

MINUTES

THE DEEP EAST TEXAS REGIONAL MENTAL HEALTH MENTAL RETARDATION SERVICES BOARD OF TRUSTEES MEETING

NOVEMBER 22, 1988

BOARD MEMBERS PRESENT:

Judge Allen Sturrock, Chairman
Mr. Dan D. Dominey, V. Chairman
Mrs. Gaffney Phillips, Secretary
Judge Charles English, Treasurer
Nancy Speck, Ph.D.
Ward R. Burke
Rev. Robert Carter
Mrs. Bobbie Morgan
Mrs. Nancy Fuller

OTHERS PRESENT:

Jim McDermott, Ph.D.	MHMR
Mr. Sandy Skelton	MHMR
Mrs. Linda Naff	MHMR
Mr. George Patterson	MHMR
Mrs. Sandy Vann	MHMR
Mrs. Sheryl Taylor	MHMR
Mr. Wayne Haglund	Attorney
Mr. Carlos Sharpless	Prudential-Bache

The 192nd meeting of the Board of Trustees was held in the Ward R. Burke Community Room of the Central Administration Facility, 4101 South Medford Drive, Lufkin, on Tuesday, November 22, 1988 at 4:00 P.M.

INVOCATION: Mrs. Bobbie Morgan gave the invocation.

CALL TO ORDER AND RECOGNITION OF GUESTS: There being a quorum present, Chairman Sturrock called the meeting to order at 4:00 P.M. There were no guests present at this time.

APPROVAL OF MINUTES OF PREVIOUS BOARD MEETING: There being no additions or corrections to the Minutes of the October Board Meeting, on a motion by Mr. Dominey, seconded by Mrs. Morgan, the Board unanimously approved the Minutes of the October 25, 1988 Board Meeting.

EXECUTIVE DIRECTOR'S REPORT:

The Executive Director's Report was distributed to the Board during the Committee meetings for their review. Dr. McDermott reviewed the items on the Report for the Board, and a copy is attached. Regarding the Medicare Cost Report, Dr. McDermott reported that the Center actually owes \$409,454 for the years 1986-1988. We have set aside \$336,958 and, therefore, have a shortfall of funds of \$72,496. Mr. Burke suggested that he and Dr. McDermott visit with Congressman Charles Wilson's office to discuss the issue and see what steps we could take to reduce the amount we believe we owe. We will send in \$63,797 for 1988 and ask that they audit us for past years. A copy of the analysis of estimated Medicare overpayments is attached.

After hearing about the Center's cash flow problems, the Board made the following suggestions: (1) Ask vendors for 60-90 days to make our payments; (2) work on staff getting bills out sooner; (3) ask the Texas Council to put pressure on state agencies to pay sooner; and (4) work on getting receivables in as quickly as possible. It was also suggested that staff make a conference call to members of the Budget and Finance Committee to let them know the status of this issue.

COMMITTEE RECOMMENDATIONS FOR BOARD APPROVAL

Budget and Finance Committee - Judge Charles English,
Chairman

Consideration of Approval of the Texas Council Bond Acquisition Project: Mr. Carlos Sharpless, a representative from the firm of Prudential-Bache, joined the Board to discuss the Texas Council Bond Acquisition Project. Mr. Sharpless reviewed the bond project and delivered the documents requiring the Board Chairman and Executive Director's signatures. After much discussion from Mr. Sharpless and Mr. Haglund, the Board agreed to approve the Center's participation in the project contingent upon Dr. McDermott's review of the document and Mr. Haglund's final analysis of the document. Therefore, on a motion by Mrs. Phillips, seconded by Judge English, the Board unanimously approved the following amended resolution:

RESOLVED, by the Board of Trustees, THAT the Center participate in the Tax Exempt Bond Financing Program offered through the Texas Council of Community MHMR Centers pending review by the Center's attorney and the Executive Director; THAT \$200,000 be borrowed through the Tax Exempt Bonds to finance a Management Information System to include both software development and the purchase of hardware; THAT \$350,000 be borrowed to refinance the Angelina County MHMR building through the Tax Exempt Bond Package; THAT the Board reassures

the Angelina County Association for Human Development that the Angelina County MHMR building will be used for the purposes for which the Association intended; THAT the Board Chairman be authorized to sign appropriate and necessary documents with the Texas Council and their authorized representatives to participate in the Tax Exempt Bond Program; and THAT copies of all agreements be kept in the office of the Executive Director and the Business Manager.

Consideration of Treasurer's Report: On a motion by Mr. Dominey, seconded by Judge English, the Board unanimously approved the following resolution:

RESOLVED, by the Board of Trustees, THAT the Balance Sheet, Operating Statement, Statement of Changes in Fund Balance and Reserve, Internal Advances - Accounts Receivable, Internal Advances - Accounts Payable, and Budget Summaries of Receipts and Expenditures for the month of October, 1988, be approved as submitted; THAT the over-expenditures as reflected in Item 5(b) be approved as submitted; and THAT copies of each report be attached to the permanent Minutes of this Board meeting.

