

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

The Special Meeting of the Board of Directors of the Winnie-Stowell Hospital District ("District") was brought to order by Chair Henry called at 8:30 a.m. on 7th day of May, 2015 at the Winnie Community Hospital-Conference Room inside the hospital, 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 with exception of Sharon Burgess and Jeff Rollo. In addition to the above named Board Members, also present at the meeting were: Sherrie Norris, District Administrator, Hubert Oxford, IV, General Counsel, EJay Sherlock with J.S. Edwards and Sherlock; Hazel Meaux, Larry Barron and Deputy Tony King.

At approximately, 8:45 a.m., a quorum was established and the special meeting of the Board of Commissioners was convened. First, Attorney Oxford apologized for being late. He explained there was highway construction on Interstate 10 east of Winnie that stopped traffic. Chair Henry accepted the apology and asked the Board to move to Agenda Item No. 1, introduction of guests. Following, Chair Henry asked the Board to move to Agenda Item No. 2, public comment. There being no public comment, the Board was asked to address Agenda Item No. 3, to discuss, consider and take action, if necessary on approving funding and method of funding the Minimum Payment Amounts Program (MPAP) IGT Notification for June - August 2015. Attorney Oxford explained that the District needed to approve **Exhibits "A", "B", and**

“C” that consist of Short Term Commercial Loan document, a Security Agreement; and Block Agreement for Loan 5 with the proceeds to be used for operations of the District’s nursing homes, including funding Intergovernmental Transfers for the Nursing Home Upper Payment Limit program on behalf of the District’s thirteen (13) nursing facilities. Attorney Oxford advised that this loan was due in nine (9) months. A motion was made by Director Murrell to give Chairman Henry authority to sign the loan documents in **Exhibits “A”, “B”, and “C”**. This motion was seconded by Director Espinoza with the unanimous consent of all Board members present.

Chairman Henry then asked the Board to discuss and take action, if necessary on Agenda Item No. 4, the need to acquire Directors and Officers Insurance for 2015. Chairman Henry asked Mr. Sherlock to address this agenda item. According to Mr. Sherlock, since the District’s revenues went from roughly \$400,000.00 a year to over \$8,000,000.00 the Board’s Director and Officer Insurance increased to \$11,264.00 from \$4,000.00 due to the increased revenue and the only company to quote the insurance in Texas was Philadelphia Indemnity Ins. Co. which is the same company that insured the District in 2014. In addition, Mr. Sherlock explained that this was a \$1,000,000.00 policy with a deductible of \$2,500.00. Director Murrell then made a motion to accept the quote of Philadelphia Indemnity Ins. Co. for \$11,264.00 attached here to as **Exhibit “D”**. This motion was seconded by Director Espinoza with the unanimous consent of all Board members present.

Next, Chairman Henry asked Mr. Sherlock to continue with Agenda Item No. 6, to discuss and take action, if necessary on updating to the District facility on Highway 124 to comply with Windstorm Certification requirements. Mr. Sherlock explained that Texas Windstorm was not going to give the District another extension and the District would have to re-apply for a policy until the work on the building located on Highway 124 was complete. The

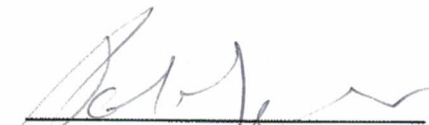
Board further discussed at length the scope of work to be completed and the status of the engineer's draft bid proposal. Afterwards, the Board discussed among themselves various Windstorm requirements for the Winnie Stowell area as well as in Chambers County, Texas. No action was taken.

There being no further business to go before the Board Chairman Henry asked for a motion to adjourn which was made by Director Murrell. This motion was seconded by Director Espinoza with the unanimous consent of all Board members present.

The Board meeting was adjourned at 9:20 a.m.



Elroy Henry, Chair



Jeff Rollo, Vice Chair
Raul Espinoza