

**MINUTES OF 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 noticed and filed pursuant to the Texas Open Meetings Act a full 72 hours prior to the opening of said meeting for 6:30 p.m. on the 17th day of December 2014, at the Winnie Community Hospital-Conference Room, Broadway, Winnie Texas (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
Ed Murrell, Director
Raul Espinosa, Director

All said Board members were present. In addition, to the above named Board members, also present at the meeting was: Sherrie Norris, District Administrator; Hubert Oxford, IV, District Attorney; Chris Portner, General Counsel for Winnie Community Hospital; Mo Danishmund, Chief Financial Officer of Winnie Community Hospital; Hazel Meaux; and Gloria Roemer.

At approximately 7:35 p.m., a quorum was re-established following the Public Hearing and the Regular meeting of the Board of Directors was convened. Following the introductions, Chair Henry asked for public comment. Again, both Mrs. Meaux and Ms. Roemer continued with their heated exchange with the Board and its attorney regarding their concerns that the District was not taking care of the indigent and the District needed to quit spending money for the Nursing Home Upper Payment Limit Program and attorney’s fees despite the fact that this program is anticipated to bring in several million dollars to the District so that the District can serve its needy and indigent populations better by providing additional services and a better

healthcare facility. In addition, among other things, the two insisted that the District needed to follow its bylaws by hiring an “executive director” and filing conflict of interest forms as well as once again called for Attorney Oxford’s resignation.

Following Public Comment, Chairman Henry then asked the Board to consider and take action on Agenda Item No. 3, review and approve minutes of the November 19, 2014 Regular Meeting; November 25, 2014 Special Meeting; and the December 10, 2014 Budget Workshop. After a lengthy review of the minutes, Director Murrell made a motion to accept the Minutes for the November 19, 2014 Regular Meeting; November 25, 2014 Special Meeting; and the December 10, 2014 Budget Workshop. This motion was seconded by Director Espinosa with unanimous consent of all Board members present.

The Board then skipped to Agenda Item 5, to Consider and take action on requests by the Winnie Community Hospital for assistance with funding capital projects and program costs for 2015 in order to provide better healthcare to the indigent citizens of the District. Chairman Henry then called up Mr. Portner and Mr. Danishmund with the Winnie Community Hospital to address this agenda item. According to Mr. Portner and Mr. Danishmund, following the last meeting, the group prioritized the Hospital’s needs and is requesting that the Board consider four requests for the following:

- CT Scan;
- Partial Hospitalization Programs for the mentally ill;
- Operating Room Renovations; and
- Renovations for twenty-three Hospital Rooms.

Moreover, the two requested time at the next regularly scheduled board meeting in January 2015 to present the Board with more specifics concerning the cost and timeline for each

of these funding requests as well as the benefit to the Indigent for being able to provide these services to at the Winnie Community Hospital. Lastly, the two requested that the Board move its January meeting from January 21, 2015 to January 14, 2015 in order to accommodate some of the Hospital's personnel that will need to attend the meeting. Otherwise, no action was taken on this agenda item.

Next, Chairman 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. Copies of the financial statements were distributed to the Board along with a list of the invoices and copy of each invoice. See Exhibit "A". In addition, the Board discussed the need amend the budget to increase the legal fees to \$475,000.00 for 2014. Director Rollo made a motion to accept and pay all invoices and bills in **Exhibit "A"** and to amend the budget for 2014 in regard to legal fees to \$475,000.00. This motion was seconded by Director Espinoza with a unanimous consent of all Board members present.

After a the approval of invoices and a review of the District's financials, the Board was then asked to discuss Agenda Item No. 6, consider and take action on recommendation of the Finance Committee for the adoption of a budget for 2015. Chairman Henry asked the Finance Committee Chairman, Edward Murrell, to address this agenda item. Per Director Murrell, in the 2015 Budget, the Committee took into account the traditional tax revenue plus funds derived from the Nursing Home UPL Program ("Program") and cost associated with the ownership of the nursing homes including: Intergovernmental Transfer funds; interest cost associated with operating the nursing homes and participating Program; fees for Managers; and fees for the LTC Group. Director Murrell then advised the Board of some other changes in the Budget including the need to merge the line items "1115 Waiver Program" and "County Indigent" so that the

amount of funds the District is spending on the indigent and needy more clearly reflects the fact that the District is spending more than \$30,000.00 per year. It was recommended that these line items be combined and named "Indigent Care for Chambers County Indigent Care Department and 1115 Waiver/Uncompensated Care Program". In addition other significant changes to the budget were the increase in funds spent on Administrative Wages and the significant decrease in Attorney's fees for 2015 from \$475,000.00 to \$125,000.00. Moreover, the Board budgeted \$400,000.00 for the purchase of the property located on Highway 124 from the Chambers County Hospital District. *See Exhibit "B"*. Therefore, a motion was made by Director Rollo to approve the 2015 Budget as presented by the Finance Committee and to change the names of the line items for the 1115 Waiver Program and the County Indigent to "Indigent Care for Chambers County Indigent Care Department and 1115 Waiver/Uncompensated Care Program". This motion was seconded by Director Espinoza with the approval unanimous of all Board members.

