

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

The Regular Meeting of the Board of Directors of the Winnie-Stowell Hospital District (“District”) was brought to order by Chair Henry called at 6:31 p.m. on the 20th Day of August, 2014 at the Winnie Community Hospital-Conference Room Broadway, Winnie, Texas pursuant to a Notice 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: Sherrie Norris, District Administrator; Hubert Oxford, IV, District Attorney, and Mary Ellen Robertson, the District’s Accountant/CPA. In addition, Dirk Harmsen and James Stratton were also in attendance.

At approximately, 6:31 p.m., a quorum was established and the emergency meeting of the Board of Commissioners was convened.

Next, Chair Henry asked the Board to move to Agenda Item No. 2 to review and approve Minutes for the following meetings: July 16, 2014 Regular Meeting and the August 4, 2014 Special Meeting. Director Ed Murrell made a motion to accept the Minutes for the June 11th and June 18th meetings. This motion was seconded by Director Raul Espinosa with unanimous consent of all Board members present.

Chair Henry asked the Board to move to Agenda Item No. 3 for public comment. Derk Harmsen requested that the District pay the outstanding legal fees that were incurred by the

Foundation for the transfer of the property belonging to the Foundation to the new owners of the Winnie Community Hospital through the bankruptcy process. Attorney Oxford explained that this would be taken up on Agenda Item 11. There was no further comment.

Chair Henry then asked the Board to move to Agenda Item No. 11, to review and approve the request by the Foundation for assistance with Attorney Fees. Attorney Oxford then explained to Board that the general rule it is unconstitutional for the District to pay for these fees since they are expenses incurred by a private entity. However, there is an exception and that is if the District received a benefit from the fees incurred and in this case, the District's stated purpose for being involved in the bankruptcy process too was to keep the hospital open so that the District could uphold its statutory duties under Chapter 286 of the Texas Health and Safety Code. As such, the District requested the Foundation get legal counsel in order to convey the property to the new owner. Therefore, the funds spent by the Foundation on legal counsel to convey the property in the Frontier Bankruptcy court furthered the District's goals and was necessary for the Hospital to be sold and ultimately, stay open. A copy of the detailed fee report is attached as **Exhibit "A"** in addition to an e-mail opinion from Attorney Oxford advising that he recommended it was appropriate for the District to pay these fees if the Board wanted to. Director Burges made a motion to accept the invoice from Harris, Finley & Bogle, PC for work done on behalf of the Foundation in the Frontier Bankruptcy process in order to sell the hospital and keep the facility open in furtherance of the District's stated policy for the Bankruptcy matter.

Next, Chair Henry asked that the Board return to Agenda Item No. 4, to consider and take action on financial reports and consider and take action on the payment of invoices and payment of bonds. After a review of the invoices, Attorney Oxford gave an explanation of his invoices which included extensive work on the conveyance of thirteen nursing homes to the District so that the District can participate in the Nursing Home UPL program and there was a lot of activity

in preparing for a potential lawsuit against the Chambers County Public Hospital District, No. 1 (“CCPHD No. 1) regarding its acquisition of property inside the District. In addition, the Board reviewed the financial reports submitted by Mrs. Robertson and other invoices as set forth in **Exhibit “B”**. Director Murrell made a motion to accept and pay all invoices and bills as set The motion was seconded by Director Espinoza with a unanimous consent of all Board members present.

Chair Henry then moved to Agenda Item No. 7, and explained that we would come back to Agenda No. 5 after considering and taking action on amending the budget for 2013-2014. The reason for the change in budget was to account for the significant jump in revenue and expenses resulting from the District’s participation in the Nursing Home UPL program and the increased legal fees that the District has incurred because of the Frontier Bankruptcy; Nursing Home UPL transaction; and the CCPHD No. 1 matter. Director Murrell made a motion to amend the 2013-2014 Budget as set forth in **Exhibit “C”**. This motion was seconded by Director Espinoza with a unanimous consent of all Board members present.

