

**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 (the "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. on August 24, 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.

1. Call to Order.

At approximately 6:21 p.m., the meeting was convened by President Murrell, and roll was called of the members of the Board, to wit:

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

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

Mrs. Victoria Carlo	District Administrator
Ms. April Fox	Assistant to the District Administrator
Ms. Reagan Walters	Office Assistant
Mr. Hubert Oxford, IV	General Counsel for the District
Mrs. Makayla Vidal	District CPA
Mr. Kaleb Norris	Coastal Gateway Health Clinic
Dr. Michael Lyons	Coastal Gateway Health Clinic
Mr. Josh Wahleithner	Winnie-Stowell Volunteer EMS
Mr. Mo Danishmund	CFO, Riceland Hospital
Mr. Chris Rutledge	LTC Group
Mr. Scott Johnson	LTC Group
Mr. Lee Hughes	LTC Group

2. Introduction of Guests.

Following roll call, the Board introduced the guests and District representatives in attendance.

3. Pledge of Allegiance and Pledge to Texas Flag.

Following the introduction of guests, the Board recited the Pledge of Allegiance to the United States flag and the Pledge to the Texas flag.

4. Public Comment – limited to three minutes.

President Murrell then invited public comment. No public comment was presented.

5. Review and Approve Minutes of the July 22, 2026 Regular Meeting.

President Murrell then asked the Board to review and approve the minutes from the July 22, 2026 Regular Meeting. Copies of the draft minutes were included in the Board packet.

After review, Director Rollo made a motion to approve the minutes of the July 22, 2026 Regular Meeting as presented. This motion was seconded by Director Wilcox and unanimously approved by all Board Members present.

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

President Murrell then called on Mrs. Makayla Vidal, the District's CPA, to present the financial report for July 2026. Mrs. Vidal reviewed the July 2026 financial statements, including the Balance Sheet and Profit and Loss Budget versus Actual through July 31, 2026. (See Exhibit "A-1"). According to the Balance Sheet, as of July 31, 2026, the District had total checking and savings of \$46,867,302.97, total current assets of \$223,801,076.35, total fixed assets of \$3,888,705.98, total other assets of \$12,806.48, total assets of \$227,702,588.81, total liabilities of \$174,696,827.54, and total equity of \$53,005,761.27. Mrs. Vidal also reviewed the Profit and Loss Budget versus Actual for January through July 2026. The report reflected total income of \$79,960,171.21, total expenses of \$73,189,887.37, net ordinary income of \$6,770,283.84, net other income of \$19,726.71, and net income of \$6,790,010.55.

Ms. Vidal next discussed the Treasurer's Report for August 24, 2026. (See **Exhibit "A-2"**). The Treasurer's Report reflected Total District Funds of \$41,090,242.77 and a cash position, after restricted and committed amounts, of \$39,281,414.37. Pending expenses totaled \$195,635.76, resulting in an ending balance of \$39,085,778.61. The report reflected Total Funds of \$39,361,583.90 when considering the ending balance together with outstanding QIPP and other amounts reflected in the report.

The Treasurer's Report further reflected total committed funds of \$1,980,124.44, with \$1,308,558.98 paid year-to-date and a remaining committed balance of \$671,565.46. The remaining commitments included \$540,649.54 for the 2026 FQHC/Coastal Gateway grant, \$92,722.32 for East Chambers Independent School District, and \$38,193.60 for the Winnie-Stowell Volunteer EMS grant. The First Financial reconciliation reflected total funds of \$2,792,413.63, consisting of \$399,662.37 in restricted funds, \$237,600.57 in non-QIPP funds, and \$2,155,150.69 in unrestricted funds. The report also reflected receipt of \$601,122.26 for the Year 6 final adjustment and Year 7 final IGT refund, of which \$399,662.37 remained restricted.

Mrs. Vidal also reviewed the District's loan and repayment schedules. The Hospital repayment schedule reflected a balance of \$275,805.29 due to the District. The Oak Grove CHOW loan had been paid in full. The investment schedule reflected July 2026 interest of \$85,219.70 from the First Financial Money Market account and \$22,513.67 from TexSTAR, with year-to-date interest of \$496,223.23 and \$153,578.89, respectively.

