HASKELL COUNTY HOSPITAL DISTRICT BOARD MEETING MINUTES
SEPTEMBER 20, 2022

Haskell County Hospital District Board held its regularly scheduled monthly meeting on September 20, 2022, at 6:00PM in the Haskell Hospital Education Building, 2 North Avenue N, Haskell, Texas, per the Open Meetings Act.

In attendance: Robbie Peiser, President; Tom Long, Vice-President; Reida Penman, Member; Michelle Stevens, CEO; Mary Belle Olson, COO; Elizabeth Miller, CFO, Crystal Molina, Controller, Amy Martin, Member, Tammy Mason, CNO, Meghan Shelton, ACNO, Jenny Camacho, Member, Jerry Cannon, Member, , Carla Long RN, Patient Relations Nurse/ Scribe, Missy Lewis, Education/Employee Health/ Community Outreach Nurse, and Dusty Garison, Haskell/Stamford Star Reporter.
Invited Guest Speakers Tom Turner, FSB President and Ryder Cude, FSB Haskell Branch President
Absent: None.
Public Tax Rate Hearing Attendees:
Lonnie Meredith, Freida Ivy, Fran McCown, Becky Wilson, Roy Wilson, Amelia Moore, Emily Moore, Marsha Simpson, Jan Gannaway, John Gannaway, Linda Haynes, Jerry Don Klose, Cole Turner, Jerry Hester, Wanda Hester, Jamie Ferguson, Shawn Ferguson, Charlotte Johnson, Teresa Turner, Karen Wolf.

President Robbie Peiser called the meeting to order at 6:01 PM.- Quorum certified as present. Robbie Peiser welcomed all guests and community members and stated that the Public Comment section at the first of the meeting was for non-tax related comments, and that the public comment on the tax related issues would come at a later point in the meeting. There were no non-tax related comments.

1. Minutes:
   Minutes of the August 23, 2022, Board Meeting were reviewed and approved as presented.
2. Public Comment Not Tax Related: None.
3. Census:
   Michelle Stevens CEO presented the census data for review. She pointed out that the Swing Bed numbers are good at 13.83 which is where we need them to be. There was a total of 431 clinic visits. Admissions were down to 5 from the previous months 16. Year to date admissions are down 50.71% due to the return to pre-Covid numbers. ER visits have remained about the same, down just 0.04% from last year despite post-COVID status.
4. Financial Report: Elizabeth Miller presented the financials for review. She stated the Hospital had $1.5 million total cash on hand in August 2022, related to COVID funds being spent and accounts receivable issues with TCR and the $800K CD held at HNB as collateral for the MRI loan. Accounts Receivable increased to $580K. The hospital is currently working with TRC and Senex for external billing and collections. Multiple ongoing problems with Cerner and TRC are being addressed. We will be changing billing companies on October 1, 2022. We have multiple good options for this, and they are all ready to hit the ground running. These companies have good referrals and track records and will do a good job with Accounts Receivable. It will be a difficult choice, but any of these options will be a vast improvement.

   CFO stated Property and Equipment increased by a variance of $1.1M due to COVID purchases of equipment like patient beds, portable ventilators, nasal cannulas, Glidescopes, a Pulmonary Function Testing Machine, freezer for vaccines, and a new call light system. Non-COVID purchases made were the land across from the hospital, a water heater for dietary, the MRI, Rural Health Clinic Improvements, and Parkhill Architectural Facility Assessment and fees.

   Elizabeth Miller reported Accounts Payable increased $235K, including Cerner invoices totaling $319K, Concord Contract Physician Service invoices totaling $191K, and TRC invoices totaling $140K. The $1.2M cost report settlement received in July 2022, paid past due invoices over 90 days, and we paid $340 in principal on the Line of Credit. The Rolling 13, Check Register, and Employee Census were also reviewed. CFO stated $761,000 in checks were written.

   Total debt decreased $281K. The classification between current and long-term debt has been corrected to reflect the Line of credit and MRI loans. Stamford Hospital District owes Haskell Hospital for all deposits while

Haskell managed the clinic, and for the $305,000.00 loss Haskell incurred getting the Stamford clinic running. Stamford rescheduled the meeting to discuss this for September 27, 2022, to allow them more time to review the numbers and paperwork.