Consideration of Water Well Irrigation System at Peavy Switch Farm: The Board voted unanimously to table this item due to the recommendation by the Agricultural Extension Agent that we use Hudson Water instead. The agent says that the water from a well would be sufficient for growing plants, but in five years the soil would be unusable due to the large amount of salt in the water.

Consideration of Sale of Old Vans: On a motion by Judge English, seconded by Mrs. Phillips, the Board unanimously approved the following resolution:

RESOLVED, by the Board of Trustees, THAT the Executive Director be authorized to sell four agency vans according to the plan submitted, and THAT copies of the bids be maintained on file in the Business Office.

Consideration of Renovations and Furniture Purchases (In Two Parts:

Part 1: Consideration of Furniture Purchases for Angelina MHMR Center: On a motion by Mrs. Phillips, seconded by Rev. Carter, the Board unanimously approved the following resolution:

RESOLVED, by the Board of Trustees, THAT the furniture bids from Beckley-Cardy, Inc. and Story-Wright in the amount of \$3,591.00 be

accepted and approved as submitted:

<u>60 Stacking Chairs</u>	
Beckley-Cardy, Inc., Lufkin, Texas -	\$2,416.40
<u>10 Folding Chairs</u>	
Story-Wright, Lufkin, Texas -	\$ 524.60
<u>2 Conference Tables</u>	
Story-Wright, Lufkin, Texas -	<u>650.00</u>
TOTAL -	\$3,591.00;

THAT the Executive Director be authorized to sign and issue the purchase orders; and THAT copies of all bids be maintained on file in the office of Business Services.

Part 2: Consideration of Furniture Purchases for Central Administration Facility: On a motion by Mrs. Phillips, seconded by Judge English, the Board unanimously approved the following resolution:

RESOLVED, by the Board of Trustees, THAT the furniture bid from Bayou Brokerage Interiors in the amount of \$9,339.00 (plus freight charges) for remodeling of the Board Room at the Central Administration facility be accepted and approved as submitted; and THAT the Executive Director be authorized to sign and issue all paperwork associated with the purchases.

Program Committee - Mr. Ward R. Burke, Chairman

Consideration of Nominees to Professional Staff Organization:

On a motion by Mrs. Morgan, seconded by Mr. Burke, the Board unanimously approved the following resolution:

RESOLVED, by the Board of Trustees, THAT the applications for appointment to the Professional Staff Organization (PSO) by the individuals on the attached list be approved, and THAT the list be a part of the permanent Minutes of this meeting.

Consideration of Authorization to Participate in the Title XIX

ICF-MR Programs: On a motion by Mr. Burke, seconded by Mr. Dominey, the Board unanimously approved the following resolution:

RESOLVED, by the Board of Trustees, THAT the Board authorize the Executive Director to negotiate and sign Title XIX ICF-MR contracts

with the Texas Department of Human Services for the purpose of participating in the ICF-MR program; and THAT a copy of the Board of Trustees Resolution be attached to the permanent Minutes of this Board meeting.

Consideration of Revised Board Policy: On a motion by Mrs. Morgan, seconded by Mr. Burke, the Board unanimously approved the following resolution:

RESOLVED, by the Board of Trustees, THAT the Board Policy entitled, "Check Signing Policy" be revised; THAT each Board member receive a copy of the revised Policy; and THAT a copy of the revised Board Policy Manual be kept on file in the office of the Executive Director.

Personnel and Public Education Committee - Reverend Robert Carter, Chairman

Consideration of Creation of CSA II Position: The Board voted unanimously to table this item since the position is no longer needed.

Consideration of Creation of Houseparent I Position and Deletion of Part-Time Houseparent I Positions: On a motion by Dr. Speck, seconded by Rev. Carter, the Board unanimously approved the following resolution:

RESOLVED, by the Board of Trustees, THAT the two part-time Houseparent I positions at Peavy Switch Farm, #198 and #199, be deleted; THAT position #294, Houseparent I, full-time, be created; and THAT this be effective December 1, 1988.

Consideration of Creation of Registered Therapist Assistant II Position: On a motion by Mrs. Fuller, seconded by Rev. Carter, the Board unanimously approved the following resolution:

RESOLVED, by the Board of Trustees, THAT a Registered Therapist Assistant II position, #293, be added to the FY 1989 Personal Services Schedule effective December 1, 1988.

Consideration of Personnel Matters:

The meeting was called into Executive Session to consider personnel matters brought before the Board by the Executive Director according to Article 6252-17, Section 2(g) of the open Meetings Law. The Chairman excused guests from the meeting room at 5:58

P.M., stating that no Board action would be taken until the meeting was reopened.

Executive Session

Chairman Sturrock reopened the meeting to the public at 6:02 P.M. and stated that there were no items for Board consideration at this time.

INVITE COMMENTS FROM VISITORS: There were no comments from visitors at this time.