Chairman Henry turned to Attorney Oxford to discuss Agenda Item No. 7, consider and take action on the approval of payment of interest and/or repayment of principle for the Short Term Commercial Loan documents for Nursing Home Operations, including funding Intergovernmental Transfers (IGTs) for the *third quarter* of 2014 Nursing Home UPL Program. Attorney Oxford advised that at the end of the month, the District was going to have to make its first interest payment in the amount of \$25,699.68 to Neches Capital for the Third Quarter Loan that was executed at the November 25, 2014 Special Meeting. Director Espinoza made a motion to make this payment accept assign LTC Group to establish ACH procedures for the District's depository accounts and to allow Darren Janssen, as the CPA for the LTC Group, to be added as signature on each of the accounts. This motion was seconded by Director Murrell with a unanimous consent of all Board members present.

After the approval of Agenda Item No. 7, Chairman Henry again asked Attorney Oxford to address Agenda Item No. 8, Consider and take action on approving Short Term Commercial Loan documents for Nursing Home Operations, including funding Intergovernmental Transfers (IGTs) for the *fourth quarter* of 2014 Nursing Home. Attorney Oxford reported that the District needed to sign similar loan documents to the documents that were signed at the November 25, 2014 Special Board Meeting with Neches Capital for funding operations for the Fourth Quarter and the funds could be used for Intergovernmental Transfers so that the District's Nursing Facilities can participate in the next round of the Nursing Home UPL Program. The documents to be signed are as follows: 4th Quarter Security Agreement;

- 4th Quarter Short Term Commercial Revenue Note and Security Agreement;
- 4th Quarter Block Agreement; and
- Revised 3rd Quarter Block Agreement

These documents are attached hereto as **Exhibits "C", "D", and "E"**. Director Rollo made a motion to authorize Chairman Henry to execute the 4th Quarter Short Term Commercial Revenue Note and Security Agreement; 4th Quarter Block Agreement; and Revised 3rd Quarter Block Agreement. This motion was seconded by Director Espinoza with a unanimous consent of all Board members.

Next, Chairman Henry asked the Board to consider and take action Agenda Item No. 9, approving procedures to distribute Revenue and Upper Payment Limit proceeds in Depository Accounts to vendors and Lenders. Attorney Oxford asked if he could explain the need for this Agenda Item. According to Attorney Oxford, this Agenda Item and the procedure set forth in **Exhibit "F"** were needed for several reasons. First, to protect the District and to safeguard public funds by establishing accounting procedures that require multiple approvals before funds

are transferred to or from the Depository Accounts and the District's Texnet account. Additionally, the adoption of the proposed procedures provides lenders with an increased sense of security that their funds are being used for their intended purposes. Director Rollo made a motion to adopt the Wells Fargo Depository Account Transfer Procedures. Director Burgess seconded this motion with a unanimous consent of all Board members.

The Board was then asked to consider and take action on Agenda Item No. 10, to approve the reimbursement of \$100.00 to Lender for opening Interbank Account. Attorney Oxford advised the Board that this was a housekeeping matter in order to make sure the District's records accurately reflected that it had paid for the set-up of the Texnet Account at Interbank in Graham, Texas and to ensure there were no ownership issues or issues with the auditor. A copy of the receipt of payment for this reimbursement is attached as **Exhibit "G"**. Director Rollo made a motion to reimburse lenders in the amount of \$100.00. Director Burgess seconded this motion with a unanimous consent of all Board members.

No action was taken on Agenda Item No. 11, to discuss, consider and take action on, if necessary, on approving accounting procedures and banking rules for nursing home depository accounts because it was a duplicate agenda item.

Turning to Agenda Item No 12, discuss, consider and take action on, if necessary, on funding the acquisition of property owned by Chambers County Public Hospital District No. 1. Chairman Henry reported that he had met with Prosperity Bank and Prosperity agreed to finance the acquisition of 80% of the purchase price for the property for 4.5% to be paid over ten (10) years in quarterly installments. Director Rollo made a motion to use Prosperity Bank to finance 80% of the purchase price to be paid on a quarterly basis for ten (10) years at 4.5% interest. Director Burgess seconded this motion with a unanimous consent of all Board members.

Lastly, the Board was asked to consider Agenda Item 13, reports by the District Administrator; Gloria Roemer on the School Health Care Clinic; District General Counsel; District Accountant/CPA; and District Hospital Consultants. Administrator Norris reported that the THT Conference was coming in March and July 2015 and inquired as to whether there was any interest by the Board members in attending. Also, Ms. Roemer reported that she was ready to start work on the School Based Federally Qualified Healthcare Clinic and was advised by Attorney Oxford that he would provide her with the contact information for some at the Texas Association of Community Health Centers that may be able to assist her. Otherwise, it was agreed that the next meeting would be on January 14, 2014 at 6:30 p.m.

There being no further business, a motion was made by Director Murrell and was seconded by Director Espinoza, with the unanimous consent of all Board members to adjourn at 9:00 p.m.



Elroy Henry, Chairman



Jeff Rollo, Vice-Chairman