Tom Long moved to accept the census, employee census, financials, and check register as presented. Amy Martin seconded the motion, and the motion passed.

5. Old Business:
   A. Approve Loan Restructure and/or extended line of credit – Tom Turner President of First State Bank in Haskell, presented an offer to the Hospital Board for a Line of Credit at the current interest rate of 7.5%. This offer was pending the Fed announcement of rates scheduled for the next day, Wednesday, September 21st. He stated that the Hospital was doing an excellent job with their finances and that they were in better financial position than the other Hospitals his bank is currently working with. Mr. Turner also stated he had been a patient in this hospital multiple times for kidney stones, and that he received excellent care in the Haskell Hospital compared to other facilities he has been treated at.

      Mr. Turner stated the bank attorney would work with the hospital attorney to draw up the legal agreement. The hospital would take a lien out against the tax roll income and could borrow up to that amount annually. The hospital would only pay back the principle used and the interest on that principal. Funds not used would not have to be paid back but would give the hospital a cushion for unexpected expenses and to fix things for the hospital.

      Tom Long asked why this would be renewed annually and not a longer-term line a credit. Mr. Turner stated that it could be as long as five years but that the 5-year line of credit could not legally be renewed after that length of time, but the one-year line of credit can be renewed indefinitely every year up to the amount of the tax roll for that year.

      Mr. Turner repeated that the Haskell Hospital financial situation had been managed very well and that he respected and appreciated the financial management at Haskell Hospital. President Turner stated that there would be three areas of expense for the hospital in setting up the line of credit. The legal fees for the attorneys work to draw up agreement (usually around $4000.00), the interest on the line of credit funds used at the current Wall Street designation +2 (7.5% currently but due to change in next few days), and the origination fee of 1.5% of loan amount -Hospital borrowed 1 million dollars this fee would be $15,000.00.

      Robbie Peiser asked if the legal fees would be the same every year. Mr. Turner stated it would be $4K the first year and reduced in half at the time of the following year's renewal. The origination fee and the interest rate would remain the same every year. Mr. Turner left the meeting (via zoom) and Ryder Cude stayed to answer any questions. The Board discussed tabling these offer and obtaining two written offers to discuss and compare later. Tom Long stated he would be willing to accept the FBS Loan offer if they could lower the origination fee to 1% instead of the 1.5%. Ryder Cude stated he would have to talk to Tom Turner, but he would see what could be done. Board members stated they would be willing to have a special meeting to approve the line of credit if FBS would lower the origination fee to 1%.

6. New Business:
   A. Review and approve the operating Budget for FYE 9/30/23 – CFO Miller presented the Operating Budget for FYE 9/30/23. She stated the Budgets were based on October 2021 – June 2022 Multiview Income Statements. July through September 2023 are based on July -September 2021. Deductions from revenue are estimated to be 22%. Medicare inpatient and Swing bed are reimbursed at 99% of cost; but the average collection is estimated to be 78%. Salaries and benefits include a 3% cost of living salary increases effective January 1, 2023. Employees who received a raise in the previous 6 months are excluded. Tax revenue is based on the 0.25 property tax rate. Tom Long asked if we had to have the Budget Vote prior to the Tax Rate Hearing. CFO stated she that is the legal order. CEO stated we could approve the presented budget and

then amend it as needed. Jerry Cannon made a motion to approve the Operating Budget for FYE 2023 as presented. Reida Penman Seconded the motion and it passed unanimously.

B. Public Hearing on Tax Increase – President Peiser made the opening statement addressing the proposed tax rate increase. He stated that the tax rate had only been raised one time since he has been on the Board. Looking at the projected costs of what needs to be done and to increase service lines we need to increase the tax rate, keeping patients as inpatients in the hospital is not where we make our money. Service lines like physical therapy, lab, opening service lines that save people from having to go elsewhere to get what they need is what keeps up open and helps us to grow. This tax increase was not an easy or lighthearted decision. This is what it is going to take to keep us open and functional. We want to stay open and not close like others have had to do.

Freida Ivy requested an introduction of the Board Members and employees at the head table. President Peiser started the introductions which continued around the table until all were introduced, and their job titles given.