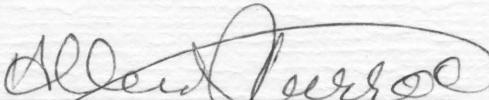
DESIGNATION OF DATE, TIME AND LOCATION OF NEXT BOARD MEETINGS:

The schedule for the Board Meetings for December and January was set as follows:

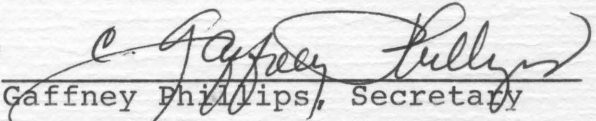
Tuesday, January 3, 1989 (December meeting)
Tuesday, January 31, 1989

Committee meetings will begin at 3:30 P.M. and the Board meeting will begin at 4:00 P.M. on January 3rd.

APPROVED:



Judge Allen Sturrock, Chairman



Gaffney Phillips, Secretary

DEEP EAST TEXAS REGIONAL MHMR SERVICES
REVENUE BY FUND
9/1/88 - 10/31/88

SOURCE	ANNUAL BUDGET	Y-T-D REVENUE	Y-T-D BAL REMAINING	Y-T-D OVER(UNDER)	MONTHLY BUDGET	OCTOBER REV ACPTS	OCTOBER REV PDV'BLE	OCTOBER REVENUE	OCTOBER OVER(UNDER)
ANGELINA COUNTY	29,286	0	29,286	(4,881)	2,441	0	0	0	(2,441)
HARDIN COUNTY	14,532	0	14,532	(2,422)	1,211	0	0	0	(1,211)
HOUSTON COUNTY	6,584	1,098	5,486	1	549	0	549	549	0
JASPER COUNTY	11,595	1,932	9,663	(1)	966	0	1,932	1,932	966
NACOGDOCHES COUNTY	17,963	0	17,963	(2,994)	1,497	0	0	0	(1,497)
NEWTON COUNTY	5,986	0	5,986	(998)	499	0	0	0	(499)
POLK COUNTY	9,846	0	9,846	(1,641)	821	0	0	0	(821)
SABINE COUNTY	2,838	0	2,838	(473)	237	0	0	0	(237)
SAN AUGUSTINE COUNTY	2,802	0	2,802	(467)	234	0	0	0	(234)
SAN JACINTO COUNTY	4,107	685	3,422	1	342	0	685	685	343
SHELBY COUNTY	6,400	0	6,400	(1,067)	533	0	0	0	(533)
TRINITY COUNTY	5,127	854	4,273	(1)	427	0	854	854	427
TYLER COUNTY	7,609	0	7,609	(1,268)	634	0	0	0	(634)
CLIENT FEES	1,123,058	175,556	947,502	(11,620)	93,588	9,407	124,983	134,390	40,802
SENATE BILL 230	5,000	4,035	965	3,202	417	0	4,035	4,035	3,618
COURT COMMITMENTS	32,000	2,940	29,060	(2,393)	2,667	810	0	810	(1,857)
PINEYWOODS ANNEX	130,000	0	130,000	(21,667)	10,833	0	0	0	(10,833)
FOUNDATION (FARM)	185,647	72,759	112,888	41,818	15,471	49,124	0	49,124	33,653
NACOGDOCHES ISD	13,480	2,750	10,730	503	1,123	27	1,375	1,402	279
DEBT PROCEEDS	0	0	0	0	0	0	0	0	0
WORKSHOP PRODUCTION	178,250	36,783	141,467	7,075	14,854	16,070	0	16,070	1,216
DONATIONS	970	2,334	(1,364)	2,172	81	223	0	223	142
INTEREST INCOME	34,285	9,311	24,974	3,577	2,857	5,801	0	5,801	2,944
MISCELLANEOUS	1,200	2,053	(853)	1,853	100	773	15	788	688
HARDIN REIMBURSEMENT	12,960	2,160	10,800	0	1,080	1,080	0	1,080	0
FARM INCOME	5,000	297	4,703	(536)	417	31	0	81	(236)
VOCATIONAL SERVICES	0	500	(500)	500	0	0	500	500	500
ICR-MR	618,283	105,140	513,143	2,093	51,524	(1,283)	57,925	56,642	5,118
TRC	57,524	3,625	53,899	(5,962)	4,794	135	1,343	1,478	(3,316)
STATE HIGHWAY DEPT.	594,998	83,965	511,033	(15,201)	49,583	147	37,374	37,521	(12,052)
PROTECTIVE SERVICES	15,825	1,912	13,913	(726)	1,319	48	1,044	1,092	(227)
PROTECTIVE SERVICES-IN HOME	142,174	16,939	125,235	(6,757)	11,848	939	8,000	8,939	(2,909)
HCS	485,852	70,633	415,219	(10,342)	40,488	7,473	36,997	44,470	3,982
GENERAL REVENUE	2,317,593	386,267	1,931,326	2	193,133	154,508	0	154,508	(38,625)
RAJ	1,007,685	191,968	815,717	24,021	83,974	51,968	70,000	121,968	37,994
LELSZ	1,332,423	213,600	1,118,823	(8,471)	111,035	106,600	0	106,600	(4,435)
TCADA	312,392	55,441	256,951	3,376	26,033	0	29,243	29,243	3,210
ECI, SENATE BILL 630	416,497	59,151	357,346	(10,265)	34,708	0	27,751	27,751	(6,957)
DHS - ADULT DAY CARE	33,242	5,296	27,946	(244)	2,770	0	3,259	3,259	489
DHS - CHILD DAY CARE	222,576	34,747	187,829	(2,349)	18,548	0	17,440	17,440	(1,108)
DHS - CHILDRENS HOUSE	0	0	0	0	0	0	0	0	0
SYETP	31,000	0	31,000	(5,167)	2,583	0	0	0	(2,583)
PROBATION DEPT.	3,000	0	3,000	(500)	250	0	0	0	(250)
JTPA	5,000	792	4,208	(41)	417	294	0	294	(123)
MENTAL HEALTH BLOCK GRANT	460,203	79,002	381,201	2,302	38,350	39,501	0	39,501	1,151
USDA	28,764	5,393	23,371	599	2,397	0	2,843	2,843	446
DHS - LIASON	140,000	26,283	113,717	2,950	11,667	0	13,267	13,267	1,600
CHAPTER I	31,164	1,469	29,695	(3,725)	2,597	1,266	0	1,266	(1,331)
CHAPTER I CARRYOVER	34,964	5,739	29,225	(80)	2,914	2,338	0	2,338	(576)
TOTAL	10,137,684	1,663,409	8,474,275	(26,202)	844,811	447,330	441,414	882,744	42,933

