

MINUTES FOR THE SPECIAL 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 three (3) business days prior to the opening of said meeting for 9:00 a.m., October 2, 2025 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 9:07 a.m., the meeting 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

All said Board members were present except Directors Rollo and Vratis. In addition, to the above-named Board members, also present at the meeting were:

Mrs. Victoria Carlo	Administrator
Mrs. Tina Davis	Indigent Care Director
Ms. Kiela Barron	Administrative Assistant
Mr. Hubert Oxford, IV	General Counsel for the District
Mr. Mo Danishmund	Riceland Healthcare (“Hospital”)
Mr. Tommy Davis	D&CO-Auditor
Mr. Thomas Klement	D&CO-Auditor

4. Public Comment

Following the introduction of guest and the Pledge of the Allegiance, 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.

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5. Discuss and take-action, if necessary, on adopting the 2024 audit.

President Murrell introduced Mr. Davis and Mr. Klement, with D&CO to present the District's 2024 audit report for discussion. The two noted that the audit was prepared and delivered in accordance with state requirements and covered all financial activities of the District for the fiscal year ending December 31, 2024. The auditor's report reflected:

- A complete review of the District's revenues and expenditures;
- No material findings, discrepancies, or qualifications; and
- A confirmation that the District's financial records are maintained in accordance with generally accepted accounting principles (GAAP).

See **Exhibit "A"** for a complete copy of the 2024 Audit.

The Board was presented with an engagement letter from D&Co. to perform the District's 2025 audit. See **Exhibit "B"**. Per the auditors, the cost will not exceed \$33,000.00. The Board stated that they will support a motion to engage the auditors for the 2025 audit but requested that the auditors coordinate with the District's CPA to establish a firm deadline for completion, noting that under the District's loan documents, the audit must be provided to the lender within 210 days after January 1st of each year (i.e., July 31st). The parties agreed to discuss the matter further and noted that part of the reason for the delay in completing the audit was that the District did not receive the final year-end Quality Improvement Payment Program reconciliation until June, which left limited time to complete the audit.

President Murrell then reminded the Board that engagement of the auditors was on the agenda and needed to be voted on during the discussion on that agenda item.

Therefore, following the discussion and questions regarding the audit, a motion was made by Director Stramecki to accept the 2024 audit as presented. The motion was seconded by Director Rollo and, upon call for a vote, unanimously approved by all Board members.

6. Discuss and take-action, if necessary on approving ATLIS Round 3 IGT request by the Winnie Community Hospital.

President Murrell then called on Mr. Danishmund to discuss the Hospital's request for the District to make an Intergovernmental Transfer ("IGT") in the amount

of \$27,786.01 on the Hospital's behalf so that the Hospital can participate in the Aligning Technology by Linking Interoperable Systems ("ATLIS") program. Mr. Danishmund thanked the Board for their prompt attention to the request for this matter to be addressed before the last-minute deadlines and then reminded the Board that the ATLIS program is overseen by the Texas Health and Human Services Commission ("THHS") for the purpose of providing the right care in the right place at the right time to ensure people can easily navigate the health system to receive timely services in the least intensive or restrictive setting appropriate by:

- Reducing the rate of avoidable hospital admissions and readmissions;
- Reducing the rate of avoidable emergency department visits;
- Optimizing care transitions and care coordination of healthcare visits;
- Promoting effective practices for people with chronic, complex, and serious conditions to improve people's quality of life, independence, reduce mortality rates, and better manage the leading drivers of health care costs regardless of where they live in Texas.
- Increasing prevention, identification, treatment, and management of behavioral and mental health;
- Attracting and retaining high-performing Medicaid providers, including medical, behavioral health, dental, and long-term services and supports providers to participate in team based, collaborative, and coordinated care;
- Assisting providers actively monitor patient outcomes and perspectives to address their needs and improve healthcare delivery; and
- Assisting with the timely and efficient exchange of health information and increased interoperability.

See Exhibit "C".

After a brief discussion on the request, a motion was made by Director Stramecki to authorize the IGT on the Hospital's behalf for up to \$30,000.00 so that the Hospital can receive funds and participate in the ATLIS program. This motion was seconded by Director Way and unanimously approved by all the Board members.

7. Discuss and take-action, if necessary, on providing an advance to Winnie Community Hospital to assist with operational expenses.

The Board was then directed to Agenda Item No.7, to receive a request from the Hospital for an emergency advance as a result of the Federal Government, through the Department of Justice ("DOJ") and Internal Revenue Service's ("IRS"),

seizing the Hospital's Medicare reimbursements because the IRS's payment system mistakenly associated the Hospital's current payroll filings with an employer identification number (EIN) that had been assumed from a prior ownership group, which still reflected unresolved payroll-tax balances, even though those liabilities had been discharged under a 2014 bankruptcy order. *See Exhibit "D"* – Email correspondence, levies, and 2014 bankruptcy order.

