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 September 23, 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 6:10 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	Director
Mr. Jeff Rollo	Secretary
Ms. Kay Wilcox	Treasurer

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
Ms. April Fox	Assistant to the District Administrator
Mrs. Tina Davis	District Indigent Care Director
Ms. Reagan Walters	Office Assistant
Mrs. Makayla Vidal	District CPA
Mr. Hubert Oxford, IV	General Counsel for the District
Mr. Kaleb Norris	Coastal Gateway Health Center
Dr. Michael Lyons	Coastal Gateway Health Center
Mr. Mo Danishmund	CFO, Riceland Hospital
Mr. Chris Rutledge	LTC Group
Mr. Scott Johnson	LTC Group
Mr. David M. Loop	Citizen
Mr. Cody Bauer	Citizen
Mr. Jamie Bauer	Citizen

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. **Administer the oath of office to District Directors beginning new terms of office.**

Pursuant to Agenda Item No. 5, Mrs. Victoria M. Carlo administered the oath of office to Directors Kay Wilcox and George Robert "Bobby" Way, Jr., each beginning a new term as an at-large Director of the District. The executed oaths, dated September 23, 2026 and subscribed before Mrs. Carlo as a notary public in Chambers County, Texas, are attached hereto. (*See* **Exhibit "A-1" and "A-2"**).

6. **Discuss and take action, if necessary, on the election and appointment of officers of the Board of Directors of the Winnie-Stowell Hospital District.**

The Board next considered the election of officers. The Directors discussed continuing the existing officers, except for the office of Treasurer. President Murrell nominated Director Kay Wilcox to serve as Treasurer, and Director Bobby Way seconded that nomination. The offices of President, Vice-President, and Secretary were to remain held by Edward Murrell, Anthony Stramecki, and Jeff Rollo, respectively.

After discussion, Director Stramecki made a motion to elect the foregoing officers, with Director Kay Wilcox serving as Treasurer and Director Bobby Way continuing as a Director. This motion was seconded by Director Rollo and unanimously approved by all Board Members present.

7. **Review and Approve Minutes of minutes of the August 24, 2026 Regular Meeting.**

President Murrell asked the Board to review and approve the minutes of the August 24, 2026 Regular Meeting. Copies of the draft minutes were included in the Board packet.

After review, Director Stramecki made a motion to approve the minutes of the August 24, 2026 Regular Meeting as presented. This motion was seconded by Director Way and unanimously approved by all Board Members present.

8. **Review and approve financial reports; Treasurer's Report; payment of invoices; and amend the budget, if necessary.**

President Murrell then called upon Mrs. Makayla Vidal, the District's Certified Public Accountant (CPA), to present the financial reports for August 2026. Mrs. Vidal reviewed the August 31, 2026 Balance Sheet and the Profit and Loss Budget versus Actual for January through August 2026. (*See* **Exhibit "B-1"**). As of August 31, 2026, the District had total checking and savings of $45,618,254.67, total current assets of $231,938,797.93, net fixed assets of $3,889,887.91, total assets of $235,841,492.32, total liabilities of $180,323,566.61, and total equity of $55,517,925.71. The profit-and-loss statement reported total income of $93,300,717.51, total expenses of $85,983,956.59, net ordinary income of $7,316,760.92, net other income of $27,713.10, and net income of $7,344,474.02.

Mrs. Vidal next reviewed the Treasurer's Report dated September 23, 2026. (*See* **Exhibit "B-2"**). The report reflected Total District Funds of $71,233,937.66, including $27,747,252.41 in restricted First Financial funds. After restricted funds, the $500,000.00 TexSTAR reserve, and $609,155.01 of remaining commitments, the report reflected a cash position of $42,377,530.24. Pending expenses of $549,014.80 would result in an ending balance of $41,828,515.44. The report separately reflected Total Funds of $43,580,597.92 when accounting for outstanding loans and other stated adjustments.

The Treasurer's Report reflected total commitments of $1,980,124.44, of which $1,370,969.43 had been paid year-to-date, leaving a remaining committed balance of $609,155.01. The remaining balances consisted of $501,419.43 for the 2026 Coastal Gateway grant, $69,541.98 for East Chambers Independent School District, and $38,193.60 for the Winnie-Stowell Volunteer Emergency Medical Services grant.