DEEP EAST TEXAS REGIONAL MHMR SERVICES
EXPENDITURES BY COST CATEGORY
9/1/83 - 10/31/83

EXPENSE CATEGORY	ANNUAL BUDGET	Y-T-D EXP & ENC	Y-T-D BAL REMAINING	Y-T-D OVER(UNDER)	MONTHLY BUDGET	OCTOBER EXP & ENC	OCTOBER OVER(UNDER)
SALARIES	5,311,140	843,205	4,467,935	(41,995)	442,595	421,465	(21,130)
MERIT, LONGEVITY, BONUS, ETC.	74,709	0	74,709	(12,452)	6,225	0	(6,225)
FRINGE BENEFITS	803,593	163,502	640,091	29,570	56,966	52,548	15,582
CONSULTANTS & PROFESSIONALS	77,993	15,198	62,795	2,199	6,499	12,862	6,363
TRAVEL	170,098	37,372	132,726	9,022	14,175	18,509	4,334
DRUGS	29,250	4,575	24,675	(300)	2,438	2,327	(111)
FOOD	193,400	22,350	171,050	(9,883)	16,117	12,170	(3,947)
SUPPLIES	224,213	45,279	178,934	7,910	18,684	21,457	2,773
FARM OPERATION SUPPLIES	7,000	46	6,954	(1,121)	583	46	(537)
DEBT PRINCIPAL RETIREMENT	98,246	14,259	83,987	(2,115)	8,187	7,165	(1,022)
EQUIPMENT & FURNITURE	83,696	14,833	68,863	884	6,975	2,304	(4,171)
EQUIPMENT & FURNITURE RENTAL	50,553	5,069	45,484	(3,357)	4,213	2,044	(2,169)
EQUIP/FURN REPAIRS/MAINT	27,380	5,768	21,592	1,225	2,292	2,185	(97)
BUILDING RENT	287,033	40,457	246,576	(7,382)	23,919	21,305	(2,614)
BLDG REMODELING/RENOVATION	29,770	1,523	28,247	(3,439)	2,481	1,523	(958)
BLDG REPAIR & MAINTENANCE	40,800	8,912	31,888	2,112	3,400	4,241	841
VEHICLE PURCHASED	3,600	0	3,600	(600)	300	0	(300)
VEHICLE LEASE	4,920	820	4,100	0	410	410	0
VEHICLE OPERATION/MAINT	129,375	20,328	109,047	(1,235)	10,781	11,325	604
CONTRACTS W/SERVICE AGENCIES	989,631	129,292	860,339	(35,647)	82,469	85,087	2,618
POSTAGE	21,353	4,790	16,563	1,231	1,779	2,534	755
LAB EXPENSE	4,700	936	3,764	153	392	330	(62)
TELEPHONE	133,805	20,830	112,975	(1,471)	11,150	9,443	(1,707)
ANNUAL AUDIT	9,400	1,650	7,750	83	793	825	42
INSURANCE	173,000	13,350	159,650	(15,483)	14,417	(831)	(14,648)
CLIENT WAGES/FRINGE	426,690	63,859	362,831	(7,256)	35,558	26,932	(8,626)
UTILITIES	193,022	29,204	163,818	(2,966)	16,085	14,372	(1,713)
EMOLUMENT	2,100	350	1,750	0	175	175	0
MISCELLANEOUS	89,035	40,591	48,444	25,752	7,420	19,939	12,519
SSI BENEFITS - FOSTER PARENTS	26,700	2,650	24,050	(1,300)	2,225	1,325	(900)
SS BENEFITS - FOSTER PARENTS	23,700	3,868	19,832	(82)	1,975	1,924	(41)
RR BENEFITS - FOSTER PARENTS	3,600	600	3,000	0	300	300	0
FOSTER CARE SUPPLEMENT	0	682	(682)	682	0	341	341
INTEREST EXPENSE	12,423	4,413	8,010	2,343	1,035	2,057	1,022
COURT COMMITMENT EXPENSE	32,000	3,375	28,625	(1,958)	2,667	1,245	(1,422)
CLIENT ACTIVITY	10,920	924	9,996	(896)	910	890	(20)
MARKETING	43,000	1,790	41,210	(5,377)	3,583	1,250	(2,333)
CONSTRUCTION EXPENSE	2,000	0	2,000	(333)	167	0	(167)
CAPITAL BUILDING EXPENSE	130,000	42,781	87,219	21,114	10,833	13,534	2,701
MC CONTINGENCY - PRIOR YEARS	131,742	36,396	95,346	14,439	10,979	18,193	7,220
MC CONTINGENCY - 1989	32,094	0	32,094	(5,349)	2,675	0	(2,675)
MC CONTINGENCY - INT INCOME	0	2,328	(2,328)	2,328	0	2,216	2,216
TOTAL	10,137,684	1,648,175	8,489,509	(41,440)	844,807	827,142	(17,665)

