

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., October 16, 2024 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.

At approximately 6:10 p.m., the meeting was convened, and 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 thus constituting a quorum. In addition, to the above-named Board Members, also present at the meeting were:

Mrs. Victoria Carlo	District Administrator
Mr. Scott Johnson	Nursing Home Coordinator
Mr. Hubert Oxford, IV	General Counsel for the District
Mrs. MaKayla Vidal	District’s CPA
Ms. Chrystal Logan	District Staff
Ms. Kaley Smith	Coastal Gateway Health Clinic
Dr. Michael Lyons	Coastal Gateway Health Clinic
Mr. Saad Javed	CEO, Riceland Hospital (“Hospital”)
Mr. Mo Danishmund	Chief Financial Officer, Riceland Hospital

4. Public Comment

Following the introduction of guest and the Pledge of Allegiance, President Murrell called on those present at the meeting to make any public comment but there was none.

5. **Review and approve Minutes of September 18, 2024 Regular Meeting.**

President Murrell then asked the Board to return to Agenda Item No. 5, to review and approve the minutes from the September 18, 2024 Regular Meeting. The Board then reviewed the minutes and did not have changes.

Afterwards, Director Way made a motion to approve the minutes from the September 18, 2024 Regular Meeting. This motion was seconded by Director Vratis, and unanimously approved by all the Board Members.

6. **Review and approve financials report; Treasurer’s Report; payment of invoices; and amend budget, if necessary.**

Following the review and approval of the minutes, President Murrell called on Mrs. MaKayla Vidal, the District’s CPA, to present the District’s Income Statement and Balance Sheet for September 2024 and to present the Treasurer’s Report for September 18, 2024. She then asked the Board if there were any questions but there were none at the time. (See **Exhibit “A-1”**).

After the review of the District’s financials, Mrs. Vidal then asked the Board to turn to the Treasurer’s Report and first reviewed the invoices to be paid as set forth below and in **Exhibit “A-2”**.

Once the Board reviewed the invoices and asked staff questions about some invoices, Mrs. Vidal referred the Board to the Funds Summary section of the Treasurer’s report, which is set forth below.

Funds Summary	Totals
Prosperity Operating (Unrestricted)	\$943,949.29
First Financial DACA (Unrestricted)	\$441,912.46
First Financial DACA (Restricted)	\$1,066,398.26
First Financial Money Market	\$11,221,455.22
TexStar (Restricted)	\$10,213,013.47
FFB CD Balance	\$0.00
Total District Funds	\$23,886,728.70
Less First Financial (Restricted)	(\$3,674,525.92)
Less TexStar Restricted Amount	(\$500,000.00)
Less LOC Outstanding	\$0.00
Less First Financial Money Market	\$0.00
Less Committed Funds (See Total Commitment)	(\$363,744.58)
Cash Position (Less First Financial Restricted)	\$19,348,458.20
Pending Expenses	\$0.00
Ending Balance (Cash Position-Pending Expenses)	\$19,348,458.20
*Total Funds (Ending Balance+LOC Outstanding+QIPP Funds Outstanding+Outstanding Chow Loans)	\$27,253,129.13

According to Mrs. Vidal, this month’s Total funds were down from the prior

month because the routine operating expenses were greater than the prior month's income.

Next, regarding the remainder of the Treasurer's Report, Mrs. Vidal updated the Board on the District's Committed Funds; Advance to Hospital for DY-8 Repayment; Interim Working Capital ("CHOW") advances; and outstanding loan balances. A summary of each is as follows:

- Committed Funds: Year to date, the District approved a total of \$1,742,503.56 in Committed Funds for the Coastal Gateway, Marketing grant, WSVEMS, Marcelous Williams, and the East Chambers grant. As of the end of September 2024, the District has paid \$1,378,758.88 of the Committed Funds and there remains \$363,774.58 remaining to be paid before the end of the year.
- Advance to Hospital for DY-8: The total advanced to the Hospital for the DY-8 Repayment demand by the Texas Health and Human Services Commission was \$1,626,424.00. Since October 2023, the District has received \$428,872.84 and the balance owed is \$1,197,551.16 through October 2024. However, according to staff, the District is still owed \$591,426.89 for the State's share. Staff and Attorney Oxford have been following up with the Texas Health and Human Services Commission to receive updates on when the funds are to be repaid, but do not have anything firm to report. After these funds are repaid the balance will be \$606,124.27 and if the monthly credits remain the same over the next twenty-four months, the Hospital will be on schedule repay the District on or before October 31, 2026.
- Interim Working Capital Advances: As of the meeting, the District authorized \$13,000,000.00 in Interim Working Capital advances ("Advances") for thirteen (13) nursing facilities. Of the authorized amount advanced, as of the meeting, balance of utilized advances was \$11,781,725.31. To date, the facilities have repaid \$9,350,044.34, leaving a balance owed of \$2,368,680.97. Mrs. Vidal did note that Gulf Coast repaid its advances in September and therefore, moving forward, the report would include nine (9) facilities, not thirteen (13). In addition, Mrs. Vidal highlighted the Coronado facility and the amounts outstanding. Per Mrs. Vidal, she had been working with SLP to remind them their advance was due on November 1, 2024. In response, Coronado asked for a one-month extension to December 1, 2024, which the Board will address during the discussion of Agenda Item 12.

- Outstanding Short-Term Working Capital Loans: Regarding Loan 24, the District was prepared to repay the loan, in full, on October 31, 2024. The amount due, as of the meeting was \$2,608,994.61. As to Loan 25, the District Mrs. Vidal reminded the Board that the first payment in the amount of \$14,645,000.00 was due on February 2025 and the second payment for the same amount was due on May 25, 2025.

Following the review of the Treasurer’s Report, Mrs. Vidal asked the Board to review the bank reconciliations, which also include the invoices previously listed and discussed. (See **Exhibit “A-3”**).

Lastly, Mrs. Vidal presented the Board with the first Budget Amendment of the year. (See **Exhibit “A-4”**). A summary of the Budget Amendment is as follows:

	2024 YTD - September	2024 Original Budget	Proposed Budget Amendments	2024 Budget (Amendment 1)	% of Budget Used	% Change in Budget
Revenue						
Total Income	\$ 56,820,856.06	\$ 94,155,874.94	\$ (2,286,924.10)	\$ 91,868,950.84	62%	-2%
Expenses						
Total Admin Expenses	\$ 295,763.01	\$ 352,575.00	\$ 76,425.00	\$ 429,000.00	69%	22%
600 IC Healthcare Expenses						
Total 600 - IC Healthcare Expenses	\$ 1,143,019.41	\$ 1,218,015.00	\$ 378,198.02	\$ 1,596,213.02	72%	31%
620 Grants						
Total 620 WSHD - Grants	\$ 1,337,217.47	\$ 2,000,000.00	\$ (69,207.36)	\$ 1,930,792.64	69%	-3%
630 NH Program						
Total 630 NH Program	\$ 52,261,463.43	\$ 87,509,820.54	\$ (2,923,317.74)	\$ 84,586,502.80	62%	-3%
674 Property Acquisition						
675 HWY 124 Expenses	\$ 553,662.86	\$ 2,200,000.00	\$ (350,000.00)	\$ 1,850,000.00	30%	-16%
Total 675 HWY 124 Expenses	\$ 16,488.51	\$ 52,405.00	\$ -	\$ 52,405.00	31%	0%
Total Expense	\$ 55,607,614.69	\$ 93,332,815.54	\$ (2,887,902.08)	\$ 90,444,913.46	61%	-3%
Total Ordinary Income	\$ 1,213,241.37	\$ 823,059.40	\$ 600,977.98	\$ 1,424,037.38		

According to Mrs. Vidal, if the Budget Amendments she presented were approved, the District’s total revenues would decrease by \$2,286,924.10 due to a decrease in the projected Quality Incentive Payment Program (“QIPP”) Revenues. However, Mrs. Vidal did not say that the District needed to amend its budget line item for interests because the District’s initial budget accounted for \$150,000.00 in interest but the projected budget number for the year was \$750,000.00. Meanwhile, on the expense side, the expenses were projected to go down by \$2,887,902.08

because of the reduced nursing facility expenses caused mostly by a projected \$2,331,193.14 decrease in intergovernmental transfers (“IGT”) for QIPP. After taking into account the decreased revenues and decreased expenses, the budget amendment would result in \$600,997.98 in additional savings or a total of \$1,424,037.38 in ordinary income. Upon the completion of the summary, Mrs. Vidal then went through each proposed budget amendment and answered the Board’s questions.