Mrs. Vidal also reviewed the First Financial Bank reconciliation included in the Treasurer's Report. The reconciliation reflected total funds of $33,121,406.73, consisting of $27,539,083.14 in restricted funds, $5,374,154.32 in unrestricted funds, and $208,169.27 in non-Quality Incentive Payment Program (QIPP) funds. Mrs. Vidal also discussed the District's loan repayment and investment schedules. The Riceland Hospital repayment schedule reflected $225,521.33 remaining due to the District after an August payment of $50,283.96. The investment schedule reflected $79,274.60 in August interest on the First Financial money market and $22,798.12 on TexSTAR, with year-to-date interest of $575,497.83 and $176,377.01, respectively.

Mrs. Vidal further reviewed the District's Nursing Home Operations Loans with First Financial Bank, which reflected combined outstanding principal balances of $63,004,450.00. The loan relating to the second half of QIPP Year 9 had an outstanding principal balance of $31,276,800.00, with $15,638,400.00 scheduled for repayment on October 1, 2026, and the remaining $15,638,400.00 due January 1, 2027. The loan relating to the first half of QIPP Year 9 had an outstanding principal balance of $31,727,650.00, with $15,863,825.00 scheduled for repayment on March 1, 2027, and the remaining $15,863,825.00 due June 1, 2027. Both loans bear interest at an annual rate of seven percent (7.00%).

Following the financial and Treasurer's reports, the Board reviewed the check register and supporting invoices presented for payment. (*See* **Exhibit "B-3"**). The outstanding invoices and pending expenses totaled $549,014.80.

After discussion, Director Stramecki made a motion to approve: (i) the August 2026 financial statements; (ii) the September 23, 2026 Treasurer's Report; (iii) payment of outstanding invoices and pending expenses in the amount of $549,014.80; and (iv) the Check Register as presented. This motion was seconded by Director Wilcox and unanimously approved by all Board Members present.

9. **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 called for committee reports. No separate committee reports were presented under Agenda Item No. 9 concerning matters that were not addressed elsewhere on the agenda.

10. **Receive reports, by:**

a. **District Administrator:** Mrs. Carlo presented the September 2026 Administrator's Report. (*See* **Exhibit "C"**). She reported that District staff, with the assistance of President Murrell, had coordinated the repairs and supporting documents required following the August inspection of District property by its property insurance carrier. Because of the cancellation deadline and potential lapse in insurance coverage, the necessary exterior repairs were addressed as an emergency purchase. Photographs, estimates, invoices, and other supporting information had been submitted to the insurance agency. However, the carrier had not yet confirmed final reinstatement of coverage and had requested an additional service invoice and a photograph of the current service tag. Mrs. Carlo stated that District staff were coordinating with the tenant and insurance agency to supply the remaining information and obtain written confirmation of coverage.

Mrs. Carlo also discussed the Opioid Abatement Fund Committee. The District had $49,550.27 in current-year opioid abatement funds available. The Committee was developing a youth-focused prevention and education program, with initial emphasis on school-based activities. Matters under consideration included naloxone (Narcan) needs within East Chambers Independent School District, potential participation by law enforcement in youth education, eligible uses of the funds, and procedures for future program and grant requests. No expenditures had been approved by the Committee, and its recommendations would be brought back to the Board.

Finally, Mrs. Carlo reported on upcoming professional development. She and Mrs. Tina Davis planned to attend an indigent health care conference in Galveston on October 7–9, 2026, addressing indigent care administration, compliance, program changes, and hospital district operations. Mrs. Carlo also planned to register for a records-management conference in November concerning records retention and electronic document-management procedures as the District's programs, contracts, construction activities, and administrative records continue to expand.

b. **District Indigent Care Director:** Mrs. Tina Davis presented the Indigent Care Director Report for August 2026. (*See* **Exhibit "D"**). She reported that the program increased by three (3) clients to eighty-nine (89) active clients, with forty-five percent (45%) of the annual budget utilized. Riceland Medical Center

remained approximately one month behind in submitting claims because of its software changes; three (3) clients had exhausted benefits.

The report reflected a year-to-date monthly average of eighty-eight (88) indigent care clients and expenditures of $569,598.46 against the $1,267,350.00 budget. In August, one (1) client utilized youth counseling, six (6) utilized dental benefits, and two (2) utilized vision services.