Lonnie Meredith, retired pharmacist introduced himself. He thanked the board for their service and asked what happened to the money CD the Hospital owns. CEO and CFO informed him that the CD funds were used as collateral for the MRI loan. Mr. Meredith stated his wife has used the physical therapy at the hospital multiple times with excellent results but that she has had difficulty getting statements on what she owes. Crystal Molina, Controller, explained to Mr. Meredith that they were aware of this problem with the new Cerner system and that she herself helped his wife to get an accurate statement print out the other day. Mr. Meredith then stated he knew of a service that has been offered for over a year that no billing code exists for this service. CEO and CFO and COO stated they were aware of some of these problems with the new computer program and that they were working with the Cerner to fix these. CEO requested Mr. Meredith come to her office to talk with her about these things. He stated he would do so. Mr. Meredith also stated he himself received two non-matching bills for his personal medical care. CEO and Controller explained that the Hospital does not bill for the Concord Contract Physician Service, but that they bill for their own services and that one of his bills was from Concord and the other was the hospital bill. Mr. Meredith stated he understood about dealing with new medical software programs and that the care and interaction with the hospital has been wonderful. He also stated that he understood the need to raise the tax rate, but he wanted to make sure these issues were being addressed and that moneys owed to the hospital was not being lost due to these things.

Wanda Hester, who has a long work history at the county appraisal district, gave a handout and presentation on the proposed tax increase numbers and made a point to talk about the different tax abatements the hospital had for the tax year 2022. She insisted that the CFO's count of those things was incorrect and that she had the correct numbers. Her figures included the newest tax abatement that has not officially started at this point, and that the hospital does not have a firm start date for, despite her insider knowledge and insistence that it is on the hospital's 2022 tax abatement list. Her coworker Jamie Ferguson also asserted the same thing from the audience. Mrs. Hester listed these abatements as Horse Creek, King Creek Wind, Willow Springs, and Azure Solar. She stated that the budget figure of $369K was wrong and should really be $540,095. Numerous audience members and the previous Administrator Fran McCown also agreed with her assessment and made several comments.

Fran McCown, Previous Administrator, also made a presentation with a handout. She mentioned her long work history and experience in health care as an administrator, and audience members spoke up stating she had won awards with no congratulations awarded to her by the hospital. Ms. McCown's primary area of concern was size of the tax increase and the indigent care numbers reported versus the indigent care and separate charity care designations. CFO and CEO both pointed out that the numbers were approved by the Hospital Attorney and the Hospital Accountants as being appropriate and correct. Fran McCown stressed that the tax rate increase would bring in $400K, a huge increase, and that she didn't see anyway that the hospital had spent that amount of money on indigent care as the numbers indicated despite what the

Tammy Masons stated, "I am wearing four hats already."

C. Review and approve the 2022 Property Tax Rate:
Tom Long stated, "Fran McCown, you have worked with me on this board for many years in the past, and you know I am tight with money. I don't like to raise taxes, but I voted for this one. We didn't have a choice. Tom Long addressed the board, "I wonder if we could look at the pilot programs as a place to cut back the tax rate increase. If we did that, we could set the tax rate at 0.2214 instead of the proposed 0.25. President Robbie Peiser stated, "We need an increase. I guess we could look at what you have mentioned and relook at the budget. I could be ok with the 0.2214 instead of the 0.25. Amy Martin asked how much of a tax cut the taxpayer would get if we changed the rate from 0.25 to 0.2214? After discussion it was decided it would decrease the taxpayer burden down to a 23% increase instead of the 40% proposed increase.

Tom Long stated "I move that the property tax rate be increased by the adoption of a tax rate of $0.2214 on every $100 valuation, which is effectively a 23% increase in the tax rate." Jenny Camacho seconded the motion. Motion passed unanimously.

The vote record is as follows:
Tom Long - Yes
Robbie Peiser – Yes
Reida Penman – Yes
Jerry Cannon – Yes
Jenny Camacho – Yes
Amy Martin – Yes

D. Review and Approve Policies and Procedures: None
E. Review and Approve Medical Staff Credentials:
Credentials reviewed and approved for Dr. Jayaswal Grautam M.D., and Dr. Alan Clark, M.D.

