

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 posted pursuant to the Texas Open Meetings Act three (3) business days prior to the opening of said meeting for 6:00 p.m., April 22, 2026 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 of the members of the Board, to wit:

Mr. Ed Murrell	President
Mr. Anthony Stramecki	Vice-President
Robert “Bobby” Way	Treasurer
Jeff Rollo	Secretary
Kay Wilcox	Director

All said Board Members were present except for Director Rollo, thus constituting a quorum. In addition, to the above-named Board Members, also present at the meeting were:

Mrs. Victoria Carlo	District Administrator
Mrs. Tina Davis	Indigent Care Director
Ms. Kiela Barron	Office Assistant
Mr. Hubert Oxford, IV	General Counsel for the District
Mrs. Makayla Vidal	District CPA
Mr. Chris Rutledge	LTC Group
Ms. Kaley Smith	Chief Executive Officer, Coastal Gateway Health Clinic (“Clinic”).
Mr. Kaleb Norris	Coastal Gateway Health Clinic
Dr. Michael Lyons	Coastal Gateway Health Clinic
Mr. Mo Danishmund	CFO, Riceland Hospital (“Hospital”)
Mr. Saad Javed	CEO, Hospital
Mr. Frank Marquez	Thr3edesign
Carlos Villagomez	Thr3edesign
Howard Kahn	Lone Star Lawyers

Following the Pledge of Allegiance and the introduction of guests, President

Murrell invited public comment. Mr. Kahn then asked for permission to speak. According to Mr. Kahn, he was there to request that he be placed on the next month's agenda to discuss funding his appeal of sanctions issued against him while representing the District through HMG in a debt collection matter. In addition, Mr. Kahn advised that at the next meeting, he was going to be asking for additional assistance in paying for the sanctions.

5. Consider and take action to appoint a Director to fill the vacant position; and administer Oath of Office to the appointed Director.

President Murrell advised that he was recommending the appointment of Mrs. Kay Wilcox to replace former Director Kacy Vratiss, who resigned, and whose term expires in November 2026.

The Board concurred and then a motion was made by Director Stramecki to appoint Mrs. Kay Wilcox to replace former Director Vratiss. This motion was seconded by Director Way and unanimously approved by all the Directors present.

Thereafter, Attorney Oxford was called on to give the Oath of Office to newly appointed Director Kay Wilcox. After being sworn in, Director Wilcox executed the Oath of Office and Statement of Officer at the meeting. See **Exhibit "A"**

6. Review and approve the Minutes of the March 18, 2026 Regular Meeting and the April 1, 2026 Special Meeting.

President Murrell then asked the Board to review and approve the minutes from the March 18, 2026 Regular Meeting and the April 1, 2026 Special Meeting. Staff advised that the minutes were in order.

Director Stramecki then made a motion to approve the minutes of the March 18, 2026 Regular Meeting and the April 1, 2026 Special Meeting. This motion was seconded by Director Way and unanimously approved by all the Board Members present.

7. Review and approve Accountant's report and financials report for monthly payment of invoices; and adopt any budget amendments, if necessary.

Following the review and approval of the minutes, President Murrell called on Mrs. Makayla Vidal, the District's CPA, to present the financial report for March 2026. Mrs. Vidal then turned to the March financial statements and reported that

everything was in order and within budget. (See **Exhibit “B-1”**).

Next, Mrs. Vidal was asked to review the Treasurer’s Report for April 22, 2026. (See **Exhibit “B-2”**). Mrs. Vidal then reviewed the report by presenting the invoices proposed for payment during the reporting period, as outlined below.

Pending Expenses	For	Amount
Bayside Dental	SP Program	\$1,463.00
Brookshire Brothers	Indigent Care	\$1,497.02
Winnie Stowell EMS	Indigent Care	\$315.75
Coastal Gateway Health Center	Indigent Care	\$1,706.18
Dr. June Stansky	SP Program	\$180.00
Kalos Counseling	Youth Counseling	\$425.00
Thompson Outpatient Clinic, LLC	Indigent Care	\$929.64
UTMB at Galveston	Indigent Care	\$22,322.85
UTMB Faculty Group Practice	Indigent Care	\$2,317.01
Wilcox Pharmacy	Indigent Care /Charity Care	\$1,444.35
\$25 Optical	SP Program	\$180.00
Benckenstein & Oxford	Invoice No 51726	\$9,140.00
Graciela Chavez	Inv 965996 & Inv 965997	\$410.00
US Department of Education	Acct# 1778777782 - Ben Odom	\$1,801.60
3Branch & More	Inv # 46121	\$8,831.67
Function4	INV1282012	\$135.00
Technology Solutions	Inv # 2033	\$154.60
Indigent Healthcare Solutions	Indigent Care Inv # 81771	\$2,023.00
Vidal Accounting Services	Invoice 00136	\$5,862.50
Hubert Oxford	Retainer	\$1,000.00
Kahla Home & Earth Solutions	Inv # 120226-R0004 & 010326-R-000	\$1,000.00
Coastal Gateway Health Center	Grant Payment	\$6,586.81
D & Co LLP	Inv # 13808 DSH/UC Consulting	\$1,637.50
3Desgin	Inv# 2039 Architect	\$33,722.80
Curtis Scott Johnson	Inv# WSHD202601 & WSHD202602	\$3,390.00
Winnie Stowell EMS	Grant Paymet Qrt 2	\$38,193.60
Moore Service Company	Inv # 78176	\$1,339.86
Total Expenses:		\$148,009.74

