MINUTES

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

MARCH 22, 1988

BOARD MEMBERS PRESENT:

Judge Allen Sturrock, Chairman
Mr. Ward R. Burke
Judge Charles English
Rev. Robert Carter
Mrs. Bobbie Morgan

BOARD MEMBERS ABSENT:

Mr. Dan D. Dominey, V. Chairman
Mr. Perry Sampson, Secretary
Rev. Ed Dodson, Treasurer
Nancy Speck, Ph.D.

OTHERS PRESENT:

Jim McDermott, Ph.D.	MHMR
Mr. Sandy Skelton	MHMR
Mrs. Susan Rushing	MHMR
Mr. George Patterson	MHMR
Mr. Larry Heaton	MHMR
Mr. Joe McCulley	MHMR
Mr. Lewis Williams	MHMR
Mrs. Sandy Vann	MHMR
Mrs. Sheryl Taylor	MHMR

The 184th 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, March 22, 1988 at 4:00 P.M.

INVOCATION: Reverend Robert Carter 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 in attendance.

APPROVAL OF MINUTES OF PREVIOUS BOARD MEETING: There being no additions or corrections to the Minutes of the February Board Meeting, on a motion by Mr. Burke, seconded by Judge English, the Board unanimously approved the Minutes of the February 23, 1988 Board Meeting.

EXECUTIVE DIRECTOR'S REPORT:

1. Linda Naff is sick with a viral infection and must follow her doctor's orders and stay home at least through March. Louis Williams is handling her duties. Judge Sturrock and Mr. Burke expressed the Board's concern for

Linda and their willingness to do anything they can for her.

2. The possibility of an earlier meeting time for our Board meetings was discussed. Reverend Carter and Judge Sturrock would like to meet earlier, but suggested we talk to other Board members before such a decision is made.

3. The Pineywoods Mental Health Board met today at 2:00 P.M. and agreed that they have fulfilled their function for MHMR and will deed the three properties to us and dissolve the corporation.

4. An application has been made to TCADA for a $70,000 EAP grant. The funds will be used to hire someone to work with industries in the thirteen counties to assist employees who have mental health/substance abuse problems that affect their job performance.

5. Update on IRS situation: Louis commented that we received a second letter from the IRS stating we probably do not owe a penalty. For the time being, we will just wait and see if we receive a third letter.

6. The contract has been signed with Southeast Texas MHMR and the transition has been made for them to provide mental health services.

7. Call on Directors for reports:

<u>Director of Accounting</u>:

a. Local Match Report: Louis reported that we have received only 28% of FY 1988 pledge funds, but we have received pledge letters from each county.

<u>Director, Residential Services</u>:

a. Report on Joint Conference Committee: The committee met two weeks ago and discussed the resignations of the Service Director and the Psychologist at Pineywoods Regional Treatment Center. Sandy reported that Joe McCulley is acting as the interim service director of the facility. Medicare has come and gone and we received a great Medicare survey.

b. Peavy Switch Report: TCADA did a survey last week and said everything was excellent and there will be no problems licensing the facility by May 1st. TDMHMR called and asked to use the substance abuse plan as a model for the rest of the state. We expect to receive possession of the building by the first week in April, and furniture is arriving later in the month. Judges training will be held May 10th, and the program opens May 11th. The invitation list to the open house by county is not ready, but will be mailed to the Board soon for their review and comments.

Director, Mental Retardation Services:

a. Creative Living (formerly Goodman-Wade), a private ICF provider, wants to open three six-bed Level VI homes for mentally retarded individuals. Our clients from the Lufkin State School would be placed in these homes. We would receive $55.60 for each client we take out, and from this amount we would supplement Creative Living's ICF dollars by $32.00. The $23.60 remaining would be used to expand our Basic Skills program. At the present time, however, investigations are taking place of facilities who receive both ICF and Medicaid funds, so the development of this agreement will be delayed until an opinion is made by the Attorney General.

b. Family Support Lease: Due to the rapid expansion of the Basic Skills program, the building on Old Mill Road needs to be converted to classrooms for the large number of clients served in that program. Therefore, we are searching for office space for the D & E Team and ten staff members.

c. Update on Kirbyville Building Project: Plans originally had been to have the Kirbyville Building Trades high school class do the renovations of the facility. However, the school has no liability insurance on the students, and our attorney says we would be liable for any injuries to the students. The Board would like us to work it out with the school if at all possible. Reverend Carter told Susan to call his office for the name of an insurance company used by his church for temporary liability coverage, but Susan will also get specs prepared in case it becomes necessary to bid the renovations.

Director, Special Services:

a. The new Angelina MHMR building is about one-third completed, and will match Central Administration's design. However, there is a parking problem. The cost to add 17 additional parking spaces in the back ranges from $55,000-$60,000, and to add the additional spaces in the front ranges from $22,000-$25,000.

It was suggested that bids be obtained for both concrete and asphalt.

