

**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 14th day of January 2015, 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; Mary Ellen Robertson, District CPA; Tahir Javed, Chief Executive Officer of the Winnie Community Hospital (“Hospital”); Congressman Nick Lampson, Hospital, Chris Portner, General Counsel for Hospital; Mo Danishmund, Chief Financial Officer of Hospital; Lee Hughes, New Light, advisor to the Hospital, and a number of interested citizens listed on **Exhibit “A”**.

At approximately 6:30 p.m., a quorum was established and Chairman Henry made introductions which were followed by a request for public comment. There being no public comment, Chairman Henry asked the Board to consider and take action on Agenda Item No. 4, to review and approve minutes of the December 17, 2014 Public Forum and the December 17, 2014 Regular Meeting. After a review of the minutes, Director Burgess made a motion to accept

the Minutes of the December 17, 2014 Public Forum and the December 17, 2014 Regular Meeting. This motion was seconded by Director Espinosa with unanimous consent of all Board.

Next, Chairman Henry asked that the Board return to Agenda Item No. 5, 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 "B"**. Director Rollo made a motion to accept and pay all invoices and bills in **Exhibit "B"**. This motion was seconded by Director Espinoza with a unanimous consent of all Board members present.

The Board then moved to Agenda Item No. 6, 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. Javed to address this agenda item. Mr. Javed made a presentation to the Board where he once again reported on the accomplishments of the Winnie Community Hospital since his acquisition of the facility but requested a financial commitment from the District to provide funding for the: 1) CT Machine; 2) two operating rooms; 3) refurbished rooms; and 4) the Partial Hospitalization Programs for the Mentally Ill. In exchange, the Hospital, that is under contract with the District to provide health care to the District's indigent, would be able to provide more comprehensive health care to the District's indigent patients as well as to the other the citizens' of the District. Following Mr. Javed's request, those in attendance on behalf of the hospital provided the Board with details of each of the four planned capital requests. A copy of this presentation can be found in **Exhibit "C"**. Following the presentation, a number of the Board members asked questions concerning costs; accountability of the District's funds; and the need to make sure the District's indigents would be the ultimate

beneficiaries of the funds expended by the District. In regard to the timing of the funding of these requests it is the goal of the District fund these projects as expeditiously as possible following the receipt of funds generated by the District's participation in the old program of the Nursing Home UPL Program, which is scheduled to result in three UPL payments between the second week of February 2015 through the end of March 2015. A motion was made by Director Murrell and seconded by Director Rollo to fund the 1) acquisition of the 64 slice CT Machine; 2) remodel and update the two operating rooms inside the Hospital; 3) refurbish twenty five hospital rooms in order to bring the rooms into compliance; and 4) provide financial assistance for the startup of cost for the Partial Hospitalization Programs for the Mentally Ill with revenue from the District's participation in the Nursing Home UPL program. This motion was unanimously approved by all Board members.

Chairman Henry turned to Attorney Oxford to discuss Agenda Item No. 7, consider and take action on, if necessary, 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 Home UPL Program. Attorney Oxford reminded that at the end of each month, the District was going to have to make interest payments for funds borrowed on short term commercial notes whose terms are for two month or nine month starting in February 2015. At the time of the meeting, the District second interest payment was coming due for note dated November 28, 2014. In addition, there is an interest payment coming due for the second two month note dated December 31, 2014. Attorney Oxford explained that since these interest payments were going to be routine and have been approved by the Board upon the approval of the Notes and Security Agreement and requested authority for the President and the Administrator to make these payments as previously approved the Board on a monthly basis.

However, he advised that at the monthly Board meeting, the Board needed to be advised on the amount spent in interest for each note and the remaining length of the term. Therefore, Director Rollo made a motion to make the second interest payment for the November 28th, 2014 note and to make the first interest payment on the December 31st, 2014 note and going forward, moved that authorized signatures could make future interest payments on notes whose terms have been approved by the Board. This motion was seconded by Director Espinoza with a unanimous consent of all Board members.

The Board was then asked to consider Agenda Item No. 8, to consider and take action on, if necessary, funding the acquisition of property owned by Chambers County Public Hospital District No. 1(CCPHD 1) located on Highway 124. Chairman Henry advised the group that he had been working with Prosperity Bank in Winnie on a loan to acquire the property and facility located on the property but the bank was still wanting on an appraisal to finalize any loan. However, Chairman Henry informed the Board that if the property appraised, the District would need to put \$80,000.00 down and the remaining \$320,000.00 would be for ten (10) years with forty (40) quarterly payments estimated to be roughly \$10,000.00 per quarter. In addition, Chairman Henry estimated that the cost to finish the construction on the building would be in excess of \$15,000.00 but appointed a Buildings Committee to consist of Director Murrell and Director Espinoza to get more details on the improvements that needed to be made in order to complete the facility. Otherwise, no action was taken.