Upon the completion of the discussion of the financials and the budget amendment discussion, President Murrell then called for a motion to approve the financials, Treasurer’s Report, payment of invoices and budget amendment. In response, Director Stramecki made a motion to approve: (i) the September 2024 financials (ii) the Treasurer’s Report; (iii) pay the outstanding invoices; (iv) approve the Check Register; and (v) the budget amendment as presented. (*See Exhibit “A-1”, “A-2”, “A-3”, and “A-4”*). This motion was seconded by Director Rollo and unanimously approved by all the Board members.

7. Discuss and take-action on Committee Reports:

- a. **Finance Committee: Dir. Way and Dir. Stramecki;**
- b. **Indigent Healthcare Committee: Dir. Rollo and Dir. Way;**
- c. **Personnel Committee: Dir. Rollo and Dir. Stramecki; and**
- d. **Hospital Liaison: Kacey Vratis.**

Next, President Murrell asked the Committees if there were any reports. This month, Director Vratis reported that she visited the Hospital with some school children for a field trip. Per Director Vratis, she was happy to report that everything at the Hospital looked great and she was impressed with the improvements being made at the facility.

8. Receive reports, by:

- a. **Administrator’s Report**

The District’s Assistant Administrator advised that she did not have anything to report outside of the agenda items to be acted upon below.

- b. **District Indigent Care Director Report**

This month, Mrs. Carlo also presented the Indigent Care report for September

2024 in lieu of the Indigent Care Director’s absence because she was attending a conference. A summary of the Indigent Care Report is set forth in **Exhibit “B”** for the Indigent Care Report.

c. Grant Report

Following, Mrs. Carlo then presented the Grant Report. During her report, Mrs. Carlo reviewed the status of all the various outstanding grants. Summaries of her report can be found in **Exhibit “C”**.

d. District General Counsel Report

Attorney Oxford informed the Board that he had nothing to report outside of the previously discussed Agenda Items Nos. 9-13.

e. Coastal Gateway Report

Turning to the Coastal Gateway report, Ms. Smith presented the Coastal Gateway’s monthly report. A summary of the report is found in **Exhibit “D”**.

f. LTC Report

The Board was then directed to the September 2024 District Nursing Facility Report. (*See Exhibit “E”*). Mr. Scott Johnson then reviewed the highlights of the report. Afterwards, Mr. Johnson and the Board engaged in a lengthy conversation regarding quality-of-care issues raised to the District by families of certain nursing facilities. In response, Mr. Johnson advised that he had been working with the nursing home operators to make staffing changes and to respond to the concerns raised.

g. Hospital Report

Thereafter, President Murrell called on Mr. Saad Javed to discuss the Hospital’s report. Mr. Javed thanked President Murrell for the opportunity present the Hospital’s September 2024 monthly report, which is summarized in the charts below:

2024										
Census	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	YTD Monthly Average
ER Visits	254	204	236	245	257	260	280	286	278	256
Conversion to Inpatient/observation	28	26	28	27	19	28	35	28	20	27
Percentage	11%	13%	12%	11%	7%	11%	13%	10%	7%	10%
Transferred out of ER	7	7	8	11	11	6	12	13	16	10
Percentage	3%	3%	3%	4%	4%	2%	4%	5%	6%	4%
ER shifts covered by doctors	0%	0%	0%	3%	3%	0%	0%	0%	1%	1%
Number Inpatient days	149	66	58	88	76	53	99	58	80	81
Number Hospice days	0	0	0	0	0	0	0	0	0	0
Number Swingbed days	60	7	3	26	6	13	14	3	40	19
Number Observation days	31	72	45	44	29	28	21	36	15	36
Total All Inpt. Days	240	145	106	158	111	94	134	97	135	136
Average Inpatient days per day	7.74	5.00	3.42	5.27	3.58	3.13	4.32	3.13	4.50	4.45
CTs	94	86	98	110	103	84	95	106	96	97
Xrays	287	229	176	229	194	231	228	255	234	229
Ultrasounds	33	25	32	34	27	20	24	26	18	27
Labs-Covid (#encounters)	71	69	49	24	15	26	47	66	55	47
Labs-RPP (#encounters)	44	22	12	18	9	9	12	27	140	33
Labs-All Other (# encounters)	501	547	543	500	551	593	656	618	615	569
Encounters - Adult Clinic	202	225	143	204	193	174	185	191	228	194
Encounters - Pediatric Clinic	140	175	137	175	148	94	108	163	146	143
Behavioral Health patients	44	42	41	43	51	47	42	40	45	44
Physical Therapy	1	1	2	2	2	0	1	2	0	1