After the Board reviewed the invoices, Mrs. Vidal referred to the Board to the Funds Summary section of the Treasurer’s report, which is set forth below.

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Funds Summary	Totals
Prosperity Operating (Unrestricted)	\$324,985.86
First Financial DACA (Unrestricted)	\$3,425,533.70
First Financial DACA (Restricted)	\$530,048.75
First Financial Money Market	\$25,263,941.73
TexStar (Restricted)	\$7,255,347.93
FFB CD Balance	\$0.00
Total District Funds	\$36,799,857.97
Less First Financial (Restricted)	(\$530,048.75)
Less TexStar Restricted Amount	(\$500,000.00)
Less LOC Outstanding	\$0.00
Less First Financial Money Market	\$0.00
Less Committed Funds (<i>See Total Commitment</i>)	(\$1,167,582.67)
Cash Position (<i>Less First Financial Restricted</i>)	\$34,602,226.55
Pending Expenses	(\$148,009.74)
Ending Balance (<i>Cash Position-Pending Expenses</i>)	\$34,454,216.81
*Total Funds (<i>Ending Balance+LOC Outstanding+QIPP Funds Outstanding+Outstanding Chow Loans</i>)	\$35,239,670.42

According to Mrs. Vidal, the District's cash position, after pending expenses, was \$34,454,216.81 as of the reporting period. The District's Total Funds were \$35,239,670.42. Compared to the prior month, this reflects an increase of \$3,217,969.99 in the ending cash position and an increase of \$468,254.37 in Total Funds.

Regarding the remainder of the Treasurer's Report, Mrs. Vidal updated the Board on the District's Committed Funds; Advance to Hospital for the DY-8 Repayment and IRS Advance Repayment; Interim Working Capital advances ("CHOW Advance"); and outstanding loan balances. (*See Exhibit "B-2"*).

Following the review of the Treasurer's Report, Mrs. Vidal asked the Board to review the bank register, which also includes the invoices previously listed and discussed. (*See Exhibit "B-3"*).

Upon the completion of the discussion of the financials and the budget amendment, 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 March 2026 financials; (ii) the Treasurer's Report; (iii) payment of the outstanding invoices; and (iv) approve the Check Register as read. (*See Exhibit "B-1", through "B-3"*). This motion was

seconded by Director Way and unanimously approved by all the Board Members present except for Director Wilcox, who abstained.

8. Discuss and take-action on Committee Reports: a) Finance Committee; b) Indigent Healthcare Committee; c) Personnel Committee; and d) Hospital Liaison.

Next, President Murrell asked whether the Committees had any reports. The Building Committee provided its report and deferred to the District's project representatives, including Mr. Marquez and Mr. Villagomez with THR3edesign, to update the Board regarding the District's proposed construction project and the Request for Qualifications for Construction Manager at Risk services. Mr. Marquez and Mr. Villagomez reported that the RFQ would be published in area newspapers, including Winnie, Houston, and Beaumont, and posted on the District's website and other construction-related platforms. They explained that the RFQ was intended to solicit qualifications from CMR contractors for preconstruction services and project planning, rather than to approve final construction costs at this stage. They also reviewed the proposed schedule, including publication of the RFQ on or about April 29, 2026, a two (2) week response period for contractors to submit qualifications, and additional time thereafter for review and contractor selection before the next regular Board meeting. The Board then discussed the anticipated dirt work and site-preparation scope, including the County's potential participation in funding a portion of the work through a line of credit. It was recommended that the dirt work remain separately identified as a line item so that the District and County can track costs and determine each party's payment responsibility. After discussion, the Board approved moving forward with publication of the RFQ on the proposed timeline.