The Board was asked to return to Agenda Item No. 5, consider and take action on Nursing Home UPL program documents and whether to acquire the Highland Park Nursing Home Facility owned by Caring Healthcare. Attorney Oxford explained that this facility was owned by the Caring Healthcare and if the Board agreed to accept the ownership of this facility it would be the seventh facility belonging to Caring Healthcare and the thirteenth overall that district has acquired. In addition, he explained that the agreements for this facility would be the same as the for the other Caring Healthcare facilities as Caring Healthcare would be the Managers of the facility. Since Attorney Oxford had already given a detailed explanation of the status of the Nursing Home UPL program during the explanation of legal fees, there was no further discussion necessary for the Nursing Home UPL program. Director Murrell made

a motion to acquire the Highland Park Nursing Home Facility and do the work necessary to process the transaction using the previously approved contracts. This motion was seconded by Director Burgess with the unanimous consent of all Board members present.

The Board was asked to consider Agenda Item 6, to discuss and take action on the FY 2012 and FY 2013 audit by Durbin & Company. President Henry asked Mrs. Robertson to present the audit. Mrs. Robertson advised that she had received and reviewed the audit and explained that the District received an unqualified opinion for both 2012 and 2013. However, she did question some criticisms in the audit regarding the method of depreciation of certain pieces of equipment purchased by the District for the Winnie Community Hospital. Since the Audit was in draft form, Mrs. Robertson suggested we table accepting this audit and call a special meeting to adopt the audit in final form.

Next, Chair Henry asked the Board to address Agenda Item No. 8, to consider approving the election documents for the November 4, 2014 Election documents. According to Administrator Norris, no one filed to run for the election by the deadline other than Directors Espinoza and Burgess. Therefore, Administrator Norris advised that the District needed to file a Certification of Unopposed Candidates for Other Political Subdivisions. Director Murrell made a motion to file a Certification of Unopposed Candidates for Other Political Subdivisions and cancel the election scheduled for November 4, 2014. This motion was seconded by Director Espinoza with a unanimous consent of all Board members present.

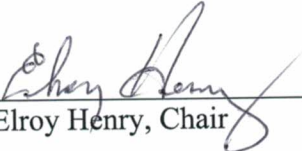
Following, Chair Henry asked the Board to address Agenda Item No. 9 to consider and discuss the status of the Federally Qualified Health Clinic by Chambers County Public Hospital District No. 1 inside the District's Boundaries. No action was taken on this agenda item but Director Murrell did give the Board an update of the meetings between the CCPHD No. 1 but stated there was nothing new to report.

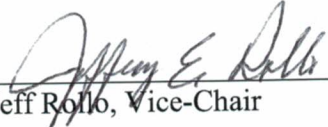
Chair Henry asked the Board to address Agenda Item No. 10, consider request by Larry Barron on behalf of the United Way to assist in setting up a Nursing Aid Program for Lee College. This agenda item was tabled as there was not a request made by anyone.

Lastly, the Board was turned to Agenda Item 12, to consider and take action on a report by Following approval of Agenda Items 7 through 10, Chair Henry asked the Board to address Agenda Item No. 11, to consider and review the status of the FQHC by Chambers County Public Hospital District No. 1 inside of the District's boundaries. However, Chair Henry explained that since this was discussed in the Executive Session earlier, no action was taken on this agenda item.

The Chair asked the Board to address Agenda Item No. 12, to discuss and take action on a report by Administrator Sherrie Norris. The only thing on Ms. Norris' report was a report on the acquisition of six iPads and securing service by Time Warner for internet and telephone. Ms. Norris advised that the iPads would be used to give the Board members access to Board packets as well as prior Board Meeting minutes. Director Murrell made a motion to acquire the six iPads and to get the Time Warner internet and phone service. This motion was seconded by Director Espinoza with a unanimous consent of all Board members present.

In closing, Chair Henry asked the Board to move to Item No. 13 to set the date of the next meeting. It was agreed upon by the Board that the next meeting would be a Special Meeting on August 25, 2014 and then the regular meeting for September would be on September 17, 2014 at 6:30 p.m. Director Murrell made a motion to adjourn and the motion was seconded by Director Espinosa with a unanimous consent of all Board members present. There being no further business to come before the Board, the meeting was adjourned at approximately 9:02 p.m.


Elroy Henry, Chair


Jeff Rollo, Vice-Chair