A chart comparing the Hospital's prior year end services to the current year is as follows:

Yearly Averages							
Census	2019	2020	2021	2022	2023	2024-YTD	Average
ER Visits	190	174	220	229	249	256	226
Conversion to Inpatient/observation	10	13	21	20	26	27	21
Percentage of Converted Patients	5%	7%	9%	9%	10%	10%	9%
Transferred out of ER	10	12	11	11	10	10	11
Percentage Transferred out of ER	5%	7%	5%	5%	4%	4%	5%
ER shifts covered by doctors	79%	65%	56%	4%	2%	1%	26%
Number Inpatient days	58	115	191	154	81	81	124
Number Hospice days	12	5	9	4	2	0	4
Number Swingbed days	16	47	48	65	22	19	40
Number Observation days	18	23	25	33	39	36	31
Total All Inpt. Days	104	190	273	255	144	136	200
Average Inpatient days per day	3.42	6.23	8.96	8.41	4.76	4.45	6.56
CTs	42	57	64	67	80	97	73
Xrays	204	228	287	249	211	229	241
Ultrasounds	23	16	37	35	20	27	27
Labs-Covid (#encounters)	0	0	0	460	47	47	111
Labs-RPP (#encounters)	0	0	0	120	77	33	46
Labs-All Other (# encounters)	0	0	0	331	633	569	307
Encounters - Adult Clinic	576	479	486	294	230	194	336
Encounters - Pediatric Clinic	283	209	225	252	208	143	207
Behavioral Health patients	57	11	13	38	43	44	30
Physical Therapy	5	0	0	1	3	1	1

Otherwise, Mr. Saad and Mr. Danishmund advised that they did not have anything further to report.

9. Discuss and take-action, if necessary, on approving grant requests by the Winnie Community Hospital (i.e., Riceland).

Immediately following the Hospital's report, President Murrell called on Mr. Danishmund, to present the Hospital's grant requests for: (i) a magnetic lock system; and (ii) installation as well as a grant requests to pay for the pressure washing of the Hospital and parking lot and the restriping of the parking lot. (See **Exhibit "F"**). First, Mr. Danishmund addressed the grant for the magnetic lock system. Mr. Danishmund explained that the Hospital needed the system to help control traffic within the Hospital. Per Mr. Danishmund, of the three (3) bids received, he recommended that the District choose the Maverick Communications bid in the amount of \$15,039.96 before taxes even though Maverick was the second highest bid because Maverick would be able to complete the installation sooner than the others. Turning to the pressure washing project, Mr. Danishmund asked that this request be tabled so that the Hospital could obtain more information on the proposals received.

After a discussion on the requests, a motion was made by Director Stramecki to: (i) approve the grant request for the magnetic lock system and to award the grant to Maverick Communications in the amount of \$15,039.96; and (ii) table the grant request for the pressure washing of the Hospital and parking lot. This motion was seconded by Director Way, and unanimously approved by all the Board Members present.

10. Discuss and take-action, if necessary, on approving land acquisition.

President Murrell then asked to address Agenda Item 10 and reported that he was not successful at securing the Seabreeze Partners, LTD. property for the \$1,250,000.00 that he was previously authorized to spend. However, President Murrell did report that he was able to come to an agreement with the General Partner of Seabreeze Partners, LTD to buy for the property for \$1,300,000.00 contingent on Board approval. In addition, President Murrell informed the Board that if the District acquired the property, the District would be responsible for all the closing costs (i.e., title opinion, title insurance, surveys, etc.) except for the payment of outstanding taxes.