9. Receive reports, by:

a. **Administrator's Report:** Mrs. Carlo provided the Administrator's Report and reported that the suspected leak in the District building had been investigated and determined not to be a leak. She also reported that the District is considering adding office space for two (2) potential new hires, and that the opioid abatement funding application had been approved and submitted for distribution. Mrs. Carlo then discussed the Caring Spring Ranch account, and after discussion, the Board directed that the total amount owed be calculated, that an invoice be sent to the facility, and that the account be closed. Mrs. Carlo also discussed sending Director Wilcox to the 2026 THT Healthcare Governance Conference in San Antonio from June 4 through June 6, 2026, and the Board noted that Director Wilcox also needs to complete the required 2-hour open meetings training before deciding

to revisit the conference issue at the next meeting.

b. **District Indigent Care Director Report:** Next, President Murrell called on Mrs. Davis for the Indigent Care Director Report. Mrs. Davis reviewed the monthly report on active clients and the District's programs and then directed the Board to her monthly reports and the following charts and asked if there were any questions. (See **Exhibit "C"**).

c. **Grant Report and Community Health Worker Report:** Mrs. Carlo was then asked to give the District's Grant Report and Community Health Worker Report. Complete copies of the reports are attached as **Exhibit "D"**.

d. **District General Counsel Report:** The District's Attorney, Mr. Oxford was called on next to give a report. Mr. Oxford addressed the earlier request by Mr. Howard Kahn to be placed on the next month's agenda and provided additional context regarding the matter. Mr. Oxford explained that, under the applicable management agreement, the manager may institute legal action to collect delinquent accounts only after consultation with the District and after providing fifteen (15) days' written notice before pursuing such action. Mr. Oxford further explained that Mr. Kahn filed a lawsuit in the District's name without the District's knowledge, and that HMG also failed to notify the District. The District first learned of the lawsuit through an open records request from opposing counsel. Mr. Oxford also reported that sanctions had been entered against Mr. Kahn in connection with the matter, including a prior sanction of \$13,000.00 and an additional sanction of \$24,000.00 in January. Mr. Oxford then discussed the fact that Mr. Kahn had recently made an open records request to many of the hospital districts throughout the state, including the District, and advised that responding to the request could cost approximately \$30,000.00.

e. **Coastal Gateway Report:** Turning to the Coastal Gateway report, Dr. Lyons presented Coastal Gateway's monthly report. A summary of the report is found in **Exhibit "E"**.

f. **LTC Report:** Mr. Rutledge with LTC Group ("LTC") presented the Long-Term Care report and began by updating the Board on recent facility activity. (See **Exhibit "F"**). He also reported that the District's facilities had started their Q3 quarterly trainings on advanced care planning, which are intended to help ensure that resident care aligns with residents' wishes, particularly regarding end-of-life care. Turning to the upcoming Intergovernmental Transfer ("IGT") for the Quality

Improvement Payment Program (“QIPP”), Mr. Rutledge reported that the IGT suggestion was expected to be released that Friday, which should provide additional clarity regarding the upcoming IGT amount. He also advised that LTC had participated in a call with Texas Health and Human Services Commission to discuss moving the next IGT timeline back so that inflows and outflows would better align, although no final decision had been made. Mr. Rutledge then reported that the Year 8 IGT reconciliation, which had been under discussion for several months, was expected to be released on or about May 1, 2026. Based on current estimates, the gross amount to the District was expected to be approximately \$3,500,000.00 to \$4,000,000.00, with an estimated net amount of approximately \$1,200,000.00 to \$1,500,000.00. Finally, Mr. Rutledge advised that the District should know more within the next few weeks after the IGT file is released and the facilities begin discussing funding with their lenders, and that the next scorecard release was expected in approximately six (6) weeks, with funds to follow a few weeks thereafter.

g. **Hospital Report:** Following the LTC Report, President Murrell called on Mr. Javed to discuss the Hospital’s report. Mr. Javed thanked President Murrell for the opportunity to present the Hospital’s March 2026 monthly report and the year-to-date comparison from previous years, which is as follows:

2026					
Census	2025 YTD	Jan	Feb	Mar	YTD Monthly Average
ER Visits	295	285	245	300	277
Conversion to Inpatient/observation	28	30	27	31	29
Percentage	9%	11%	11%	10%	11%
Transferred out of ER	11	7	7	15	10
Percentage Transferred out to ER	4%	2%	3%	5%	3%
ER shifts covered by doctors	0%	0%	0%	0%	0%
Number Inpatient days	52	50	48	65	54
Number Hospice days	0	0	0	0	0
Number Swingbed days	10	0	0	10	3
Number Observation days	30	38	20	31	30
Total All Inpt. Days	93	88	68	106	87
Average Inpatient days per day	3	2.84	2.43	3.42	2.90
CTs (# tests)	107	98	114	114	109
Xrays (# tests)	256	264	239	286	263
Ultrasounds (# tests)	25	16	23	23	21
Labs-Covid (#encounters)	38	38	22	8	23
Labs-RPP (#encounters)	48	57	60	69	62
Labs-All Other (# encounters)	756	834	936	1028	933
Encounters - Adult Clinic	263	240	237	221	233
Encounters - Pediatric Clinic	127	89	112	116	106
Behavioral Health patients	46	37	39	45	40
Physical Therapy	2	0	0	0	0
Labs from FQHQ (# tests)	2	6	7	15	9
Radiology from FQHQ (# tests)	26	23	22	27	24
Labs from Physician 1 (# tests)	2381	1658	1517	896	1,357
Radiology from Physician 1 (# tests)	0	0	0	0	0
Labs from Physician 2 (# tests)	1192	1282	1432	862	1,192
Radiology from Physician 2 (# tests)	0	0	0	0	0
Labs from Physician 3 (# tests)	810	945	856	691	831
Radiology from Physician 3 (# tests)	4	0	0	0	0

Yearly Averages									
Census	2019	2020	2021	2022	2023	2024	2025	2026	Average
ER Visits	190	174	220	229	249	262	295	277	237
Conversion to Inpatient/observation	10	13	21	20	26	26	28	29	21
Percentage of Converted Patients	5%	7%	9%	9%	10%	10%	9%	11%	9%
Transferred out of ER	10	12	11	11	10	11	11	10	11
Percentage Transferred out of ER	5%	7%	5%	5%	4%	4%	4%	3%	4%
ER shifts covered by doctors	79%	65%	56%	4%	2%	1%	0%	0	26%
Number Inpatient days	58	115	191	154	81	73	52	54	97
Avg. Inpatient Days	4.84	9.55	15.94	12.86	6.74	6.04	4.35	4.53	8.11
Number Hospice days	12	5	9	4	2	0	0	3	4
Number Swingbed days	16	47	48	65	22	17	10	30	32
Average No. of Swingbed	1.34	3.94	4.01	5.38	1.85	1.38	0.85	2.47	2.65
Number Observation days	18	23	25	33	39	34	30	30	29
Total All Inpt. Days	104	190	273	255	144	123	93	87	159
Average Inpatient days per day	3.42	6.23	8.96	8.41	4.76	4.05	3.05	2.90	5.22
CTs	42	57	64	67	80	95	107	109	78
Xrays	204	228	287	249	211	239	256	263	242
Ultrasounds	23	16	37	35	20	25	25	21	25
Labs-Covid (#encounters)	0	0	0	460	47	43	38	23	76
Labs-RPP (#encounters)	0	0	0	120	77	46	48	62	44
Labs-All Other (# encounters)	0	0	0	331	633	600	756	933	407
Encounters - Adult Clinic	576	479	486	294	230	200	263	233	345
Encounters - Pediatric Clinic	283	209	225	252	208	138	127	106	193
Behavioral Health patients	57	11	13	38	43	44	46	40	36
Physical Therapy	5	0	0	1	3	1	2	0	2

Following Mr. Javed's report, Mr. Danishmund discussed an urgent ATLIS/IGT program issue and requested that the Board schedule a special meeting to consider additional authorization. Mr. Danishmund explained that the Board had previously authorized an IGT amount of \$117,000, but that the required amount had increased to \$172,899 after the program was reinstated. Because the Board's prior authorization did not cover the increased amount, additional Board action would be needed before the District could proceed. After discussion, the Board scheduled a special meeting for Wednesday, April 29, 2026, at 9:00 a.m. to address the increased ATLIS/IGT authorization. Mr. Danishmund also updated the Board regarding the air-conditioning service contract and reported that, after a difficult start, the vendor was responding appropriately when issues were raised. He further discussed the outstanding \$497 invoice issue and reported that the vendor had acknowledged the error.