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 District's grant report and materials relating to the ambulance transportation and community health programs. This report is set forth in **Exhibit "E"**. During the grant report, there was a discussion on the East Chambers Independent School District grant. A question was raised regarding the lack of nursing at the school district compared to their budget amount spent. Mrs. Carlo agreed to reach out to the school district to make sure the school district was abiding by the Interlocal Agreement.

e. **Coastal Gateway Report:** Dr. Michael Lyons presented the Coastal Gateway Health Center report. (*See* **Exhibit "F"**). He discussed the submission of the Episcopal Health Foundation grant application on August 28, 2026, in the amount of $300,000.00; the $245,000.00 MD Anderson SAVE TX grant over three years; the now-operational MedPod, pending internal training and deployment decisions; and the clinic's continuing community needs assessment, flu vaccinations, and community outreach. The August report reflected seven hundred nineteen (719) patient encounters.

f. **LTC Report:** Mr. Chris Rutledge and Mr. Scott Johnson presented the long-term care (LTC) and nursing-facility operations report. The Board reviewed facility site-visit reports and Quality Incentive Payment Program information in the meeting binder. (*See* **Exhibit "G"**).

g. **Hospital Report:** Mr. Mo Danishmund presented Riceland Medical Center's August 2026 census and operating statistics. The August report reflected three hundred forty (340) emergency-room visits, twenty-two (22) conversions to inpatient or observation, seventeen (17) transfers out, and thirty-one (31) inpatient days. The Hospital report is set forth below:

2026										
Census	2025 YTD	Jan	Feb	Mar	Apr	May	June	July	Aug	Average
ER Visits	295	285	245	300	331	323	310	305	340	305
Conversion to Inpatient/observation	28	30	27	31	37	26	25	14	22	27
Percentage	9%	*11%*	*11%*	*10%*	*11%*	*8%*	*8%*	*5%*	*6%*	9%
Transferred out of ER	11	7	7	15	9	17	13	13	17	12
Percentage Transferred out to ER	4%	*2%*	*3%*	*5%*	*3%*	*5%*	*4%*	*4%*	*5%*	4%
ER shifts covered by doctors	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Number Inpatient days	52	50	48	65	76	35	43	17	31	46
Number Hospice days	0	0	0	0	0	0	0	0	0	0
Number Swingbed days	10	0	0	10	18	11	5	4	3	6
Number Observation days	30	38	20	31	27	23	34	41	31	31
Total All Inpt. Days	93	88	68	106	121	69	82	62	65	83
Average Inpatient days per day	3	2.84	2.43	3.42	4.03	2.23	2.73	2.00	2.10	2.72
CTs (# tests)	107	98	114	114	125	149	117	148	59	116
Xrays (# tests)	256	264	239	286	308	214	197	233	171	239
Ultrasounds (# tests)	25	16	23	23	18	28	10	6	15	17
Labs-Covid (#encounters)	38	38	22	8	17	5	5	3	0	12
Labs-RPP (#encounters)	48	57	60	69	86	45	65	29	37	56
Labs-All Other (# encounters)	756	834	936	1028	1,146	843	924	1232	800	968
Encounters - Adult Clinic	263	240	237	221	190	201	208	219	359	234
Encounters - Pediatric Clinic	127	89	112	116	107	87	69	112	0	87
Behavioral Health patients	46	37	39	45	47	41	44	42	40	42
Physical Therapy	2	0	0	0	0	1	1	1	1	1
Labs from FQHQ (# tests)	2	6	7	15	0	7	0	0	3	5
Radiology from FQHQ (# tests)	26	23	22	27	47	18	17	28	33	27
Labs from Physician 1 (# tests)	2381	1658	1517	896	3,094	2276	1984	1205	906	1,692
Radiology from Physician 1 (# tests)	0	0	0	0	0	0	0	0	8	1
Labs from Physician 2 (# tests)	1192	1282	1432	862	1,064	828	954	918	764	1,013
Radiology from Physician 2 (# tests)	0	0	0	0	0	0	0	0	0	0
Labs from Physician 3 (# tests)	810	945	856	691	920	630	850	695	511	762
Radiology from Physician 3 (# tests)	4	0	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	305	241
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	46	96
Avg. Inpatient Days	4.84	9.55	15.94	12.86	6.74	6.04	4.35	3.80	8.02
Number Hospice days	12	5	9	4	2	0	0	6	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	83	158
Average Inpatient days per day	3.42	6.23	8.96	8.41	4.76	4.05	3.05	2.72	5.20
CTs	42	57	64	67	80	95	107	116	79
Xrays	204	228	287	249	211	239	256	239	239
Ultrasounds	23	16	37	35	20	25	25	17	25
Labs-Covid (#encounters)	0	0	0	460	47	43	38	12	75
Labs-RPP (#encounters)	0	0	0	120	77	46	48	56	43
Labs-All Other (# encounters)	0	0	0	331	633	600	756	968	411
Encounters - Adult Clinic	576	479	486	294	230	200	263	234	345
Encounters - Pediatric Clinic	283	209	225	252	208	138	127	87	191
Behavioral Health patients	57	11	13	38	43	44	46	42	37
Physical Therapy	5	0	0	1	3	1	2	1	2

11. **Discuss and take action, if necessary, on approving the Winnie-Stowell Hospital District's 2025 Annual Audit.**

President Murrell next directed the Board to Agenda Item No. 11 concerning the District's 2025 Annual Audit. The Board was advised that the audit had not yet been completed and therefore was not available for final review and approval. Accordingly, the Board deferred consideration until the completed audit could be presented.