Public Information Officer:

a. May is Mental Health Month. A press release will be prepared, and public service announcements will be aired on TV. Sheryl will ask mayors and county judges to sign proclamations proclaiming May Mental Health Month.

COMMITTEE RECOMMENDATIONS FOR BOARD APPROVAL

Budget and Finance Committee - Rev. Ed Dodson, Chairman

Consideration of Treasurer's Report: On a motion by Judge English, seconded by Mr. Burke, 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 February, 1988 be approved as submitted; and THAT copies of each report be attached to the permanent Minutes of this Board meeting.

Consideration of Second Quarter Expenditure Report: On a motion by Judge English, seconded by Mr. Burke, the Board unanimously approved the following resolution:

> RESOLVED, by the Board of Trustees, THAT the Board approve the Second Quarter Financial and Performance Report for FY 1988; THAT the Board Chairman be authorized to sign the Transmittal Form; THAT the report be submitted to TDMHMR; and THAT a copy be maintained in the office of Business Services.

Consideration of Fiscal Audit Compliance Report: The Board heard a Compliance Report from the Executive Director concerning the Fiscal Auditors' recommendations.

Consideration of Disposition of Delinquent Accounts Receivable: On a motion by Judge English, seconded by Mr. Burke, the Board unanimously approved the following resolution:

> RESOLVED, by the Board of Trustees, THAT the client accounts which have been inactive for

at least six months be written off as uncollectible accounts receivable, and THAT a copy of these accounts be maintained on file in the office of Business Services.

Consideration of Computer System Upgrade: On a motion by Judge English, seconded by Mr. Burke, the Board unanimously approved the following resolution:

RESOLVED, by the Board of Trustees, THAT the Board authorize the upgrade of the Center's System 36 central processing unit and memory from a one megabyte B24 to a three megabyte D24 at a cost not to exceed $8,000; THAT the Executive Director be authorized to sign and issue a purchase order for this upgrade; and THAT a copy of the Purchase Order be maintained by Business Services.

Consideration of Financing Angelina MHMR Center Building Project: The Board voted unanimously to table this item based on the recommendation of the Center's attorney (see attached letter).

Program Committee - Mr. Ward R. Burke, Chairman

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

RESOLVED, by the Board of Trustees, THAT the proposed Board Policy on Client Fees be approved as submitted, THAT each Board member receive a copy of the updated Policy, and THAT a copy of the revised Board Policy Manual be kept on file in the office of the Executive Director.

Consideration of Nominees to Professional Staff Organization: On a motion by Mr. Burke, seconded by Mrs. Morgan, the Board unanimously approved the following resolution:

RESOLVED, by the Board of Trustees, THAT Raghuveer M. Reddy, M.D., and T. Spencer Kent, M.D., be approved for reappointment to the Professional Staff of the Pineywoods Regional Treatment Center; and THAT a list of professional staff members be kept on file in the office of the Executive Director.

Consideration of Proposed Alternate Living Units for HCS: On a motion by Mrs. Morgan, seconded by Rev. Carter, the Board unanimously approved the following resolution:

> RESOLVED, by the Board of Trustees, THAT the Executive Director be authorized to proceed with plans to implement two Alternate Living Units under the Home and Community Services Program; THAT copies of the plan be maintained on file in the Mental Retardation Services office; and THAT Houseparent I positions 283, 284, 285, 286, 287, and 288 be added to the FY 1988 Personal Services Schedule effective April 1, 1988.

<u>Personnel and Public Education Committee</u> - Mr. Perry Sampson, Chairman

<u>Consideration of Proposed Revision to Employee Assistance Program</u>: On a motion by Rev. Carter, seconded by Mrs. Morgan, the Board unanimously approved the following resolution:

> RESOLVED, by the Board of Trustees, THAT the proposed revision to the Employee Assistance Program be approved as submitted; THAT the revised Plan be proceduralized and contained in the Center's Personnel Manual; and THAT a copy of the revised Plan be maintained in the office of Personnel, Training, and Development.

<u>Consideration of Revision of Health Insurance Benefits</u>: On a motion by Rev. Carter, seconded by Mr. Burke, the Board unanimously approved the following resolution:

> RESOLVED, by the Board of Trustees, THAT the benefits of the MHMR Employee Health Insurance Plan be revised as presented, and THAT a copy of the revised plan be maintained at Central Administration.

<u>Consideration of Community Service Aide I for Peavy Switch Farm</u>: On a motion by Rev. Carter, seconded by Mrs. Morgan, the Board unanimously approved the following resolution:

> RESOLVED, by the Board of Trustees, THAT position #289, Community Service Aide I, be added to the Personnel Services Schedule effective May 1, 1988.

<u>Consideration of Personnel Matters:</u>

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 5:46

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 6:05 P.M. and reported that there were no items for Board consideration at this time.