Following the discussion on the acquisition of property, Chairman Henry addressed Agenda No. 9, to discuss and take action on, if necessary, acquiring nursing homes and participating in Eligibility Period 2 for the Nursing Home UPL funds by asked the Board to

consider and take action Agenda Item No. 9, by requesting that this agenda item be taken off of future agendas and to report that no action needed to be taken on the matter.

In regard to Agenda Item No. 10, to consider and take action on, if necessary, amending and/or eliminating the District's Bylaws by replacing them with the Statute, Chairman Henry asked Attorney Oxford to address this Agenda Item. Attorney Oxford explained that the Board re-adopt bylaws at the November 2013 meeting and the bylaws were the bylaws used by the previous Board under the leadership of the (CCPHD 1). As such, given the difference in how the two District's operated (i.e., CCPHD 1 owned and operated a hospital), Attorney Oxford reviewed the Bylaws with the Board and explained why the bylaws were not reflective of the WSHD's needs and operations. Therefore, it was Attorney Oxford's recommendation, after reviewing the applicable statutes, that the District eliminate the bylaws that had previously been adopted and follow the Texas Statutes applicable to Hospital Districts, including, but not limited, to the following:

- Texas Constitution, Article IX, Section 9
- Texas Health and Safety Code, Section 286;
- Texas Health and Safety Code, Section 285;
- Texas Health and Safety Code, Section 61 (i.e., the Indigent Health Care Act);
- Texas Government Code, Section 551 (i.e., Open Meetings Act);
- Texas Government Code, Section 552 (i.e., Public Information Act);
- Texas Local Government Code, Section 171 (i.e., Conflicts of Interests);
- Texas Government Code, Section 574 (i.e., Dual Office Holding and Incompatibility); and
- Texas Government Code, Section 573 (i.e., Nepotism)

Upon the completion of Attorney Oxford's explanation and recommendation, Director Espinoza made a motion to eliminate the existing bylaws and to utilize the Texas Statutes as the District's operational rules and procedures. This motion as seconded by Director Rollo with the Unanimous consent of all Board present.

Chairman Henry then asked Mary Ellen Robertson, the District's CPA, to address Agenda Item No. 11, to discuss, consider and take action on, if necessary, hiring an auditor to conduct an annual audit for 2014. Mary Ellen reminded the Board that it was time to hire an auditor to do an audit for 2014 and recommended that the District retain the same auditing firm that recently completed the 2012 and 2013 audits, Durbin & Company. Mrs. Robertson also explained that this audit will be more difficult and expensive than the previous years' because of the acquisition of the thirteen nursing homes and she would need to work with the auditor to determine what information would be needed. Therefore, Director Burgess made a motion to retain Durbin & Company to perform the 2014 audit of the WSHD and its nursing facilities. This motion was seconded by Director Espinoza with the unanimous consent of all Board members.

Lastly, the Board was asked to consider Agenda Item 12, 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 there were THT Conferences coming in March and July 2015 as well as Chambers County Day in Austin, Texas on February 10th and 11th, 2015 and inquired as to whether there was any interest by the Board members in attending. After some discussion, it was agreed to participate as a sponsor of the Chambers County Day but since this was not on the agenda, it would need to be addressed at a Special Meeting prior to making the commitment. Chairman Henry and Directors Espinoza and Rollo expressed an interest in attending. As to the THT Conferences, the March conference was for Administrative Assistants and it was agreed that this was something for Ms. Norris to attend and the Board should consider the July 2015 conference.

As to the remaining reports, there were no Nursing Home Report and the CPA and Attorney Oxford gave their report during the meeting. In closing, Chairman Henry addressed the School Based FQHC Report by thanking Mrs. Roemer for her service but giving notice that her assistance would no longer be needed because now that the District has almost completed the process of acquiring the property from CCPHD 1, a Board member needed to serve as the FQHC Advisor because a Board member would have a better working knowledge of this facilities and talks with potential partners for a FQHC or other program that could implemented at the facilities. Chairman then appointed Director Murrell to serve in the position as Advisor for FQHC's to the District.

After it was agreed that the next regularly scheduled meeting would be held on February 18, 2015, a motion was made by Director Murrell and was seconded by Director Espinoza, with the unanimous consent of all Board members to adjourn at 8:43 p.m.


Elroy Henry, Chairman


Jeff Rollo, Vice-Chairman