Following the financial and Treasurer's reports, the Board reviewed the check register and supporting invoices included in the Board packet. (See **Exhibit "A-3"**). The outstanding invoices and pending expenses presented for approval totaled \$195,635.76.

After discussion, Director Stramecki made a motion to approve: (i) the July 2026 financial statements; (ii) the August 24, 2026 Treasurer's Report; (iii) the payment of outstanding invoices and pending expenses in the amount of \$195,635.76; and (iv) the Check Register as presented. This motion was seconded by Director Rollo and approved by all Board Members voting, with Director Wilcox abstaining.

7. Discuss and take-action on Committee Reports: (a) Finance Committee; (b) Indigent Healthcare Committee; (c) Personnel Committee; (d) Building Committee; and (e) Opioid Committee.

President Murrell then asked whether any committees had reports or matters for discussion. No formal motion or action was taken under this agenda item.

8. Receive reports, by:

a. **District Administrator:** Mrs. Carlo presented the Administrator's Report. She introduced Ms. April Fox as the District's new assistant to the Administrator. Mrs. Carlo also reported on an insurance inspection of a District-leased property that identified items requiring remediation, including the location of stored firewood, servicing of fire extinguishers, placement of kitchen equipment under the ventilation hood, and exterior structural wall damage. She advised that the lease would be reviewed to determine the respective repair responsibilities of the District and tenant, local contractors would be contacted concerning the structural repairs, and the District would communicate its remediation plan to the insurance representative.

b. **District Indigent Care Director:** In the absence of Mrs. Tina Davis, Mrs. Carlo presented the Indigent Care Director Report. (*See Exhibit "B"*). She reported that the Indigent Care Program decreased by one (1) client during July for a total of eighty-six (86) active clients and that the program had utilized thirty-eight percent (38%) of its overall budget. Both the June and July UTMB billing had been received, posted, and submitted for payment. Riceland Medical Center was unable to provide July billing by the cutoff because of a software conversion. The report reflected that two (2) clients had exhausted benefits.

The report reflected a year-to-date monthly average of eighty-eight (88) indigent care clients and four (4) youth counseling clients. Three (3) clients utilized youth counseling benefits, five (5) utilized dental benefits, and four (4) utilized vision benefits. The report reflected total 2026 indigent-care budgeted expenditures of \$1,267,350.00 and year-to-date expenditures of \$479,030.91, or thirty-eight percent (38%) of budget.

c. **District General Counsel:** Attorney Oxford advised the Board that he had no report under this agenda item.

d. **Grant Report:** Mrs. Carlo presented the Grant Report and transportation/ambulance grant materials. (See Exhibit "C"). She reported that four (4) transfer calls were requested during July, three (3) transfers were completed, and one (1) call was reassigned because paramedic-level transport was unavailable. The completed transports included transfers from Riceland to St. Luke's Texas Medical Center, the VA Hospital in Houston, and UTMB Galveston. Mrs. Carlo also reviewed the related grant-funded staffing and payroll information included in the Board packet.

e. **Coastal Gateway Report:** Dr. Michael Lyons presented the Coastal Gateway Health Center report. (See Exhibit "D"). Dr. Lyons reported that Coastal Gateway had received two (2) HRSA quality badges, including a Gold Badge - Health Center Quality Leader, and that twenty (20) women were served by the mobile mammography bus at Crystal Beach on July 29, 2026. He also reported that Coastal Gateway was working to complete its three-year community needs assessment and continued discussions regarding food-distribution partnerships.

Dr. Lyons further reviewed current grant matters, including Rural Health Transformation funding, the previously awarded \$245,000.00 MD Anderson SAVE TX grant, the Episcopal Health Foundation application, and incubator funding. He also discussed recent community outreach activities. The July statistical report reflected five hundred ninety-four (594) patient encounters.

f. **LTC Report:** Mr. Chris Rutledge and Mr. Scott Johnson presented the LTC and nursing-facility operations report. (See Exhibit "E"). They advised that the next quarterly QIPP scorecard and certain Year 7 and Year 8 adjustment files were expected to be released shortly. Mr. Johnson also reported on his recent Year 9 site visits, including Hewitt Nursing and Rehabilitation and Copperas Cove, and discussed improvements at those facilities.

