

**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 the 24th day of June, 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 except Director Burgess. In addition, to the above named Board Members, also present at the meeting were: Sherrie Norris, District Administrator; Mary Ellen Robertson, CPA; Attorney Hubert Oxford; Larry Barron; and staff from the Winnie Community Hospital, including Mo Danishmund; Suggie Daigle, Dan Yancy, and Danny Thompson.

At approximately, 8:33 a.m., a quorum was established and the special meeting of the Board of Directors was convened.

Chair Henry asked the Board to move to Agenda Item No. 1, introduction of guests. Since there was no public comment, Chair Henry asked the Board to move to Agenda Item No. 2, to discuss and take action, if necessary, in participating in the Interlocal Cooperative Agreement with other non-state owned governmental entities to assist the District with in maximizing reimbursement; reduce certain cash flow and economic risks; and resolve certain inequities related to the Texas Nursing Facility Minimum Payment Amount Program. Attorney Oxford explained

that this group was created to assist the District and other governmental entities participating with the new nursing home Upper Payment Limit Program named the Minimum Payment Amount Program (“MPAP”) to maximize funds due by Managed Care Organizations. In addition, Attorney Oxford reviewed the proposed Interlocal agreement to participate in the program and expressed his concerns, which amount to the fact that there are many unknowns at this point. It was Attorney Oxford’s suggestion that the District participate in the Agency, with the understanding that there is a thirty day termination clause and if more information was not provided by the July 2015 Board meeting, the Board could terminate the agreement. With this, a motion was made by Director Murrell to approve the participation in the Agency by authorizing the Board’s Chairman to sign the Interlocal Agreement and Resolution, attached as **Exhibit “A” and “B”**. This motion was seconded by Director Rollo with the unanimous consent of all Board members present.

Chairman Henry then asked the Board to address Agenda Item No. 2, to discuss and take action, if necessary, on obtaining a status of the capital project at the Winnie Community Hospital resulting from the District’s Indigent Care Support Agreement with the Hospital. Chairman Henry then asked Mr. Danishmund to give a presentation on the status of the hospital’s capital improvements and funds donated by the District for the improvements. A copy of this presentation is set forth in **Exhibit “C”**. In summary, Mr. Danishmund reported that the CT scan has been installed and is operational; the hospital is relocating the PHP program to portable buildings; there have been additional rooms remodeled, and the hospital has purchased a number of vehicles used to transport patients. Moreover, in regard to the Operation Rooms, the Hospital is seeking proposals from three architectural firms to assist with the design of the rooms but did advise the Board that the preliminary feedback the hospital is receiving is that the current building structure would have to be expanded to facilitate two rooms.

Following the presentation, the Board and hospital staff engaged in a lengthy discussion about the need to establish accounting standards for the funds donated by the District to the Hospital for these projects. Attorney Oxford reported that he had discussed the matter with the District's auditor, Tommy Davis, and was informally advised he did not think the funds would be audited in the 2015 audit since the funds were for "indigent care" pursuant to the Indigent Care Agreement ("Agreement") with the Hospital. However, he did recommend the District exercise its safeguards in section 2(b) of the Agreement to make sure the funds were spent according to the District's wishes. In addition, it was discussed with the District's CPA, Mary Ellen Robertson, that the District should begin receiving monthly or quarterly reports on the status of the projects and to visually inspect the Hospital to make sure the projects were moving forward as reported. All parties agreed to continue moving forward in an open and transparent manner.

Additionally, the Board discussed the issue of excess funds from the District's donation set forth in the Agreement and whether the Hospital could utilize any excess funds for: 1) one of the other capital projects; 2) additional capital project(s); or 3) to assist with operations costs. Again, the parties recognized that since acquiring the Hospital, Tahar Javid, the Hospital's Chief Executive Officer, has made a substantial investment into the hospital; he has worked with the District as an open and transparent partner; and has sustained substantial losses during the first year of operations. Moreover, the Board was reminded of its policy adopted on June 10, 2013 District's role going forward with supporting the indigent care and the hospital. First and foremost, in this policy statement, the Board agreed that:

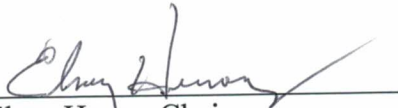
The Winnie Stowell Hospital District ("District") is committed to: 1) providing indigent care for its residents in accordance with the District's Policy & Procedure Statement; 2) being good stewards of taxpayer money; and 3) keeping the Winnie Community Hospital ("the Hospital") open, if possible.

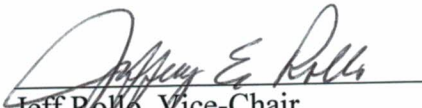
Therefore, because of this goodwill shown by the Hospital in working with the District to help the District achieve its goals, the Board and District's staff, discussed that the Hospital should be able utilize these excess funds on other projects and/or to assist with operations but the Board would need to be assured that the projects and operational costs would benefit the District's indigent population. In response, the Hospital staff stated that they would prepare a proposed report for the regular meeting in July 2015 that would identify any excess funds and a reporting matrix for how these funds would be spent in relation to the District's request that the beneficiaries of the funds be the District's indigent patients. With this said, a motion was made by Director Murrell to amend the District's Indigent Care Agreement with the Hospital to include provisions that excess funds can be used for other projects and medical services to benefit the District's indigent clients and the Hospital shall provide quarterly reports on the status of such expenditures. This motion was seconded by Director Espinoza with the unanimous consent of all Board members present.

Lastly, the Board was asked to discuss and take action, if necessary, on Agenda Item 3 regarding the potential sale or lease of District's modular building and/or real property and improvements located on Highway 124. It was agreed there was no need for Executive Session and the discussion regarding this property occurred in an open meeting. Chairman Henry asked Larry Barron to report on some talks he has had with the East Chambers Independent School District. According Mr. Barron, the East Chambers Independent School District was interested in a potential lease to own contract for the property and the building as the School District had a potential need for facility and real property. In addition, there was some discussion regarding giving the naming rights for the School District's football stadium to Riceland. Afterwards, the Board considered the costs for the facility and loan agreement and then asked Mr. Barron to go back to the School District and get more particulars given the District's need to recoup its costs.

In addition, Director Espinoza advised that the Hospital was still requesting the facility be donated to the Hospital but Attorney Oxford explained his concerns with making such a donation to a private organization was not provided for in Chapters 285 or 286 of the Texas Health and Safety Code. Furthermore, Attorney Oxford explained to the Board that he has expressed his concerns with the lawyer for the Hospital, Chris Portner, and requested that the Hospital find out if renting the facility could be accounted for in the Hospital's cost report. Otherwise, no action was taken on these agenda items and they were tabled upon a motion by Director Murrell that was seconded by Director Rollo and the unanimous consent of all the Board members.

Lastly, at 11:03 a.m., with no further business before the Board, Chair Henry asked the Board for a Motion to Adjourn. The motion to adjourn was made by Director Espinosa and seconded by Vice-Chair Rollo with the unanimous consent of all Board members present.


Elroy Henry, Chair


Jeff Rollo, Vice-Chair