 budget.

Likewise, President Murrell called on the Finance Committee to discuss the 2021 Budget. Again, the Finance Committee referred the Board to their prior discussion in the Public Hearing and **Exhibit “A”** and asked that the proposed 2021 Budget be approved as discussed.

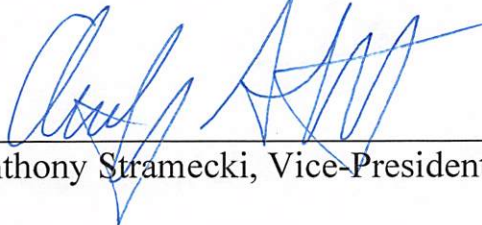
Upon motion by Director Stramecki, which was seconded by Director Way, the Board unanimously approved the 2021 Budget as set forth in **Exhibit “A”** and discussed in the Public Hearing.

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President Murrell then called for any other such matters before the Board. There being none, the Board discussed the date for the upcoming meeting, and it was agreed to hold the meeting on January 20, 2021 at 6:00 p.m. Thereafter, at 2:32 p.m., a motion was made by Director Stramecki to adjourn the meeting. This motion was seconded by Director Rollo and unanimously approved by all the Board members present.



Edward Murrell, President



Anthony Stramecki, Vice-President