Mr. Rutledge and Mr. Johnson further reported that the Year 9 Quarter 4 education sessions were nearing completion and that Year 10 activities were expected to begin shortly. The Board reviewed the written facility reports and QIPP materials contained in the Board packet.

g. **Hospital Report:** Mr. Mo Danishmund presented the Hospital's monthly report for July 2026 census and operating statistics. The Hospital's report is as follows:

2026									
Census	2025 YTD	Jan	Feb	Mar	Apr	May	June	July	YTD Monthly Average
ER Visits	295	285	245	300	331	323	310	305	300
Conversion to Inpatient/observation	28	30	27	31	37	26	25	14	27
Percentage	9%	11%	11%	10%	11%	8%	8%	5%	9%
Transferred out of ER	11	7	7	15	9	17	13	13	12
Percentage Transferred out to ER	4%	2%	3%	5%	3%	5%	4%	4%	4%
ER shifts covered by doctors	0%	0%	0%	0%	0%	0%	0%	0%	0%
Number Inpatient days	52	50	48	65	76	35	43	17	48
Number Hospice days	0	0	0	0	0	0	0	0	0
Number Swingbed days	10	0	0	10	18	11	5	4	7
Number Observation days	30	38	20	31	27	23	34	41	31
Total All Inpt. Days	93	88	68	106	121	69	82	62	85
Average Inpatient days per day	3	2.84	2.43	3.42	4.03	2.23	2.73	2.00	2.81
CTs (# tests)	107	98	114	114	125	149	117	148	124
Xrays (# tests)	256	264	239	286	308	214	197	233	249
Ultrasounds (# tests)	25	16	23	23	18	28	10	6	18
Labs-Covid (#encounters)	38	38	22	8	17	5	5	3	14
Labs-RPP (#encounters)	48	57	60	69	86	45	65	29	59
Labs-All Other (# encounters)	756	834	936	1028	1,146	843	924	1232	992
Encounters - Adult Clinic	263	240	237	221	190	201	208	219	217
Encounters - Pediatric Clinic	127	89	112	116	107	87	69	112	99
Behavioral Health patients	46	37	39	45	47	41	44	42	42
Physical Therapy	2	0	0	0	0	1	1	0	0
Labs from FQHQ (# tests)	2	6	7	15	0	7	0	0	5
Radiology from FQHQ (# tests)	26	23	22	27	47	18	17	28	26
Labs from Physician 1 (# tests)	2381	1658	1517	896	3,094	2276	1984	1205	1,804
Radiology from Physician 1 (# tests)	0	0	0	0	0	0	0	0	0
Labs from Physician 2 (# tests)	1192	1282	1432	862	1,064	828	954	918	1,049
Radiology from Physician 2 (# tests)	0	0	0	0	0	0	0	0	0
Labs from Physician 3 (# tests)	810	945	856	691	920	630	850	695	798
Radiology from Physician 3 (# tests)	4	0	0	0	0	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	300	240
Conversion to Inpatient/observation	10	13	21	20	26	26	28	27	21
Percentage of Converted Patients	5%	7%	9%	9%	10%	10%	9%	9%	9%
Transferred out of ER	10	12	11	11	10	11	11	12	11
Percentage Transferred out of ER	5%	7%	5%	5%	4%	4%	4%	4%	5%
ER shifts covered by doctors	79%	65%	56%	4%	2%	1%	0%	0	26%
Number Inpatient days	58	115	191	154	81	73	52	48	96
Avg. Inpatient Days	4.84	9.55	15.94	12.86	6.74	6.04	4.35	3.98	8.04
Number Hospice days	12	5	9	4	2	0	0	7	5
Number Swingbed days	16	47	48	65	22	17	10	31	32
Average No. of Swingbed	1.34	3.94	4.01	5.38	1.85	1.38	0.85	2.55	2.66
Number Observation days	18	23	25	33	39	34	30	31	29
Total All Inpt. Days	104	190	273	255	144	123	93	85	159
Average Inpatient days per day	3.42	6.23	8.96	8.41	4.76	4.05	3.05	2.81	5.21
CTs	42	57	64	67	80	95	107	124	80
Xrays	204	228	287	249	211	239	256	249	240
Ultrasounds	23	16	37	35	20	25	25	18	25
Labs-Covid (#encounters)	0	0	0	460	47	43	38	14	75
Labs-RPP (#encounters)	0	0	0	120	77	46	48	59	44
Labs-All Other (# encounters)	0	0	0	331	633	600	756	992	414
Encounters - Adult Clinic	576	479	486	294	230	200	263	217	343
Encounters - Pediatric Clinic	283	209	225	252	208	138	127	99	193
Behavioral Health patients	57	11	13	38	43	44	46	42	37
Physical Therapy	5	0	0	1	3	1	2	0	2

