

Special Board Meeting Of
The Board of Directors
Nacogdoches County Hospital District
October 13, 2023 @ 11:30 a.m.

Minutes

IN ATTENDANCE:

Lisa King, President
Sean Hightower, Vice-President
Fred Groover, Secretary
John McLaren
Justin Sowell
Wesley McKnight
David Schaefer

ALSO IN ATTENDANCE:

Lynn Lindsey, Administrator
Rhonda McCabe, CAO
Ella B. Nobles, Operations Manager
Wade Blake, EMS Manager
Deborah Williamson, Legal

I. **CALL TO ORDER:** Lisa King called the Special scheduled board meeting to order at 11:30 a.m.

II. **CITIZENS COMMUNICATION:** None.

III. **ACTION AND PURCHASE REQUESTS**

- A. Discuss and possible action regarding application of up to a 2% assessment rate for second installment of 2024 Mandatory Payment in relation to the Nacogdoches County Hospital District LPPF – Motion made by Sean Hightower and seconded by Fred Groover. Motion carried.
- B. Resolution amending existing Authority to Sign Drafts, Checks, Vouchers, and Credit Cards for the Hospital District Resolution. – Motion made by Sean Hightower and seconded by Fred Groover. Motion carried.
- C. Resolution adopting certain purchasing procedures. – Rodrigo Figueroa: Mr. Figueroa asked if Item III.C. be tabled until further information—motion made by John McLaren to table III.C. and seconded by Justin Sowell. Motion carried.

- D. Discuss and possible action regarding termination of Hospital Facility Lease Agreement dated July 14, 2021 between the Nacogdoches County Hospital District and Lion Star Nacogdoches Hospital, LLC. – Deborah Williamson:**
- E. Discuss and possible action regarding engagement of Skelton Slusher Barnhill Watkins Wells PLLC law firm. – Deborah Williamson:**

Motion made by Sean Hightower to move III.D and III.E to Executive Session. Motion seconded by Fred Goover. Motion carried.

IV. CONVENE TO EXECUTIVE SESSION FOR THE FOLLOWING:

- Consultation with Legal Counsel Regarding Pending or Contemplated Litigation under Tex. Govt. Code §551.071
- Deliberate the Appointment, Employment, and Duties of an Employee under Tex. Govt. Code §551.074
- Deliberation of the provision of healthcare services under Tex. Govt. Code §51.085

V. Regular Board meeting Adjourned@ 11:34 a.m.

VI. Executive Session @ 11:37 a.m.

VII. Returned to Open Session @ 12:53 p.m. with III.D. and III. E.

III.E. Motion made by Sean Hightower to accept the engagement letter with Skelton Slusher Barnhill Watkins Wells for general council services for the Hospital District at \$375.00 per hour, junior partners, \$325.00 per hour, associate attorneys, \$250.00 per hour. Motion made by Sean Hightower and seconded by Justin Sowell. Motion carried.

Deborah Williamson, legal, presented item III.D. Summary

III. D. Discuss and possible action regarding Notice of Default sent to Lion Star Nacogdoches Hospital, LLC, and other breaches of the Hospital Facility Lease Agreement dated July 14, 2021, between the Nacogdoches County Hospital District and Lion Star Nacogdoches Hospital, LLC. –

Lion Star has admitted that it is not paying all claims as they become due. Lion Star has past due and or has missed payments to various vendors and has failed and refused to meet its financial obligations as they become due. For example, various collections lawsuits have been filed against Lion Star, including, without limitation, lawsuits filed by Ralph Loggins Plumbing, ESS, and HCI. Lion Star has also failed to pay for utilities in a timely manner.

An information and belief, there are numerous other vendors to check claims which have not been paid as they become due. Section 18-A-5 of the lease provides that Lion Star

becoming being or become insolvent constitutes an event of default in material breach of the lease. The Texas Business Organization Code defines Insolvent as a person who is unable to pay the person's debts as they become due in the ordinary course of business affairs.

Generally, insolvency means a debtor's refusal or failure refusal to pay his debts in the course of business. As stated above, Lion Star is unable and or unwilling to pay all of its debts as they become due in the ordinary course of business and is, therefore, insolvent. Accordingly, pursuant 19-A-1 of the lease, the district hereby exercise has a right to exercise its right to terminate the lease upon the exploration of 15 days' notice. Further pursuing to section 19- A-2 of the lease, the district can exercise its right to terminate Lion Star's possession of the premises without judicial process and to expel and remove Lion Star in compliance with the law on the termination date the district can exercise such right and terminate the Lion Star's possession further the it can if it if it elects to declare a default under the hospital asset purchase agreement with the APA including without limitation termination of the right to under the intellectual property license under the APA.

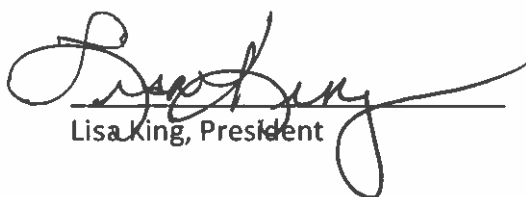
That's the ability that the district wants to declare a default under the lease and under the APA based on the grounds of Lion Star's inability or failure to pay its debts as they become due.

Lisa King read the motion statement: We all believe that it is in the best interest of the people of Nacogdoches County, the employees, the physicians, and the many vendors that have provided services to the hospital that we take operations back from Lion Star and operate under local control until a suitable partner can be secured.

Fred Groover made the motion to approve the current statement. Motion seconded by Sean Hightower. Lisa King asked that the motion be affirmed by a show of hands. The motion carried unanimously.

VIII. No further business motion was made by Sean Hightower to adjourn. Motion seconded by Fred Groover. Motion carried.

IX. Adjourned @ 1:00 p.m.



Lisa King, President



Fred Groover, Secretary