Following the discussion on the Seabreeze Partners, LTD property, a motion was made by Director Stramecki to authorize President Murrell to offer \$1,300,000.00 to purchase the Seabreeze Property as is and to be responsible for closing costs except for funds owed by the seller for taxes. This motion was

seconded by Director Vratis and unanimously approved by all the Board members present.

11. Discuss and take-action, if necessary, on approving interim advance for Cascade of Galveston nursing facility.

Attorney Oxford was then called on to present this Agenda Item but reported to the Board that no action needed to be taken because Cascade of Galveston determined that they did not need an interim advance. Thus, no action was taken.

12. Discuss and take-action, if necessary, on approving a thirty (30) day extension for the interim advance for certain SLP facilities.

Turning to Agenda Item No. 12, President Murrell called on Attorney Oxford and the District's CPA to discuss. Attorney Oxford and Mrs. Vidal then explained that in the District's Management Agreement with Coronado Nursing and Rehabilitation facility ("Coronado"), the facility was allowed to receive advances of to assist with Interim Working Capital to be repaid on or before November 1, 2024. However, after discussions with Manager, they asked for a one (1) month extension so that the Manger could repay the advance in full by December 1, 2024. (*See Exhibit "G-1"* for an explanation of the request). Per Mrs. Vidal, the District advanced Coronado \$1,678,797.47 and as of the meeting, the balance due was \$879,423.41. Attorney Oxford then presented a draft of the amendment to the Management Agreement and told the Board it had been reviewed and everything was in order to be signed if the Board approved it. (*See Exhibit "G-2"*).

After the conclusion of a discussion with Board regarding their concerns, a motion was made by Director Stramecki to authorize the President to sign the Amendment to the Management Agreement that prolongs the payoff of the Coronado Interim Working Capital advance to December 1, 2024. This motion was seconded by Director Way and unanimously by all the Board members.

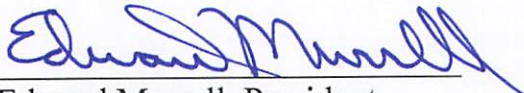
13. Discuss and take-action, if necessary, on approving Housing and Urban Development ("HUD") loan for Hallettsville, Monument Hill, and The Woodlands facilities and authorize the execution of HUD loan documents.

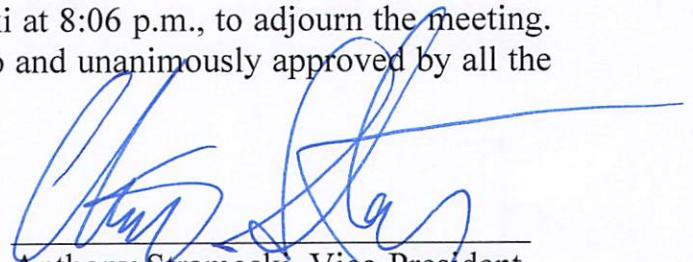
Attorney Oxford requested the Board to approve: (i) the refinancing of accounts receivable loans for the Hallettsville and The Woodland's facilities managed by Regency, not Monument Hill; and (ii) to authorize a HUD loan for these

two (2) facilities and as well as the agreements necessary to facilitate the HUD loan. Attorney Oxford then told the Board that the agreements and resolutions necessary to facilitate the loans will be similar to the past accounts receivable refinancing agreements and the HUD agreements and resolutions previously approved and used by the District.

Accordingly, a motion was made by Director Stramecki to authorize the President to execute documents and resolutions necessary to refinance the accounts receivable loan and HUD Loan agreements and resolutions for the Hallettsville and The Woodlands. This motion was seconded by Director Rollo and unanimously approved by all the Board members.

At the end of the discussion of the agenda items, President Murrell called for any other such matters before the Board. There being none, the Board then confirmed the date for the next Regular Meeting to be on November 20, 2024. A motion was then made by Director Stramecki at 8:06 p.m., 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