9. Discuss and take-action, if necessary, on considering grant request.

The Board then considered the Winnie-Stowell Volunteer EMS grant request in the amount of \$4,932.00 for the community event, consistent with the grant approved by the District in the prior year. (See Exhibit "F").

After discussion, Director Stramecki made a motion to approve the grant request in the amount of \$4,932.00. This motion was seconded by Director Wilcox and unanimously approved by all Board Members present.

10. Discuss and take-action, if necessary, on making repairs to the clinic's septic system building.

The Board next considered the emergency repairs required for the existing septic system at Coastal Gateway Mrs. Carlo explained that the septic system had failed and that the repairs could not be delayed until the next Board meeting. Accordingly, pursuant to Section 10 of the District's Amended Purchasing Policies and Procedures governing emergency purchases, the necessary repairs were authorized as an emergency expenditure prior to the meeting. The materials reflected that two (2) lift-station pumps required replacement and that the floats would be inspected and replaced as necessary. The Board then reviewed the LiL' John's Plumbing estimate in the amount of \$14,354.00. (See Exhibit "G").

A After discussion, Director Stramecki made a motion to ratify and approve the emergency expenditure for the necessary septic-system repairs to the Costal Gateway facility. This motion was seconded by Director Wilcox and unanimously approved by all Board Members present.

11. Discuss and take-action, if necessary, on approving collateral agreement with Prosperity Bank post Stellar Bank transition.

The Board then considered the proposed collateral arrangement with Prosperity Bank following the Stellar Bank transition. The Board was advised that the arrangement would transition the District from the nightly sweep process to a standard collateralized account structure. Attorney Oxford reminded the Board that, at its December 17, 2025 Regular Meeting, the District renewed its Investment Policy, which requires District deposits exceeding applicable federal deposit insurance limits to be secured by appropriate collateral. The proposed collateralized account structure with Prosperity Bank is consistent with the requirements of the District's Investment Policy.

Following the discussion, Director Stramecki made a motion to approve the collateral arrangement with Prosperity Bank, subject to the receipt, review, and approval of the final collateral agreement by District General Counsel. This motion was seconded by Director Wilcox and unanimously approved by all Board Members present.

12. Discuss and take-action, if necessary, on approving grants.

President Murrell then called for a discussion of this agenda item regarding additional grants. However, there was nothing to discuss and therefore, no action was taken.

13. Discuss and take-action, if necessary, on considering amending agreements with architect to include a rehabilitation facility on the Seabreeze campus.

The Board discussed the possibility of amending the architect agreements to include a rehabilitation facility on the Seabreeze campus. The Board discussed the need for additional information concerning the proposed facility and related operational considerations before proceeding.

After discussion, Director Stramecki made a motion to table this matter until the next meeting to allow for further review, including consideration of a tour of the rehabilitation facility in Anahuac. This motion was seconded by Director Wilcox and unanimously approved by all Board Members present.

14. Discuss and take-action, if necessary, on approving the Seventh Amendment to the Fifth Amended and Restated Service Agreement with LTC Group.

The Board then considered the Seventh Amendment to the Fifth Amended and Restated Service Agreement with LTC Group, effective September 1, 2026, which updates Exhibit "A" to the Agreement to reflect the District's nursing facilities and the applicable service fees. (See Exhibit "H").

After discussion, Director Stramecki made a motion to approve the Seventh Amendment to the Fifth Amended and Restated Service Agreement with LTC Group as presented and authorize the appropriate District representative to execute the amendment. This motion was seconded by Director Rollo and unanimously

approved by all Board Members present.