DEEP EAST TEXAS REGIONAL MHMR SERVICES
EXPENDITURES BY PROGRAM
9/1/88 - 10/31/88

EXPENSE CATEGORY	ANNUAL BUDGET	Y-T-D EXP & ENC	Y-T-D BAL REMAINING	Y-T-D OVER(UNDER)	MONTHLY BUDGET	OCT EXP & ENC	OCT OVER(UNDER)
RESIDENTIAL - MH	2,501,715	425,186	2,076,529	8,234	208,476	233,053	24,577
CLIENT & FAMILY SUPPORT - MH	1,376,805	238,530	1,138,275	9,063	114,734	131,120	16,386
CASE MANAGEMENT - MH	308,872	49,968	258,904	(1,511)	25,739	24,253	(1,486)
MANAGEMENT & SUPPORT - MH	561,891	89,291	472,600	(4,358)	46,824	25,684	(21,140)
RESIDENTIAL - MR	1,583,525	247,212	1,336,313	(16,709)	131,960	123,174	(8,786)
CLIENT & FAMILY SUPPORT - MR	3,146,665	499,450	2,647,215	(24,995)	262,222	246,505	(15,717)
CASE MANAGEMENT - MR	96,320	12,411	83,909	(3,642)	8,027	5,453	(2,574)
MANAGEMENT & SUPPORT - MR	561,891	86,127	475,764	(7,522)	46,824	37,900	(8,924)
TOTAL	10,137,684	1,648,175	8,489,509	(41,440)	844,807	827,142	(17,665)

DEEP EAST TEXAS REGIONAL MHMR SERVICES
SUMMARY OF REVENUE AND EXPENDITURES
AS OF OCTOBER 31, 1988

	OCTOBER	Y-T-D
REVENUE	988,744	1,653,409
EXPENDITURES & ENCUMBRANCES	(827,142)	(1,648,175)
DIFFERENCE	61,602	15,234

ANALYSIS OF PREPAID REVENUE:

LEL92	136,523
TEMPLE FOUNDATION GRANT	735,900
GENERAL REVENUE	309,011
PINEYWOODS ANNEX	129,500
PATIENT FUNDS	320
RETIREMENT FUNDS	35,711
CHAPTER I	6,797
CHAPTER I, CARRYOVER	3,027
TOTAL PREPAID REVENUE	1,356,789

ANALYSIS OF RESTRICTED INTEREST INCOME:

RESERVE OPERATING FUND	103
PENSION	151
BUILDING FUND	11
MEDICARE CONTINGENCY CD'S	2,328
TOTAL RESTRICTED INTEREST INCOME	2,603