After discussion, Director Stramecki made a motion to table consideration of the District's 2025 Annual Audit until the audit is completed and available for Board review. This motion was seconded by Director Wilcox and unanimously approved by all Board Members present.

12. **Discuss and take action, if necessary, on approving grant request.**

President Murrell next directed the Board to the proposed grant request for the design, construction, and build-out of a surgical suite at Riceland Medical Center. The Board reviewed the September 22, 2026 memorandum from Riceland's counsel concerning the proposed private construction project and a draft Grant Terms, Conditions, and Understandings Agreement. The draft grant agreement contemplates a District grant of $670,000.00, to be paid solely by reimbursement of reasonable and documented third-party architectural, engineering, construction, and permanently incorporated materials costs associated with the surgical suite. The draft currently excludes operating expenses, physician compensation, furnishings, movable medical equipment, and costs paid from other funding sources, but Attorney Oxford was asked to work with the hospital on these matters. (*See* **Exhibit "H-1" and "H-2"**).

The proposed agreement also requires Riceland to apply the Texas Health and Human Services Commission funding, its own committed contribution, and other non-District funding before seeking the District's reimbursement; and makes Riceland responsible for cost overruns. To ensure that the District reimburses only properly documented project costs, the proposed agreement also requires supporting invoices, proof of payment, architect review of construction payment applications, final project accounting, architect certification, and lien releases. The Board's approval of the project was conditioned upon the parties reaching a definitive agreement acceptable to District General Counsel and did not itself establish that

any reimbursement had been paid.

After discussion, Director Stramecki made a motion to approve proceeding with the proposed surgical-suite grant project in the amount of $670,000.00, conditioned upon the parties negotiating and reaching an agreement on the terms and conditions of the grant in a form reviewed and approved by District General Counsel, Hubert Oxford, IV. This motion was seconded by Director Wilcox and unanimously approved by all Board Members present.

13. **Discuss and take action, if necessary, regarding the agreement for Community Healthcare Director services, including possible termination of the agreement.**

The Board then considered the Service Agreement for Community Health Worker Program services with 3Branch & More, LLC, doing business as The Lighthouse for Community Resources. Section 2.02 of that Agreement permits either party to terminate the Agreement for any reason upon thirty (30) days' advance written notice to the other party. The Board discussed giving the required notice; the motion authorized giving notice and did not purport to terminate the Agreement immediately. (*See* **Exhibit "I"**).

After discussion, Director Stramecki made a motion to authorize Mrs. Carlo, the District Administrator, to provide written notice of termination pursuant to the Agreement. This motion was seconded by Director Rollo and unanimously approved by all Board Members present.

14. **Discuss and take action, if necessary, on approving an emergency purchase and payment for repairs to District property pursuant to Section 10 of the District's Purchasing Policies and Procedures, including waiver of competitive quotation or bidding requirements, as applicable.**

President Murrell next called for consideration of an emergency purchase and payment for repairs to the District-owned Tony's BBQ building pursuant to Section 10 of the District's Purchasing Policies and Procedures. Mrs. Carlo advised the Board that, following the August property-insurance inspection, necessary exterior repairs were arranged on an emergency basis because of the carrier's cancellation deadline and the risk of a lapse in coverage. Mrs. Carlo further advised that President Murrell and Director Stramecki had authorized the $4,800.00 expenditure pursuant to Section 5 of the District's Purchasing Policies and Procedures, which provides for purchases exceeding $2,500.00 but not exceeding $5,000.00 to be authorized by the

Board President and one other Board Member. The Board reviewed Kahla Home & Earth Solutions Estimate No. 082626, dated August 31, 2026, which Mrs. Carlo accepted on September 1, 2026, in the total amount of $4,800.00. The estimate identified September 9, 2026 as the service date and called for removal and repair of approximately twelve (12) feet of deteriorated log-siding wall, including framing, sheathing, moisture protection, flashing, and matching exterior siding. The estimate also included tree removal, door and frame replacement, gutter and trim repairs, and replacement of the rear screen door. The acceptance of the estimate preceded the meeting; the Board was asked to approve the emergency purchase and payment under the District's purchasing procedures. (*See* **Exhibit "J"**).