Dr. McDermott reviewed the Center's current operating budget. He reported that the Center is currently operating with a deficit due to the increased admissions to Rusk State Hospital and the fact that the Shelby Pre-release Program is not being utilized properly. In order to have beds at Pineywoods Regional Treatment Center, we must pre-release clients to the Shelby County Halfway House when a client is ready to be released from Rusk State Hospital, or when a client in the region needs a bed. Because this has not happened, we will not make the projected RAJ funds of $985,000, but only $850,000. Sandy proposed that the psychologist position at Pineywoods Regional Treatment Center not be filled at this time, and that several budget categories be reduced. These cuts will total $32,020.00. George discussed possible ways of reducing expenditures at the Shelby County Halfway House. He presented an option which would eliminate the Shelby Pre-release program; however, he indicated that this particular option was not being recommended at this time since Dr. Cleary has agreed to continue to use the Pre-release Program. The Board also agreed that we should not cut out the Pre-release Program, and asked that they be kept informed each month of the budget situation.

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 April and May was set as follows:

Tuesday, April 26, 1988
Tuesday, May 24, 1988

Committee meetings will begin at 5:00 P.M. and the Board meeting will begin at 5:30 P.M. on April 26th.

APPROVED:

Allen Sturrock
Judge Allen Sturrock, Chairman

Perry Sampson
Mr. Perry Sampson, Secretary

DEEP EAST TEXAS REGIONAL MHMR SERVICES
REVENUE BY FUND
9/1/87 - 2/29/88

SOURCE	ANNUAL BUDGET	Y-T-D REVENUE	Y-T-D BAL REMAINING	Y-T-D OVER(UNDER)	MONTHLY BUDGET	FEBRUARY REV RCPTS	FEBRUARY REV RCV'BLE	REVENUE FOR MONTH	FEBRUARY OVER(UNDER)
COURT COMMITMENT INCOME	30,000	14,655	15,345	(345)	2,500	210	0	210	(2,290)
ANGELINA COUNTY	29,286	14,643	14,643	0	2,441	0	2,441	2,441	1
HARDIN COUNTY	14,532	7,266	7,266	0	1,211	0	1,211	1,211	0
HOUSTON COUNTY	6,584	3,292	3,292	0	549	0	549	549	0
JASPER COUNTY	11,595	5,797	5,798	(1)	966	0	966	966	(0)
NACOGDOCHES COUNTY	17,963	8,981	8,982	0	1,497	(1)	1,497	1,496	(1)
NEWTON COUNTY	5,986	2,993	2,993	0	499	499	0	499	0
POLK COUNTY	9,846	4,923	4,923	0	821	(1)	821	820	(1)
SABINE COUNTY	2,838	1,419	1,419	0	237	237	0	237	1
SAN AUGUSTINE COUNTY	2,802	1,401	1,401	0	234	234	0	234	1
SAN JACINTO COUNTY	4,107	2,053	2,054	(1)	342	0	342	342	(0)
SHELBY COUNTY	6,400	3,200	3,200	0	533	533	0	533	(0)
TRINITY COUNTY	5,127	2,563	2,564	(1)	427	0	427	427	(0)
TYLER COUNTY	7,609	3,804	3,805	0	634	634	0	634	(0)
TEMPLE GRANT	79,213	0	79,213	(39,607)	6,601	0	0	0	(6,601)
FOUNDATION GRANT	1,056,923	109,615	947,308	(418,847)	88,077	(309,160)	0	(309,160)	(397,237)