7. Chief Nursing Officer Report: Tammy Mason reported Nursing continues to need two-night RN's. The Sleep Study Fair Market Value Report is back showing an excess, Attorney Robert Spurck spoke with the company working to help us start this program and he stated he will lower his prices. We are waiting to hear what prices he comes up with, so we should get this program started soon.
8. COO Report:
COO Olson gave Departmental Updates.
    a. RHC Update: COO stated Jordan Earle FNP to be back October 1, 2022, just in time to cover for Jeanne Cason FNP as she goes on vacation October 5, 2022.
    b. MRI Update: In August we did 27 MRI scans and so far in September there have been 28 scans done with two more scheduled and a week and a half still left in the month. Marketing trips to clinics and hospitals to continue to make them aware of our MRI capabilities. Good feedback so far and potential to do 40 MRI scans this month. Will take 50 MRI scans a month to start paying for itself.
9. CEO Report:
    A. Facility Construction Update: CEO stated the DCOH is considering giving the Hospital 44 Acres of Land near the Prison to build a new hospital on. She showed a map of the area for the Board to see. CEO Stevens also noted that the Mayor and City Manager have expressed the possibility of the city giving the hospital land to build on as well. More information should be available after the DCOH Board Meeting on October 14, 2022.
    B. External Business Office Update: Contract with TRC to end this month and we will be changing companies October 1, 2022. We are looking at Senex, TruBridge, and QHR. They are all ready to hit the ground running and this meeting has just highlighted that the need to change is critical.
    C. Review and, if Necessary, Approve the Chart Model HHSC CMS Agreement: CEO explained the "Chart Model" HHSC CMS option to replace DSRIP – it would replace traditional Medicare with twice a month fixed payment amounts that would be great for cash flow but would be slightly less in amount than the current payment. t is a model based on population in the area. We were accepted

attorney and the accountants said. She stated she had checked with area hospitals to see what their indigent numbers were for 2022, and they were drastically lower than Haskell Hospital's figures and that they require people fill out an application. She stated, "It would take an awful lot of applications to add up to one million dollars. CEO mentioned the new federal program with specific guidelines that the hospital, attorney, and the accountants used in making the determination of these numbers, and that the hospital follows the Texas Tax code and Health and Safety Codes and gives out those applications to anyone who asks for them.

The former Administrator also expressed concern that at one point the hospital had accounts payable that were greater than 90 days old. She stated suppliers will cut you off if that is true, disregarding the fact that in the budget presentation the CFO had presented that those were now current with only the MRI and Line of Credit debts outstanding. Mrs. McCown also stated, "You have a Cash Flow Problem and that the proposed tax increase is a hardship on the taxpayers."

Tom Long and Jenny Camacho asked about the indigent income scale used and CFO Miller explained.

Emily Moore stated, "You've got $800K tied up hashtag screwed. Sounds like you are borrowing from Peter to pay Paul, and now the taxpayers are the ones going to get stuck."

Karen Wolf, who retired from being the infection control coordinator, asked why salaries were so much higher now than when she was working. CEO stated they had brought up salaries to be in line with TORCH guidelines to attract and keep good quality nurses, and that during COVID salaries had to be increased for everyone. An audience member asked what FTEs were. CFO Miller stated that stood for Full Time Equivalents. Freida Ivy asked how many contractors the hospital had. CEO Stevens stated there were five contract employees including the CFO, pharmacist, and dietary manager. CEO also mentioned that there were Multiple PRN Employees, especially in Nursing, to help cover the schedule when needed.

Becky Wilson (Rebecca) stated that she had difficulties with the Physical Therapy Department coding her treatment wrong, so her insurance refused to pay, and she has talked with Physical Therapy 4 times without results. Now she is fighting the insurance company, but it looks like she will be stuck with a huge bill.

Freida Ivy commented that her husband had issues with his plan being out of network. CEO asked what insurance he had. Freida Ivy stated it was Blue Cross Blues Shield of Dallas and a self-funded plan. CEO stated it was more complicated with self-funded plans, but we can call and see if we can get a contract with them. Freida Ivy said it would help if you had an open-door policy to come talk to you, or at least a list of all the insurances you accept in front lobby. Carla Long Patient Relations Nurse stated there has always been an open-door policy and that the CEO is willing to talk to anyone who needs to speak with her.