15. **Discuss and take-action, if necessary, regarding the November 3, 2026, Winnie-Stowell Hospital District Director Election, including: (a) receiving and considering the final candidate filing report, including regular candidates, declared write-in candidates, withdrawals, and candidate eligibility; (b) certifying unopposed candidates and, if applicable, declaring unopposed candidates elected and canceling the election; (c) conducting, if necessary, the drawing for the order of candidate names on the ballot; and (d) approving, finalizing, certifying, and transmitting required ballot and election information to the appropriate county election officials and authorizing District representatives to take all related actions necessary to conduct or cancel the election, as applicable.**

Mrs. Carlo presented the certification reflecting that Robert "Bobby" Way and Kay Wilcox were unopposed candidates for the two (2) at-large Board positions in the November 3, 2026 election. Mrs. Carlo, in her capacity as the District's Election Administrator and the authority responsible for preparation of the official ballot, signed the Certification of Unopposed Candidates on August 22, 2026. The Certification formally certified to the Board that Robert "Bobby" Way and Kay Wilcox were each unopposed for election to an at-large Board position. (*See Exhibit "I-1"*).

Mrs. Carlo then presented the proposed Order of Cancellation. The Order provides that, pursuant to Section 2.053(a) of the Texas Election Code, the District's November 3, 2026 Director Election would be cancelled, Robert "Bobby" Way and Kay Wilcox would be declared elected to the two (2) at-large Board positions, and a copy of the Order would be posted on Election Day at each polling place that otherwise would have been used for the election. The Order was presented in both English and Spanish. (*See Exhibit "I-2"*).

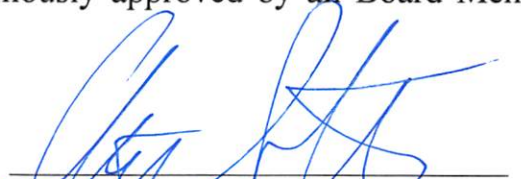
After discussion, Director Stramecki made a motion to accept the certification of the unopposed candidates, declare Robert "Bobby" Way and Kay Wilcox elected to the at-large Board positions, cancel the November 3, 2026 election, adopt and approve the Order of Cancellation set forth in **Exhibit "I-2"**, and authorize District representatives to execute and transmit the required election documents, post the Order of Cancellation as required, and take all other actions necessary to effectuate the cancellation of the election. This motion was seconded by Director Rollo and unanimously approved by all Board Members present.

16. Discuss and take-action, if necessary, on approving the sale of the Avir nursing facilities to Tikva HCM Deck.

Before addressing Agenda Item No. 16, President Murrell, at 7:20 p.m., called the Board into Executive Session pursuant to Section 551.085 of the Texas Government Code to discuss health care services related to the proposed sale of the Avir nursing facilities to Tikva HCM Deck. In addition to the Board Members present, also participating in the Executive Session were Mrs. Victoria Carlo, Ms. April Fox, Ms. Reagan Walters, Mrs. Vidal, Attorney Hubert Oxford, IV, Mr. Chris Rutledge, and Mr. Lee Hughes. After discussing certain matters as provided for in Section 551.085 of the Texas Government Code, the Board returned from Executive Session at 7:40 p.m.

Upon returning from Executive Session, a motion was then made by Director Rollo to approve the proposed sale of the Avir nursing facilities to Tikva HCM Deck, subject to the conditions discussed by the Board and the execution of appropriate indemnification provisions requiring the seller to indemnify and protect the District from liabilities or adverse consequences resulting from the transaction or the buyer's ownership or operation of the facilities. This motion was seconded by Director Wilcox and unanimously approved by all Board Members present.

At the end of the discussion of the agenda items, President Murrell called for any other matters before the Board. There being none, the Board confirmed the date for the next Regular Meeting to be September 23, 2026. A motion was then made by Director Rollo at approximately 7:44 p.m. to adjourn the meeting. This motion was seconded by Director Wilcox and unanimously approved by all Board Members present.


Edward Murrell, President
Anthony Stramecki, Vice-President