FOUNDATION GRANT-CONSTRUCTION	0	483,704	(483,704)	483,704	0	483,704	0	483,704	483,704
PINEYWOODS ANNEX	0	225,000	(225,000)	225,000	0	0	0	0	0
CLIENT FEES	882,352	436,966	445,386	(4,210)	73,529	618	48,155	48,773	(24,756)
DHS PROTECTIVE SERVICES	113,500	56,035	57,465	(715)	9,458	533	8,650	9,183	(275)
SS BENEFIT REVENUE	0	2,029	(2,029)	2,029	0	2,029	0	2,029	2,029
SSI BENEFIT REVENUE	0	3,281	(3,281)	3,281	0	2,843	0	2,843	2,843
FARM INCOME	3,000	0	3,000	(1,500)	250	0	0	0	(250)
RAILROAD RETIREMENT	0	375	(375)	375	0	375	0	375	375
SENATE BILL 230	85,000	49,000	36,000	6,500	7,083	0	8,250	8,250	1,167
TEXAS REHABILITATION REVENUE	55,000	15,128	39,872	(12,372)	4,583	1,836	2,586	4,422	(161)
ICF-MR REVENUE	518,093	273,951	244,142	14,905	43,174	227	46,329	46,556	3,382
WOODVILLE ISD	0	2,000	(2,000)	2,000	0	0	500	500	500
HCS REVENUE	308,218	97,299	210,919	(56,810)	25,685	2,302	15,000	17,302	(8,383)
STATE DEPT OF HWGS & TRANSP.	528,000	254,631	273,369	(9,369)	44,000	4,563	39,654	44,217	217
INSURANCE REVENUE	0	8	(8)	8	0	0	0	0	0
WORKSHOP PRODUCTION	168,100	58,467	109,633	(25,583)	14,008	(450)	7,601	7,151	(6,857)
CLIENTS' MEAL REVENUE	0	166	(166)	166	0	67	0	67	67
DONATIONS	10,000	2,751	7,249	(2,249)	833	297	0	297	(536)
INTEREST INCOME	25,000	88,225	(63,225)	75,725	2,083	8,833	0	8,833	6,750
MISCELLANEOUS	93,480	48,287	45,193	1,547	7,790	3,526	1,625	5,151	(2,639)
DHS-USDA-KIRBYVILLE	0	646	(646)	646	0	283	0	283	283
NEWTON ISD-PSYCHOLOGIST-JASPER	0	2,700	(2,700)	2,700	0	0	0	0	0
NEWTON ISD-PHYSICAL THERAPY	0	799	(799)	799	0	531	0	531	531
RUSK STATE HOSPITAL	127,669	63,662	64,007	(173)	10,639	0	10,144	10,144	(495)
SENATE BILL 630	302,092	152,905	149,187	1,859	25,174	1	26,281	26,282	1,108
GRANT-IN-AID	1,902,710	951,356	951,354	1	158,559	158,560	0	158,560	1
DHS-ADULT DAY CARE	25,687	11,087	14,600	(1,757)	2,141	(1)	1,766	1,765	(376)
DHS-CHILD DAY CARE	166,369	63,827	102,542	(19,358)	13,864	17	11,499	11,516	(2,348)
RAJ FUNDS	850,000	362,029	487,971	(62,971)	70,833	17,014	65,000	82,014	11,181
LELSZ FUNDS	1,134,129	499,854	634,275	(67,211)	94,511	81,581	0	81,581	(12,930)
MENTAL HEALTH BLOCK GRANT	460,203	230,104	230,099	3	38,350	38,350	0	38,350	(0)
TCADA GRANT	312,000	48,523	263,477	(107,477)	26,000	1,241	0	1,241	(24,759)
PROBATION	8,000	0	8,000	(4,000)	667	0	0	0	(667)
S.Y.E.T.P.	12,000	0	12,000	(6,000)	1,000	0	0	0	(1,000)
J.T.P.A.	5,000	0	5,000	(2,500)	417	0	0	0	(417)
DHS LIASON REVENUE	115,600	63,766	51,834	5,966	9,633	0	12,671	12,671	3,038
USDA	26,923	12,022	14,901	(1,440)	2,244	2,329	0	2,329	85
CHAPTER I	35,693	11,750	23,943	(6,097)	2,974	212	1,963	2,175	(799)
CHAPTER I CARRYOVER	27,834	13,189	14,645	(723)	2,320	1,444	558	2,002	(318)
TOTAL	9,592,463	4,772,127	4,820,336	(24,108)	799,372	506,050	316,486	822,536	23,164