DEEP EAST TEXAS REGIONAL MHMR SERVICES
BALANCE SHEET
OCTOBER 31, 1988

	GENERAL OPERATING FND	GENERAL FIXED ASSETS	TOTAL
ASSETS:			
Unrestricted Cash-General	379,230		
Restricted Cash:			
Employee Medical Plan	189		
Trust Funds - Clients	6,849		
Chapter I	10,462		
Pension Funds	62,936		
Payroll	112		
Lelsz	153,812		
Hardin Building Fund	8,493		
Foundation Grant	719,445		
Reserve Operating Funds	214,154		
Pineywoods Annex	132,163		
Medicare Contingency	317,291	1,625,906	
Total Cash in Bank	2,005,136		2,005,136
Petty Cash	300		300
Change Fund	290		290
Accts Receivable-Client Fees	789,227		
Less: Allowance for Uncollectible Accounts	(242,418)		546,809
Accounts Receivable - Other	579,731		579,731
Accts Rec/Internal Advances	137,725		137,725
Prepaid Expenses	86,696		86,696
Supply Inventory	105,228		105,228
Amount to be Provided under:			
Long Term Agreements	293,632		293,632
Accrued Vacation	196,293		196,293
General Fixed Assets (at Cost):			
Equipment & Furniture		649,171	649,171
Vehicles		659,062	659,062
Building		1,816,283	1,816,283
Land		82,315	82,315
TOTAL ASSETS	3,951,840	3,206,831	7,158,671
LIABILITIES & FUND EQUITY			
Liabilities:			
Accounts Payable/Internal Advance	137,725		137,725
Accounts Payable	349,332		349,332
Employee Insurance Payable	135		135
Retirement Payable	59,872		59,872
Miscellaneous Payroll Deductions	112		112
Sales Tax Payable	774		774
Cafeteria Plan Payable	(24)		(24)
Prepaid Revenue	1,356,789		1,356,789
Obligation under:			
Long-Term Agreements	293,632		293,632
Accrued Vacation	196,293		196,293
Trust Fund Payable	6,849		6,849
MC Contingency Fund	380,222		380,222
Total Liabilities	2,781,711	0	2,781,711
Fund Equity:			
Investment in Fixed Assets		3,206,831	3,206,831
Fund Balances:			
Reserved for Hardin Building	8,229		8,229
Reserved for Encumbrances	89,757		89,757
Unreserved	1,072,143		1,072,143
Total Fund Equity	1,170,129	3,206,831	4,376,960
TOTAL LIABILITIES & FUND EQUITY	3,951,840	3,206,831	7,158,671

DEEP EAST TEXAS REGIONAL MMR SERVICES
FINANCIAL DEPOSITORIES
OCTOBER 31, 1988

DEPOSITORY	NAME OF ACCOUNT	TYPE OF ACCOUNT	BALANCE OF ACCOUNT	FDIC/ FSLIC MAX.	SECURITIES PLEDGED
NCNB Texas National:	General Funds	MM Checking	254,400		
	Payroll	MM Checking	112		
	Employee Medical Plan	MM Checking	189		
	Foundation	MM Checking	185,612		
	Pineywoods Annex	MM Checking	1,006		
	Clients' Trust Fund	MM Checking	6,849		
	General Holding Acct	MM Savings	124,830		
	Reserve Operating	2 CD's	77,608		
	Medicare Contingency	1 CD	18,198	200,000	1,100,000
Total for NCNB Texas National			668,804	200,000	1,100,000
Lovelady State Bank:	Chapter I	Checking	10,462		
	Pension	MM Checking	62,936	100,000	0
Total for Lovelady State Bank			73,398	100,000	0
Diboll State Bank:	Lelsz	MM Checking	153,812		
	Medicare Contingency	1 CD	77,250		
	Reserve Operating	2 CD's	75,835	100,000	800,000
Total for Diboll State Bank			306,897	100,000	800,000
Lufkin Regional FCU:	Reserve Operating	4 CD'S	60,711		
	Medicare Contingency	1 CD	18,778	100,000	0
Total for Lufkin Regional FCU			79,509	100,000	0
Angelina National Bank	Medicare Contingency	1 CD	100,000	100,000	0
First City National, Lufkin	Medicare Contingency	2 CD's	56,319	100,000	0
First National Bank, Newton	Medicare Contingency	1 CD	19,155	100,000	0
Peoples National Bank	Pineywoods Annex	1 CD	77,157	100,000	0
First National Bank, Silsbee	Hardin Building Fund	1 CD	9,493	100,000	0
Lufkin Federal Savings & Loan	Pineywoods Annex	1 CD	54,000		
	Medicare Contingency	1 CD	27,571	100,000	0
Total for Lufkin Federal S & L			81,571	100,000	0
United States Government	Foundation	Treasury Bills	533,833	0	533,833
Total of All Cash in Bank			2,003,136	1,100,000	2,435,833

DEEP EAST TEXAS REGIONAL MWMR SERVICES
STATEMENT OF CHANGES IN UNRESTRICTED FUND BALANCE AND FIXED ASSETS
AS OF OCTOBER 31, 1988

	GENERAL OPERATING FUND	GENERAL FIXED ASSETS	TOTAL
BALANCE - 9/30/88	1,010,541	3,187,850	4,200,391
REVENUE	888,744		888,744
EXPENDITURES	(827,142)		(827,142)
ADDITIONS TO FIXED ASSETS		16,981	16,981
DELETIONS TO FIXED ASSETS		0	0
BALANCE - 10/31/88	1,072,143	3,206,831	4,278,974