Charlotte Johnson asked if the MRI was up and running because they had to drive to Abilene recently to get an MRI that they could not get done here. CEO and COO stated that MRI was down for short time with an electricity problem and a helium problem but now it is up and running. Charlotte Johnson asked if it was making money. CEO stated not yet but it will be soon. we continue to do more MRIs every month than the previous month. It is making money, but it is not paying for itself yet. COO mentioned Leslie Crowson with the Marketing Department had made a marketing trip to the area hospitals and clinics, including some in Abilene, and we are starting to see some results from those efforts. Radiology is tracking who orders MRIs from the hospitals and clinics around the area so we can better focus our marketing strategies.

Charlotte Johnson asked if the proposed tax rate increase was set in stone. Tom Long stated no. We are still discussing it. Robbie Peiser stated, "SOBC and SHIP funding is now completely gone. Fran McCown can tell you that we have always used the Tax money for indigent care, but with the loss of these federal funds we must have an increase in tax revenue to remain functional. An audience member stated, "Lay off staff." CEO stated, "No, we are not going to do that." Amy Martin stated, "We are already not replacing people when they leave. We are giving their job responsibilities to others, so people are doing multiple jobs now."

FIRST STATE BANK

ABERNATHY • HASKELL • STAMFORD

Tom E. Turner
Chairman/CEO

September 27, 2022

Robbie Peiser, Chairman
Haskell Memorial Hospital District Board of Trustees
Michelle Stevens, CEO

Dear Chairman Peiser,

Please let this letter serve as First State Bank's formal proposal to the Haskell Memorial Hospital District's (a political subdivision) request to assist the Haskell Memorial Hospital with operational expenses.

The terms are as follows:

I. $1.3MM (amount no to exceed projected annual tax revenue) at WSJ + 2% currently 8.25% fully floating, 1.5% origination fee with an August 31, 2023 maturity. Loan to be secured by the tax revenue of the Haskell Memorial Hospital District, a political subdivision.
II. HMHD to establish an operating checking account with First State Bank, Haskell, TX.
III. HMHD to renew any CD secured loans with First State Bank upon CD or loan maturities at a rate of 2% above the CD rate and a minimum of 4%.
IV. Loan amount to be verified by Haskell County Appraisal District (HCAD) assessed revenue for the district.
V. Legal fees shall be paid by the district.

Thank you for each of your time and dedication to the district and for allowing First State Bank to assist the Haskell Memorial Hospital District.

Respectfully submitted,

Tom E. Turner
Chairman/CEO

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in on the ground floor which gives us the opportunity to help shape the program. No longer taking applicants. Program to start 1/1/23 and would give us
access to exclusive grants money that others will not be eligible for. The Board needs to be aware of this option. CEO stated money reimbursement for the first ones accepted into the program could possibly be higher than those who join later. CMS is wanting all hospitals to change to this model eventually for getting in now would put us ahead of the game but there is also no guarantee that they won't do away with the program at some point. You can opt out and change back to original Medicare, but this could affect your reimbursement fee schedule.

*CEO asked the Board who was familiar with Oleta at the Pink Ladies and would be willing to talk with her. Hospital had asked for assistance with funding for a project and Oleta stated they had already agreed to help someone else, and she would have to see. Robbie Peiser stated it was a project for EMS they had agreed to help with. Tom Long volunteered to talk to Oleta. CEO to send him the Pink Ladies By-Laws for him to review before speaking with Oleta.

*CFO stated that Haskell National Bank had refused to renew the Hospital's original line of credit, and the hospital is looking to secure a line of credit elsewhere to pay off their loan for the MRI and get the $800,000.00 CD back from Haskell National Bank. CFO also expressed the need to work with a Bank that understands how to work with Hospitals and their unique funding needs, and supports the direction the hospital is wanting to move and grow in.

10. No Executive Session Needed.

Meeting adjourned by Robbie Peiser at 9:23PM.

Carla Long RN — 9/23/22
Notes taken and typed by: Date:

Board Secretary — Date: 9/23/22 11-1-22

Robbie Peiser — 9/23/22
Board President Date:

Jennifer Stevens — 9/23/22