Attachment to Item IV-A-1
3/22/88

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DEEP EAST TEXAS REGIONAL MHMR SERVICES
EXPENDITURES BY COST CATEGORY
9/1/87 - 2/29/88

EXPENSE CATEGORY	ANNUAL BUDGET	Y-T-D EXP & ENC	Y-T-D BAL REMAINING	Y-T-D OVER(UNDER)	MONTHLY BUDGET	FEBRUARY EXPENDED	FEBRUARY ENCUMBERED	TOTAL FOR MONTH	FEBRUARY OVER(UNDER)
SALARIES	4,542,433	2,217,438	2,324,995	(53,779)	378,536	370,195	0	370,195	(8,341)
FRINGE BENEFITS	646,195	334,050	312,145	10,953	53,850	54,385	3,937	58,322	4,472
CONSULTANTS & PROFESSIONALS	65,046	24,602	40,444	(7,921)	5,421	5,512	854	6,366	946
TRAVEL	128,008	66,607	61,401	2,603	10,667	13,569	0	13,569	2,902
DRUGS	34,063	18,591	15,472	1,560	2,839	2,557	0	2,557	(282)
FOOD	177,033	61,656	115,377	(26,861)	14,753	13,125	258	13,383	(1,370)
SUPPLIES	222,548	104,622	117,926	(6,652)	18,546	9,654	879	10,533	(8,013)
FARM OPERATION SUPPLIES	750	1,098	(348)	723	63	12	500	512	450
SUPPLY INVENTORY	0	12,681	(12,681)	12,681	0	4,554	1,887	6,441	6,441
EQUIPMENT & FURNITURE	156,310	43,311	112,999	(34,844)	13,026	6,168	165	6,333	(6,693)
EQUIPMENT/SUPPLY INVENTORY	0	0	0	0	0	0	0	0	0
EQUIPMENT & FURNITURE RENTAL	44,425	23,284	21,141	1,072	3,702	5,372	0	5,372	1,670
EQUIP/FURN REPAIRS/MAINT	24,682	12,187	12,495	(154)	2,057	1,499	0	1,499	(558)
BUILDING RENT	332,659	160,326	172,333	(6,004)	27,722	26,532	0	26,532	(1,190)
BLDG REMODELING/RENOVATION	16,353	6,891	9,462	(1,286)	1,363	(109)	0	(109)	(1,472)
BLDG REPAIR & MAINTENANCE	39,240	19,766	19,474	146	3,270	2,164	0	2,164	(1,106)
VEHICLE PURCHASED	86,740	53,491	33,249	10,121	7,228	4,706	0	4,706	(2,522)
VEHICLE LEASE	5,292	2,461	2,831	(185)	441	410	0	410	(31)
VEHICLE OPERATION/MAINTENANCE	120,000	56,381	63,619	(3,619)	10,000	9,065	0	9,065	(935)
CONTRACTS W/SERVICE AGENCIES	1,091,284	450,253	641,031	(95,389)	90,940	49,097	26,246	75,343	(15,597)
POSTAGE	18,861	9,503	9,358	73	1,572	2,040	0	2,040	468
FREIGHT COSTS	0	165	(165)	165	0	1	0	1	1
LAB EXPENSE	5,825	1,734	4,091	(1,179)	485	352	0	352	(133)
TELEPHONE	116,371	59,755	56,616	1,570	9,698	8,494	0	8,494	(1,204)
ANNUAL AUDIT	9,400	1,620	7,780	(3,080)	783	(3,100)	780	(2,320)	(3,103)
INSURANCE	145,035	60,582	84,453	(11,936)	12,086	9,553	0	9,553	(2,533)
CLIENT WAGES/FRINGE	443,370	185,407	257,963	(36,278)	36,948	28,279	0	28,279	(8,669)
UTILITIES	156,231	74,599	81,632	(3,517)	13,019	12,652	900	13,552	533
EMOLUMENT	2,100	1,050	1,050	0	175	175	0	175	0
MISCELLANEOUS	161,810	79,009	82,801	(1,896)	13,484	5,734	1,933	7,667	(5,817)
SSI - PERSONAL ALLOWANCE	0	275	(275)	275	0	275	0	275	275
SS - PERSONAL ALLOWANCE	0	225	(225)	225	0	225	0	225	225
SSI BENEFITS - FOSTER PARENTS	0	2,509	(2,509)	2,509	0	1,238	0	1,238	1,238
SS BENEFITS - FOSTER PARENTS	0	3,233	(3,233)	3,233	0	1,545	0	1,545	1,545
RR BENEFITS - FOSTER PARENTS	0	600	(600)	600	0	300	0	300	300
FOSTER CARE SUPPLEMENT	0	82	(82)	82	0	41	0	41	41
RR BENEFITS-PERSONAL ALLOWANCE	0	25	(25)	25	0	25	0	25	25
INTEREST EXPENSE	10,399	6,099	4,300	900	867	1,157	0	1,157	290
COURT COMMITMENT EXPENSE	33,000	14,268	18,732	(2,232)	2,750	0	0	0	(2,750)
CONSTRUCTION EXPENSE	75,700	230	75,470	(37,620)	6,308	0	0	0	(6,308)
CAPITAL BUILDING EXPENSE	681,300	708,474	(27,174)	367,824	56,775	139,784	0	139,784	83,009
MC CONTRACTUAL ADJ - 1987	0	25,716	(25,716)	25,716	0	8,572	0	8,572	8,572
MC CONTRACTUAL ADJ - 1988	0	28,878	(28,878)	28,878	0	9,626	0	9,626	9,626
MC CONTRACTUAL ADJ - INT INCOME	0	224	(224)	224	0	224	0	224	224
	9,592,463	4,933,958	4,658,505	137,726	799,372	805,659	38,339	843,998	44,626

	FEBRUARY	Y-T-D
TOTAL EXPENDITURES @ 2/29/88	843,998	4,933,958
LESS 1987 SURPLUS FUND EXPENDITURES:		
EMPLOYEE BONUS	0	93,617
VEHICLE PURCHASE - DOWN PAYMENT	0	5,000
FURNITURE PURCHASE	0	10,000
MC CONTRACTUAL ADJ - 1987	8,572	25,716
TOTAL EXPENDITURES FROM 1988 OPERATING BUDGET FUNDS	835,426	4,799,625

DEEP EAST TEXAS REGIONAL MHMR SERVICES
SUMMARY OF REVENUE AND EXPENDITURES
AS OF FEBRUARY 29, 1988

		FEBRUARY	Y-T-D
REVENUE		822,536	4,772,127
EXPENDITURES & ENCUMBRANCES		843,998	4,933,958
DIFFERENCE		(21,462)	(161,831)
EXCLUDING FY 1987 SURPLUS FUND EXPENDITURES:			
REVENUE		822,536	4,772,127
EXPENDITURES & ENCUMBRANCES EXCLUDING FY 1987 SURPLUS FUND EXPENDITURES		835,426	4,799,625
DIFFERENCE		(12,890)	(27,498)