Specifically, Mr. Mo Danishmund, Chief Financial Officer for Winnie Community Hospital, explained that the IRS had improperly levied and withdrawn approximately \$490,000.00 from the Hospital's Medicare reimbursements and that the automated deductions were expected to continue until the total reached roughly \$1.7 million. Mr. Danishmund advised that because the reimbursements are being taken "off the top" of Medicare payments, the Hospital lacked sufficient cash flow to meet its payroll obligations and therefore requested that the District provide a temporary line of credit to bridge the shortfall until the IRS releases or reimburses the withheld funds.

The Board also reviewed a status of the existing Demonstration Year 8 ("DY-8") advance between the District and Winnie Community Hospital, which reflected that the District had advanced a total of \$1,626,429.00, of which \$1,485,885.13 had been repaid through indigent-care service credits, leaving a remaining balance of \$140,543.87 owed by the Hospital.

Subsequently, the Board agreed that if approved, the most efficient and secure approach would be to amend that existing agreement(s) to include the new IRS-related advance rather than create a separate loan. Under the amendment(s), the District's total commitment would be increased by up to \$1,697,411.97, representing the maximum additional amount the District may advance to replace the Medicare reimbursements seized by the IRS. Repayment of the expanded balance would occur upon the earlier of (i) the Hospital's receipt of reimbursement from the IRS, or (ii) one (1) year from the date of approval, with any remaining balance maturing as a balloon note. In the interim, the District would continue its monthly reconciliation process by crediting the Hospital for the value of services rendered to the District that otherwise would have been payable by the District, thereby reducing the combined DY-8 and IRS-advance balance over time.

Furthermore, the Board discussed and agreed upon the following additional conditions: (1) no funds would be disbursed without the Hospital first providing written verification satisfactory to the District that the IRS had actually withdrawn or levied the corresponding amount from its accounts, supported by bank statements, levy notices, or official correspondence; (2) the Hospital would continue to repay the District through services rendered, and those credits would be applied against

both the DY-8 balance and the additional IRS-related advance; (3) any interest credited or paid by the IRS upon reimbursement would also be remitted to the District; (4) the advance would remain secured by the Hospital's existing Real Estate Lien Note, Deed of Trust, and Subordination Agreement, and any default under this amendment would constitute a default under those instruments; (5) any funds received from the IRS or other governmental authority as reimbursement for the levied amounts would be held in trust for and immediately remitted to the District; and (6) failure to comply with any of these provisions or to repay the balance within the specified term would cause the entire obligation to mature immediately as a balloon note and entitle the District to enforce all remedies available under its security documents.

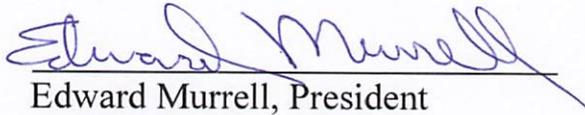
After full discussion, a motion was made by Director Stramecki and seconded by Director Way, the Board voted to approve the Hospital's request for an emergency advance and to authorize payment of \$490,00.00 cross immediately to Winnie Community Hospital to offset the Medicare reimbursements already seized by the IRS. The Board further approved the amendment of the existing Demonstration Year 8 ("DY-8") agreement(s) to incorporate this IRS-related advance into the same financial structure and security documents, thereby increasing the District's total commitment under the DY-8 arrangement to an amount not to exceed \$1,837,955.84 (\$1,697,411.97 and \$140,453.87). The line of credit shall be repaid upon the earlier of reimbursement from the IRS or one (1) year from approval, with any unpaid balance maturing as a balloon note, and shall remain secured by the Hospital's existing Real Estate Lien Note, Deed of Trust, and Subordination Agreement. The motion further included all other terms and conditions discussed herein, including the requirement for verification of IRS levies prior to any additional disbursements, the continued application of service credits to reduce the combined balance, the remittance of any IRS reimbursements or interest directly to the District, and the cross-default and enforcement provisions under the existing loan documents. There being no further discussion, the motion carried unanimously, and the action was to be memorialized in the First Amendment to Letter Agreement for Line of Credit for DY-8 Refund, dated October 13, 2025.

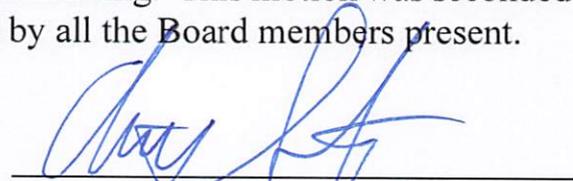
8. Discuss and take-action, if necessary, on engaging auditor for 2025 audit.

During the discussion of Agenda Item 6, the Board discussed the engagement of D&Co to perform the 2025 Audit. *See Exhibit "B"*. As such, a motion was made by Director Stramecki to engage D&CO to perform the 2025 Audit subject to a cap cost of \$33,000.00; and an agreement to complete, and present, the audit by a date certain that is closer to the deadline established by the District's lender. The motion

was seconded by Director Rollo and, upon call for a vote, unanimously approved by all Board members.

Thereafter, President Murrell then called for any other such matters before the Board. There being none, the President Murrell confirmed the next Regular Meeting was scheduled for October 22, 2025 at 6:00 p.m. A motion was then made by Director Stramecki at 10:03 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