After discussion, Director Stramecki made a motion to approve the emergency purchase and payment for the necessary exterior repairs to the Tony's BBQ building under Kahla Home & Earth Solutions Estimate No. 082626 in the amount of $4,800.00, pursuant to Section 10 of the District's Purchasing Policies and Procedures. This motion was seconded by Director Rollo and unanimously approved by all Board Members present.

15. **Discuss and take action, if necessary, on adopting a resolution approving the acquisition of up to seven nursing facilities from affiliates of Focused Post Acute Care Partners, LLC, authorizing the execution and delivery of related transaction documents, and authorizing related actions in connection with the proposed acquisition.**

President Murrell next directed the Board to consider the proposed acquisition through operations transfer agreements of up to seven (7) nursing facilities from affiliates of Focused Post Acute Care Partners, LLC, to be managed by affiliates of HMG Healthcare, LLC, with a contemplated transfer on or about November 1, 2026. Schedule A to the proposed resolution identified Focused Care at Allenbrook, Focused Care at Beechnut, Focused Care at Cedar Bayou, Focused Care at Humble, Focused Care at Webster, Focused Care at Westwood, and Focused Care of Gilmer. The resolution, executed by President Murrell and attested by Secretary Rollo on September 23, 2026, is attached. (*See* **Exhibit "K"**).

The resolution approved the related operations transfer agreements and ancillary change-of-ownership documents, subleases, management agreements, business associate agreements, and related transaction instruments. It authorized District representatives to negotiate potential change-of-ownership loan terms for presentation at the next Regular Meeting, pursue appropriate bank resolutions and change-of-ownership advances, and address Intergovernmental Transfers for the

first half of Quality Incentive Payment Program Year 10. Edward Murrell, as President, was designated the Authorized Officer or, if he was unavailable, Anthony Stramecki, as Vice-President. The resolution authorized implementation of the contemplated transactions; it did not by itself establish that the transfers had closed.

After discussion, Director Stramecki made a motion to adopt and approve the resolution concerning the acquisition of up to seven nursing facilities from affiliates of Focused Post Acute Care Partners, LLC, authorize execution and delivery of the related operations transfer and ancillary documents, and authorize the additional actions set forth in the resolution. This motion was seconded by Director Way and unanimously approved by all Board Members present.

16. **Consider, discuss, and take action, if necessary, regarding a Resolution authorizing and approving loan-related documents and transactions involving Merchants Bank of Indiana, Creekside Village Healthcare LTC Partners, and Oak Village Healthcare LTC Partners, including the related bridge loan and any subsequent HUD loan, and authorizing designated District officers to execute related documents and take related actions on behalf of the District.**

The Board then considered a resolution approving and authorizing the loan-related documents and transactions involving Merchants Bank of Indiana, Creekside Village Healthcare LTC Partners, and Oak Village Healthcare LTC Partners, including a bridge loan and any subsequent loan involving the United States Department of Housing and Urban Development (HUD). The resolution covers operator documents, consents, security documents, assignments, amendments, renewals, restatements, and related instruments required by Merchants Bank, HUD, any HUD-approved lender, or other applicable party. A copy of the resolution signed by President Murrell and attested by Secretary Rollo on September 23, 2026 is attached. (*See* **Exhibit "L"**).

Under the resolution, the District authorized its designated officer to execute and deliver the financing documents, approve revisions he deemed necessary or advisable in connection with the transaction, and take related implementing actions for the District. The Authorized Officer was Edward Murrell, President, or, if unavailable, Anthony Stramecki, Vice-President. The document authorizes execution and participation in the financing transactions; it does not establish in these minutes that any bridge-loan funds had been advanced or that a subsequent HUD loan had closed.

After discussion, Director Stramecki made a motion to adopt and approve the resolution and authorize the designated District officers to execute the loan-related documents and take the actions contemplated by the resolution on behalf of the District. This motion was seconded by Director Rollo 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 that the next Regular Meeting would be held on October 21, 2026, at 6:00 p.m. A motion was then made by Director Way at approximately 8:20 p.m. to adjourn the meeting. This motion was seconded by Director Stramecki and unanimously approved by all Board Members present.

Edward Murrell, President

Anthony Stramecki, Vice-President