STATUS OF FY 1987 SURPLUS FUNDS:		
TOTAL SURPLUS FUNDS	475,063	
TOTAL REVENUE RECEIVED	369,141	
TOTAL RECEIVABLE	105,922	
TOTAL AVAILABLE REVENUE:		
RECOGNIZED REVENUE:		4,772,127
ADD: PREPAID REVENUE-		
LELSZ	275,899	
TEMPLE GRANT	79,213	
TEMPLE FOUNDATION GRANT	1,137,289	
GRANT-IN-AID	208,212	
PINEYWOODS ANNEX	130,000	
PATIENT FUNDS	11,692	
CHAPTER I CARRYOVER	3,001	
TCADA	21,152	
TOTAL PREPAID REVENUE		1,866,458
MEDICARE CONTINGENCY		160,564
LESS: RESTRICTED INTEREST:		
RESERVE OPERATING FUND	5,810	
PENSION	1,580	
BUILDING FUND	16	
FOUNDATION FUND	48,544	
PINEYWOODS ANNEX FUND	8,770	
		(64,720)
TOTAL AVAILABLE REVENUE BEFORE EXPENDITURES		6,734,429
EXPENDITURES/ENCUMBRANCES		(4,933,958)
TOTAL AVAILABLE REVENUE		1,800,471
RESERVE OPERATING FUND		228,686
TOTAL AVAILABLE REVENUE		2,029,157

DEEP EAST TEXAS REGIONAL MHMR SERVICES
BALANCE SHEET
FEBRUARY 29, 1988

		GENERAL OPERATING FUND	GENERAL FIXED ASSETS	TOTAL
ASSETS:				
Unrestricted Cash-General		77,196		
Restricted Cash:				
Employee Medical Plan	98,858			
Trust Funds - Clients	4,717			
Chapter I	2,443			
Temple Grant-Inp Program	88,308			
Pension Funds	74,811			
Payroll	713			
Lelsz	267,143			
Hardin Building Fund	7,967			
Foundation Grant	1,179,240			
Reserve Operating Funds	228,686			
Annex	163,770			
Medicare Contingency	160,564	2,277,220		
Total Cash in Bank		2,354,416		2,354,416
Petty Cash		250		250
Change Fund		320		320
Accts Receivable-Client Fees	475,132			
Less: Allowance for Uncollectible Accounts	(146,093)	329,039		329,039
Accounts Receivable - Other		503,981		503,981
Accts Rec/Internal Advances		115,000		115,000
Prepaid Expenses		32,151		32,151
Amount to be Provided under:				
Capital Lease Agreements		49,618		49,618
Long Term Agreements		86,472		86,472
Accrued Vacation		173,774		173,774
General Fixed Assets (at Cost):				
Equipment & Furniture			558,814	558,814
Vehicles			607,268	607,268
Building			1,051,468	1,051,468
Land			63,940	63,940
TOTAL ASSETS		3,645,021	2,281,490	5,926,511
LIABILITIES & FUND EQUITY				
Liabilities:				
Accounts Payable/Internal Advance		115,000		115,000
Accounts Payable		163,930		163,930
Employee Insurance Payable		38,316		38,316
Retirement Payable		73,130		73,130
Miscellaneous Payroll Deductions		(232)		(232)
Sales Tax Payable		20		20
Prepaid Revenue		1,866,458		1,866,458
Obligation under:				
Capital Lease Agreements		49,618		49,618
Long-Term Agreements		86,472		86,472
Accrued Vacation		173,774		173,774
Trust Fund Payable		4,717		4,717
MC Contingency Fund		160,564		160,564
Total Liabilities		2,731,767	0	2,731,767
Fund Equity:				
Investment in Fixed Assets			2,281,490	2,281,490
Fund Balances:				
Reserved for Hardin Building		5,000		5,000
Reserved for Encumbrances		63,759		63,759
Unreserved		844,495		844,495
Total Fund Equity		913,254	2,281,490	3,194,744
TOTAL LIABILITIES & FUND EQUITY		3,645,021	2,281,490	5,926,511