ANALYSIS OF ACCOUNTS RECEIVABLE/ACCOUNTS PAYABLE - INTERNAL ADVANCES

GENERAL OWES MEDICARE CONTINGENCY FUND	68,725
GENERAL OWES FOUNDATION	75,000
BALANCE @ 10/31/88	137,725

NOMINEES TO PROFESSIONAL STAFF ORGANIZATION
ADOPTED AT THE NOVEMBER 22, 1988 BOARD MEETING

- 1) Barbara Seiser, R.N., Service Director,
Fries House, Nursing Services
- 2) Glen Jordan, M.S., Service Director, Tyler
County MHMR Center, Psychology Services
- 3) Linda Harris, M.S.W., Social Worker, Family
Support Services, Social Worker Services
- 4) Gail Patterson, B.A., Speech Pathologist,
Cornerstone-North, Rehabilitation Services
- 5) Marsha Brown-Ford, M.Ed., Program Director,
Family Support and Residential Services,
Education Services
- 6) Kim Davis, B.S., Director-Case Management
Services, Case Management Services
- 7) Paul Jackson, M.Ed., Service Director, Peavy
Switch Farm, Substance Abuse Services
- 8) Susan Rushing, M.S., Division Director,
Mental Retardation Services, Supervisor/
Department Head
- 9) Marilyn Hankla, B.S., Service Director,
Cornerstone-North, Parent Advisor
- 10) George Patterson, M.A., Division Director,
Quality Assurance Division

Texas Department
of Human Resources

Form 2031
July 1984

CORPORATE BOARD OF DIRECTORS RESOLUTION

STATE OF TEXAS

COUNTY OF ANGELINA

On the 22nd day of November, 19 88, at a meeting of the
Board of Directors of Deep East Texas Regional MHMR Services, a Corporation, held in the
City of Lufkin, Angelina County,
Texas

with a quorum of the Directors present, the following business was conducted:

It was duly moved and seconded that the following Resolution be adopted:

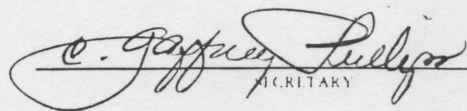
BE IT RESOLVED that the Board of Directors of the above corporation do hereby authorize

Jim McDermott, Ph.D., Executive Director

and his successors in office to negotiate, on terms and conditions that he may deem advisable, a contract or contracts with the Texas Department of Human Resources, and to execute the contract or contracts on behalf of the Corporation, and further we do hereby give him the power and authority to do all things necessary to implement, maintain, amend, or renew the contract.

The above resolution was passed by a majority of those present and voting in accordance with the Bylaws and Articles of Incorporation.

I certify that the above and foregoing constitutes a true and correct copy of a part of the minutes of a
meeting of the Board of Directors of Deep East Texas Regional MHMR Services
held on the 22nd day of November, 19 88.


SECRETARY

Subscribed and sworn before me, _____, a Notary Public for the
County of _____, on the _____ day of _____,
19 ____.

Notary Public
Notary Public, County of _____
State of _____

Texas Department
of Human Resources

Form 2031
July 1984

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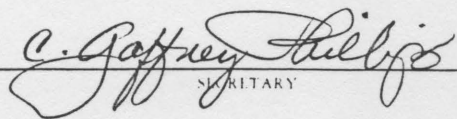
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meeting of the Board of Directors of Deep East Texas Regional MHMR Services
held on the 22nd day of November, 1988.


SECRETARY

Subscribed and sworn before me, _____, a Notary Public for the
County of _____, on the _____ day of _____,
19____.

Notary Public
Notary Public, County of _____
State of _____

ANALYSIS OF ESTIMATED MEDICARE OVER-PAYMENTS

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>TOTAL</u>
Refunded after submission of Cost Report	105,746	62,725	0	168,471
Calculated Payment Due Based on Gross Charges	<u>58,907</u>	<u>118,279</u>	<u>63,797</u>	<u>240,983</u>
TOTALS	<u>164,653</u>	<u>181,004</u>	<u>63,797</u>	<u>409,454</u>
Funds on Hand @ 11/30/88				<u>336,958</u>
Shortfall				<u>72,496</u>

IV. EXECUTIVE DIRECTOR'S REPORT

1. Wayne Haglund will discuss with the Board problems that have arisen with regard to title insurance for the old Wilson McKewen building.
2. Accounting staff are in the process of completing the FY 1988 Cost Report for Medicare at Pineywoods Regional Treatment Center. Once the report is finished, the amount of money owed Medicare for FY 1988 will be sent in with the report. It is staff's intention at that time also to inform Medicare that we believe a mistake has been made in the FY 1986 and 1987 Cost Reports and wait for their response to that letter. Although we do not now know the total amount that could be owed to Medicare, it is our feeling that we do not have substantial funds on hand to pay back the full amount at the present time.
3. When we dropped our liability insurance program with St. Paul and began participating in the Texas Council Risk Management Insurance Fund, it was with the understanding that we did not need to purchase tail-end insurance based on communication we had received from the insurance company. It would have cost about \$60,000 to purchase tail-end insurance from St. Paul.