10. **Discuss and take-action, if necessary, regarding the proposed conveyance or exchange of approximately 2.461 acres of real property owned by the District located in the James Hoggatt League, Abstract No. 14, City of Winnie, Chambers County, Texas, including authorization to negotiate and enter into an agreement with Chambers County for the exchange of such property for site preparation and dirt work services of comparable value in connection with the District's planned facility.**

The Board was then asked by President Murrell to turn to Agenda Item No. 10 to discuss the proposed conveyance, or exchange, of approximately 2.4 acres of property owned by the District to Chambers County for use as a county annex building. It was explained that the County had approved participation of up to \$700,000.00 and that the proposed structure would operate in the nature of an exchange, with the County providing a line of credit or reimbursement source that the District could draw upon for site work. The Board discussed that the District's contractor would perform the work, but the County would be responsible for its portion of the costs. The Board also discussed the proposed retention pond, which would serve both the District property and the County property, with the County contributing additional funds to account for its drainage needs. The Board further discussed the existing building on the property, including the need to remove equipment and supplies stored in the building, the potential need for professional movers and storage containers, and the estimated cost of demolition or removal.

After discussion, a motion was made by Director Stramecki to sell the 2.4 acres most recently acquired from TAG to Chambers County, less the building, for \$730,000.00, and to authorize Attorney Oxford to prepare an Interlocal Agreement that satisfies the District's and County's statutory obligations. This motion was seconded by Director Way and unanimously approved by all the Directors present.

11. Discuss and take-action, if necessary, on entering into agreement with employment agency to hire a temporary assistant.

President Murrell then called on the Administrator to discuss a request to engage a temporary agency to assist in providing two (2) administrative assistants on a temporary basis, and Mrs. Carlo reported that she had contacted several staffing agencies but had only received a quote back from Express Employment. (*See Exhibit "G"*). Mrs. Carlo explained that the District is considering hiring two (2) administrative assistants at the same time so that they can be trained together and so the District can evaluate whether each person is a good long-term fit before making any permanent hiring decisions. The Board discussed that Express Employment would manage payroll, background checks, workers' compensation, and related employment matters, and that the agency would charge an eighteen percent (18%) fee based on the applicable hourly wage. The Board also discussed an anticipated pay range of \$16.00 to \$22.00 per hour, with one (1) assistant working with Tina at the main office and the other assisting Mrs. Carlo at the other District location. Mrs. Carlo explained that the additional help is needed due to the increased administrative workload, including work related to multiple nursing homes, daily mail, deposits,

and the upcoming construction project. The Board also discussed posting the positions on Indeed while using Express Employment as an additional staffing option.

The Board agreed and then Director Stramecki made a motion to approve the execution of the Express Employment agreement for two (2) employees between the rate of \$16.00 to \$22.00 per hour plus the eighteen percent (18%) fee. The motion was seconded by Director Way, and unanimously approved by all the Board Members present.

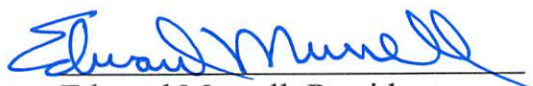
12. Discuss and take-action, if necessary, on engaging counsel to defend the District in Sentina Kettler v. HMG Park Manor of Crowley, LLC d/b/a Crowley Nursing and Rehabilitation and HMG Partners III, LLC.

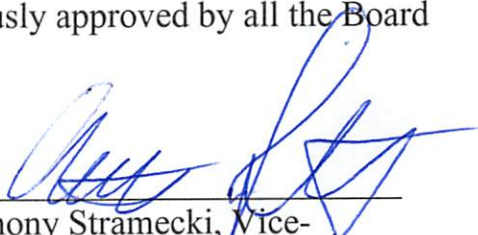
Lastly, President Murrell then called on Mr. Oxford to discuss the pending federal lawsuit filed against the District and the proposed engagement of separate counsel to represent the District in that matter. Mr. Oxford explained that the District had been sued in a federal case filed in the Northern District of Texas under 42 U.S.C. § 1983, and that the District had not been served until that day. Mr. Oxford further explained that the District had sent an indemnity demand letter to HMG, and that HMG responded that it would indemnify the District in an ordinary manner and would pay the legal fees for separate counsel to represent the District. Mr. Oxford advised that the lawsuit appears to be based on the theory that the District's ownership interest in the nursing home creates operational control, even though the applicable management agreements provide that the District does not control staffing or day-to-day operations. Mr. Oxford then reviewed the proposed engagement of Dwight Scott of Scott Payne, PC, to represent the District in the federal lawsuit. A copy of the engagement letter was presented to the Board and is attached as **Exhibit "H"**. Mr. Oxford also explained that separate counsel was appropriate because the District's interests and HMG's interests were not identical.

After the discussion, Director Stramecki made a motion to approve the engagement of Dwight Scott of Scott Payne, PC, to represent the District in the federal lawsuit, with HMG paying the legal fees. The motion was seconded by Director Wilcox, and unanimously approved by all the Board Members present.

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 May 20, 2026. A motion

was then made by Director Stramecki at 7:42 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