Attachment to Item IV-A-1
3/22/88

DEEP EAST TEXAS REGIONAL MHMR SERVICES
FINANCIAL DEPOSITORIES
FEBRUARY 29, 1988

DEPOSITORY	NAME OF ACCOUNT	TYPE OF ACCOUNT	BALANCE OF ACCOUNT	FDIC/ FSLIC MAX.	SECURITIES PLEDGED
RepublicBank:	General Funds	MM Checking	68,524		
	Payroll	MM Checking	100		
	Employee Medical Plan	MM Checking	98,858		
	Foundation	MM Checking	213,418		
	Pineywoods Annex	MM Checking	9,770		
	Client's Trust Fund	MM Checking	4,717		
	General Holding Acct	MM Savings	1,817		
	Foundation	9 CD's	933,080		
	Reserve Operating	3 CD's	118,942		
	Medicare Contingency	2 CD's	123,944		
	Pineywoods Annex	CD	100,000	1,200,000	1,100,000
Total for RepublicBank			1,673,170	1,200,000	1,100,000
Lovelady State Bank:	General Funds	Checking	6,855		
	Chapter I	Checking	2,443		
	Pension	MM Checking	74,811		
	Inpatient	MM Checking	88,308		
	Payroll	Checking	613		
	Harding Bldg Fund	CD	7,967	100,000	550,000
Total for Lovelady State Bank			180,997	100,000	550,000
Community State Bank:	Reserve Operating	CD	9,006	100,000	0
Diboll State Bank:	Lelsz	MM Checking	67,143		
	Foundation	MM Checking	32,742		
	Lelsz	CD	200,000	100,000	800,000
Total for Diboll State Bank			299,885	100,000	800,000
Angelina Savings & Loan:	Pineywoods Annex	CD	54,000		
	Reserve Operating	2 CD's	36,478		
	Medicare Contingency	CD	18,198	100,000	0
Total for Angelina Savings & Loan			108,676	100,000	0
Lufkin Regional FCU:	Reserve Operating	4 CD's	64,260		
	Medicare Contingency	CD	18,422	100,000	0
Total for Lufkin Regional FCU			82,682	100,000	0
Total of All Cash in Bank			2,345,410	1,600,000	2,450,000

Attachment to Item IV-A-1
3/22/88

DEEP EAST TEXAS REGIONAL MHMR SERVICES
STATEMENT OF CHANGES IN FUND BALANCE AND RESERVE
AS OF FEBRUARY 29, 1988

	GENERAL OPERATING FUND	GENERAL FIXED ASSETS	TOTAL
BALANCE - 1/31/88	902,353	2,137,290	3,039,643
REVENUE	822,536		822,536
EXPENDITURES	(843,998)		(843,998)
DECEMBER & JANUARY MEDICARE CONTRACTUAL ADJ EXPENSED THIS MONTH	(36,396)		(36,396)
ADDITIONS TO FIXED ASSETS		145,622	145,622
DELETIONS TO FIXED ASSETS		(1,422)	(1,422)
BALANCE - 2/29/88	844,495	2,281,490	3,125,985

ANALYSIS OF ACCOUNTS RECEIVABLE/ACCOUNTS PAYABLE - INTERNAL ADVANCES

From Lelsz to General Operating	90,000
From Foundation Grant to Annex Funds	25,000
TOTAL	115,000

Attachment to Item IV-A-1
3/22/88

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CASSELS, HAGLUND & CLARK
Attorneys at Law
117 E. Lufkin Ave.
P.O. Box 1626
Lufkin, Texas 75902-1626
(409) 634-8466

Jimmy A. Cassels
Wayne D. Haglund
Paul A. Clark, P.C.
John P. Baum

Offices in Lufkin, Diboll & Huntington
Diboll State Bank Bldg. (409) 829-4721
Huntington State Bank Bldg. (409) 876-4178

March 15, 1988

Dr. Jim McDermott
Deep East Texas Regional MHMR
4101 S. Medford
Lufkin, Texas 75901

Re: The ability of community MHMR Centers to incur debt

Dear Jim:

At your request, I have carefully reviewed the memorandum dated November 12, 1987 which was prepared by Brian Crews, Attorney at Law regarding, the authority of community MHMR Centers to incur debt under the current state of the statutory and case law in the State of Texas. As Mr. Crews has indicated the first paragraph of his memorandum, his work was not intended as a brief, but rather as a background paper which summarizes and analyzes the issues. I have done some additional research of my own and agree with Mr. Crews that there have been no cases or Attorney General opinions that I could find which are on the specific point of the ability of a community MHMR Center to incur debt.

The beginning point of Mr. Crews memorandum is a 1977 TDMHMR opinion which was rendered by James Adkins. I was not provided with a copy of this opinion and have not seen it in its entirety, although it is liberally quoted in Mr. Crews' memorandum. In order to complete my evaluation, I would certainly like to see a copy of Mr. Adkins opinion. I would point out that Mr. Adkins 1977 opinion dealt with the narrow issue of the ability of MHMR Centers to incur debt to finance center operations. Mr. Adkins opinion did not address ability of MHMR Centers to incur debt for capitol acquisitions or improvements.

I will attempt to summarize, in a much briefer form, my observations and opinions concerning Mr. Crews' memorandum.

My opinion begins with the same premise upon which Mr. James Adkins 1977 opinion was based. That opinion is there is no express statutory provision which grants MHMR Centers authority to borrow money; such that any such authority which existed would need to be implied from other express grants of power, or would have to be considered as being inherent or indispensable to the Center's existence.

Community MHMR Centers are creatures of statute, being authorized by Article 5547-203 of Vernon's Annotated Civil Statutes. That Statute expressly provides, at Section 3.11, that Community Centers may acquire real property and personal property by purchase or lease and may construct buildings and facilities. Section 3.11 thereafter goes on to provide, in at considerable detail, a statutory outline for the financing of the purchase and construction of Community Center Buildings for providing mental health and mental retardation services. It is a well accepted rule of statutory construction that the existence in a statute of providing a specific means of accomplishing a legislative purpose impliedly excludes the authority to engage in any alternative methods of accomplishing the same result. The argument in this instance would be that had the Legislature intended to provide for alternative means by which MHMR Centers could finance purchase and construction of buildings, the Legislature would have done so in this statute.