It now turns out that the Texas Council policy does not provide tail-end insurance as a result of some last minute policy made by the Board in September. I have discussed this problem in detail with the Texas Council and their attorney, as well as representatives from the Insurance Fund. The Board of the insurance company discussed our complaint in some detail at their last regular meeting and have not agreed to provide us with tail-end insurance free of charge, but have agreed to set up a special fund that our Center, as well as other MHMR centers, can borrow from if we are sued for acts that occurred prior to the Texas Council Risk Management Insurance Fund assuming responsibility. We would have to pay the money back over a mutually agreed upon period of time. I am not completely satisfied with this arrangement, but I also don't feel that we should purchase \$60,000 of tail-end insurance, nor do I recommend that we bring suit against the Texas Council Risk Management Insurance Fund since it is new and such a lawsuit would have a negative effect not only on our Center, but on all other centers in the state.

4. Judge Sturrock, Bobbie Morgan, Sandy Skelton, Susan Rushing, and I visited the Newton County Commissioners Court on Monday, November 14th. The Commissioners Court was very interested in what we had to say and had several good questions. The ASC will make its next presentation on Monday, November 28th to the Houston County Commissioners Court at 10:00 A.M. In December, we will make a presentation before the Jasper County Commissioners Court on Monday, December 12th at 10:00 A.M.
5. The first three Volunteer Banquets in Center, Jasper, and Lufkin went very well. The last Volunteer Banquet will be held on Friday, December 2nd at 12:00 Noon at the Wooden Nickel Restaurant in Crockett for Houston, Polk, Trinity, and San Jacinto Counties.

Director, Business Services

- a. Local Match Report: Local match pledge letters for FY 1989 have been received from Houston, Jasper, San Jacinto, Newton, Sabine, Shelby, Tyler, and Trinity Counties. Only one county - Houston - has paid their pledge in full.

The Nacogdoches pledge letter reduced the amount pledged from \$17,963 to \$12,000. This was done without any prior discussion with a Board member or staff person by the County Judge. Nancy Speck and Jim McDermott met with Judge Dunn to discuss this problem, and will meet with the Nacogdoches County Commissioners Court on December 5th. It should be noted that MHMR employs 29 persons in five Nacogdoches programs, with a combined budget of \$804,808. These figures do not include administrative costs, nor any of the costs for Peavy Switch Farm or Pineywoods Regional Treatment Center. Nacogdoches County is the second heaviest user of those two programs.

- b. Cash flow continues to be an increasingly significant problem for the Center. It is doubtful that we will be able to make November payroll without borrowing from ourselves and/or on our line of credit with our local depository. One strategy to help reduce the cash flow problem implemented by the Executive Director is to inform our current vendors, as well as future vendors, that we experience cash flow problems from time to time and if they wish to do business with us, they must be tolerant of occasional late payments. Most of our large vendors understand and are willing to be patient. We feel that it is important that all vendors with whom we do business understand our circumstances. If they value our business, they must understand the necessity for periodic late payments.

A second approach is to continue to borrow from ourselves regularly or use our line of credit. My fear is the amount we regularly borrow from ourselves continues to grow. Currently, we owe ourselves \$75,000 and must borrow an additional undetermined amount to meet November payroll.

Director, Mental Health Services

- a. In early October, the staff were notified by the HUD office in Washington, D.C. that although our Transitional Housing Grant was not approved, the application was rated very high and we were encouraged to resubmit the application in late 1988. The HUD office personnel indicated that we would receive notification with regard to the new date for grant applications sometime in December, 1988. the HUD personnel were very encouraging and implied that our grant had a very good chance of being funded in the next cycle. If approved, the Center would receive 50% of the Lufkin Group Home operating annual budget for five consecutive years, and approximately \$100,000 to renovate the facility (former Wilson McKewen Treatment Center). The staff appreciates Congressman Charles Wilson's assistance in this process.
- b. The marketing of Peavy Switch Farm is going very well; we have increased referrals from industry. Marty and our marketing consultants have made presentations that have been very well received by Lufkin Industries, Temple Inland, Champion International, Sears, and the City of Lufkin. Last month we received our first actual payment from an insurance company in the amount of \$4,207.80.
- c. The recently-hired Director of the Nacogdoches and Shelby County MHMR programs, Bob Callen, has resigned to return to Pennsylvania for personal reasons. It was unfortunate to see Bob leave. He had already

made a positive impact, especially with the Shelby program.

Director, Mental Retardation Services

- a. The Kirbyville Open House was held Thursday, November 17th. Attendance was very good and Senator-elect Bill Haley delivered the keynote address.