

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF COMMISSIONERS OF THE
WINNIE-STOWELL HOSPITAL DISTRICT**

A regular meeting of the Board of Directors of the Winnie-Stowell Hospital District ("District") was called at 6:30 p.m. on the ^{22nd} 21st Day of May, 2014 at the Winnie Community Hospital-Conference Room Broadway, Winnie, Texas pursuant to a Notice under the Open Meetings Act duly filed and posted a full 72 hours prior to the opening of the said meeting (a copy of said Notice being placed amongst the files of the District).

The roll was called of the members of the Board, to-wit:

Elroy Henry, Chair
Jeff Rollo, Vice Chair
Sharon Burgess, Director
Edward Murrell, Director
Raul Espinosa, Director

All said Board members were present. In addition to the above named Board Members, also present at the meeting were: Hubert Oxford, IV of the law firm Benckenstein & Oxford, LLP; Sherrie Norris, District Administrator. Danny Thompson was also present.

At approximately, 6:31 p.m., a quorum was established and the regular meeting of the Board of Directors was convened. President Henry first addressed Agenda Item No. 1 and greeted the guests.

Chair Henry then asked the Board to move to Agenda Item No. 2 to review and approve Minutes for the following: April 16, 2014 Regular Meeting; April 28, 2014 Special Meeting; and the May 15, 2014 Special Meeting. Director Rollo made a motion to accept the April 16, 2014 Regular Meeting; April 28, 2014 Special Meeting; and the May 15, 2014 Special Meeting. This motion was seconded by Director Espinoza Rollo with a unanimous consent of all Board members present.

Chair Henry then moved to Agenda Item No. 4 and asked the Board to consider and approve financial reports and take action for the payment of invoices. (*See Exhibit "A"*). Director Rollo made a motion to approve the financial reports and pay all financial invoices. This motion was seconded by Director Espinosa with a unanimous consent of all Board members present.

Next, Chair Henry addressed Agenda Item No. 5 to discuss and take action on approving the Inter-Governmental Transfer (IGT) for the Uncompensated Care Program on behalf of the Winnie Community Hospital. Attorney Oxford explained that the District's consultants, New Light, along with the Hospital personnel were able to secure 1115 funding for the Hospital in the amount of roughly \$435,000.00 for uncompensated care, of which, \$226,000.00 would be the District's IGT matching funds. Moreover, Attorney Oxford explained the IGT funds would be made in lieu of the remaining budgeted Indigent care payments to the Hospital. Director Espinoza then made a motion to approve IGT in an amount up to \$226,000.00. This motion was seconded by Director Burgess with a unanimous consent of all Board members present.

Following the approval of this payment, Chair Henry asked the Board to move to Agenda Item No. 6, to discuss and consider amending the 2014 Budget in order to account for this IGT payment. The Board was reminded by Sherrie Norris that the budget called for payment to the hospital for Indigent Care to be provided in two ways: 1) twelve (12) monthly payments to the hospital in the amount of \$10,000.00 each of which four payments had been made to date; and 2) the Board agreed to provide \$130,000.00 for IGT for the 1115 Waiver Program. Therefore, she recommended that the Board amend the budget to reflect payments to the hospital for Indigent Care in this year's budget in the amount of \$270,000.00, up \$20,000.00 from the initial budget of \$250,000.00. Director Rollo made a motion to amend the budget to reflect \$270,000.00 for

Indigent Care payments. This motion was seconded by Director Espinosa with a unanimous consent of all Board members present.

The Board was then directed to Agenda Item 7, to consider and take action on signing corporate documents pertaining to the Winnie Community Hospital bankruptcy. Attorney Oxford explained that these documents were to set up a non-profit to own the real property of the Winnie Community Hospital in the event that the new owner determined that he wanted to have joint ownership of the hospital property. These documents had been produced the Board in the prior Special Meeting and was asked to sign them at this meeting. Otherwise, no action was taken as the effectiveness of these documents would be voted on at a later meeting once the ownership structure was finalized as the non-profit may not be necessary if the District owns 100% of the real property.

Following the signatures of the non-profit forms for the real property, President Henry asked Attorney Oxford to continue by explaining Agenda Item 8, which is to discuss and take action on seeking reimbursement of the \$100,000.00 advance made by the District on behalf of the Trustee in the *In Winnie Community Hospital, LLC; Frontier Healthcare Group, LLC* case. Attorney Oxford explained no action was necessary but wanted to report that this repayment would occur thirty (30) days after the final approval of the hospital acquisition by the Bankruptcy court.

Next, the Board was asked to consider and take action on Agenda Item No. 9, to discuss the potential for obtaining a loan from East Chambers Bank for \$500,000.00. Attorney Oxford advised the Board that he and President Henry along with Director Espinoza met with the bank and the bank was willing to give a loan contingent on their review and interpretation of Chapter 286 of the Health and Safety Code and approval by the Texas Attorney General. With this said,

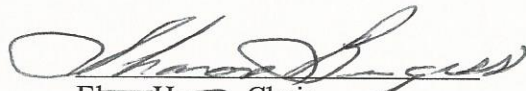
Attorney Oxford explained that a loan may not be necessary as he was working with the new owners to try and explain how and why the District's funds may be better used if the District owns 100% of the hospital for \$1 per year. However, since time was of the essence, a motion was made by Director Rollo to proceed with a \$500,000.00 for the purchase of the hospital subject to the approval of the Attorney General of the State of Texas. This motion was seconded by Director Burgess.

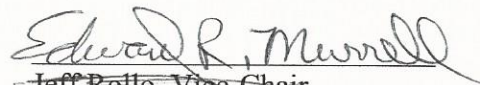
Chair Henry asked the Board to move to Agenda Item No. 11, to discuss and take action on any reports. There were no reports and thus, no action on this agenda item.

Chair Henry then turned to Agenda Item No 12, and since there was no Executive Session needed, no action was taken on this agenda item either.

Lastly, Chair Henry asked the Board to move to Agenda Item No.13 for setting date for future meeting. The date for the next meeting is Wednesday, June 11, 2014 at 6:30 p.m. Director Espinosa made a motion to adjourn and was seconded by Vice Chair Rollo with unanimous consent of all Board members present.

There being no further business to come before the Board, the meeting was adjourned at 7:27 p.m.


~~Etroy Henry, Chair~~
Sharon Burgess


~~Jeff Rollo, Vice Chair~~
Ed Murrell