I find major fault with Mr. Crews' opinion because he does not direct himself to any direct analysis of the effect of the provisions of Section 3.11 of Article 5547-203. Instead Mr. Crews' memorandum focuses on the changes in statutory interpretation of the legal nature of MHMR Centers, finding correctly that MHMR Centers are now regarded as political subdivisions and units of local government as opposed to being a direct arm of TDMHMR. The fact that Community MHMR Centers are "separate entities" from TDMHMR does not answer all of the questions concerning the authority of Centers to borrow money for the construction of improvements, nor does it create statutory authority which the legislature has not granted.

One of the primary authorities relied upon by Mr. Crews is the decision in the case of Texas Public Building Authority vs. Mattox, 686 S.W.2d 924 (Texas). In that case, the Texas Supreme Court conditionally granted a writ of mandamus against the State Attorney General to force the Attorney General to approve the issuance of $10,000,000.00 in revenue bonds for construction of buildings for the Texas Youth Council and the Texas Rehab Commission. I have reviewed this case, and find that it does contain some useful language, but it is my opinion that the holding of this case should be limited narrowly to a situation in which a state agency issues revenue bonds, and should not be extended to authorize the creation of a "debt" other than an obligation in the nature of a revenue bond.

It is my opinion that Mr. Crews is correct that there is now underway a dramatic broadening of the authority of Community MHMR Centers to provide services and meet the needs of the clients in their geographical area. I also believe that it is a logical extension of this change to believe that local MHMR Centers will eventually have a clear cut legal authority to borrow money. However, it is just as clear that this authority has not yet been given either by the Legislature nor by interpretation of a Court with appropriate jurisdiction. It is my opinion that the authorities which Mr. Crews cites may well be persuasive when this issue is presented to the Legislature or to the Courts in Texas, but at this time, no such express or clearly implied authority can be said to exist. The cases which Mr. Crews cites are largely at least twenty to thirty years old, and deal with fact situations which are dramatically different from that presented to us. There is no case whatever dealing directly with the authority of a Community MHMR Center to incur this type of obligation. It is my belief that the next few years will provide us with much clarification and perhaps a clear statement of authority for Community MHMR Centers to incur this type of debt. However, based on the authorities which I have found, including those cited by Mr. Crews, it is my opinion that the most prudent and conservative approach is to continue to accept the opinion that Community MHMR Centers do not have any express authority to incur debt for the acquisition and construction of capitol improvements except as provided in the statutes, case law and Attorney General opinions of this state.

From a practical standpoint, it is my opinion that the local MHMR Board could decide to borrow money just as indicated and suggested in Mr. Crews memorandum. In doing so, it would be my opinion that the Board would be stepping out onto the cutting edge of the development of this type of law, and along with its show of courage and initiative, could either be in the vanguard of a developing area of the law, or could find itself within the next few years involved in a long-term financing arrangement that the state courts or the state legislature had found to be unauthorized, unconstitutional, or beyond the statutory authority granted to such a Board. This type of holding would have such an adverse impact upon the local center's dealings with the State and with the local lender who financed the project that I cannot in good conscience recommend it at this time.

Finally, it is my feeling that the local Board should throw its support behind a comprehensive legislative package to be presented to the next session of the Legislature to call the Legislature's attention to the need for local Centers to finance their own acquisition, construction and operations. That type of remedial legislation would clear up all of the ambiguities and uncertainties which exist in this area and allow all MHMR Centers to more clearly discharge their obligation to their clients.

I have intentionally avoided the discussion of many of the finer legal questions raised in this area, but I would be happy to expand upon any of these at your request. Should you require any clarification or amplification, please let me know. Thank you for the continued opportunity to provide services to Deep East Texas MHMR.

Respectfully,

Wayne D. Haglund

WDH:tlf
cc: Mr. Ward Burke, Attorney at Law

LOCAL MATCH CHART - FY 1988

COUNTY	AMOUNT REQUESTED	AMOUNT PLEDGED	AMOUNT RECEIVED
Angelina	$ 29,286.00	$ 29,286.00	$ 7,325.00
Hardin	14,532.00	14,532.00	-0-
Houston	6,584.00	6,584.00	-0-
Jasper	11,595.00	11,595.00	-0-
Nacogdoches	17,963.00	17,963.00	3,750.00
Newton	5,986.00	5,986.00	5,986.00
Polk	9,846.00	9,846.00	-0-
Sabine	2,838.00	2,838.00	1,419.00
San Augustine	2,802.00	2,802.00	2,802.00
San Jacinto	4,107.00	4,107.00	-0-
Shelby	6,400.00	6,400.00	6,400.00
Trinity	5,127.00	5,127.00	-0-
Tyler	7,609.00	7,609.00	7,609.00
	$124,675.00	$124,675.00	$ 35,291.00 (28%)