

**MINUTES OF THE BOARD OF DIRECTORS' MEETING  
SWEENEY HOSPITAL DISTRICT**

March 29, 2022

Time 18:00

Members Present: Mason Nichols, President; Scott Swift, Vice President  
Patti Foster, Secretary; Violet Weeks, Lisa Leal,  
Charlie Genella, Leeda Wood

Others Present: Enrique Leal, III, M.D, Tom Ronayne, Agatha Sanchez, Ron Schmidt,  
Brian Brooks, Michael Hebert, Nicholas Hebert

Employees Present: Kelly Park, Cindy Burge, Stuart Butler, Dana Quintanilla, Travis Alford,  
Stephanie Crowder, Doug Smith, April Nichols, Tommie Reddoch,  
Jimmy Mashaw, Kari Schroeter, Veronica Scott,

1. **Call to Order** Mr. Nichols called the meeting to order at 1800.

2. The invocation was given by Charlie Genella.

3. **Record Members Present and Establish A Quorum**  
There being 7 members present, a quorum was established.

4. **Public Comments**

**Tom Ronayne** - He wanted to address the people around the room. He is hearing rumors that there are people that are wanting to shut the hospital down. He said he does not know who it is coming from and does not know who they are talking about. He said he knows there are eight people running for four positions this May. Whatever combination that is sitting around that table, there will be seven people who want the new hospital built. If any body is living in fear about that, there is nobody wanting to stop the build. If anything, Mr. Brunner would be sitting here and saying that he was passionate about trying to build the new hospital. As for Mr. Ronayne, he got involved a year ago, it was to bring Kelly information about the project at highway 524. He said she had her reasons for not bringing it to the board. He feels there was a way forward. There has been a lot of talk about a formal agreement for city utilities verses the hand shake agreement, and Mr. Brooks has heard this already. He commented it did not matter if there was no agreement because the city had infrastructure to provide sewer out there so something needed to be done. He said there was a way forward. He said I guess being the only one trying to promote that way forward, he said maybe he was more for the hospital more than anybody. He said there was a time when we hired an architect to build The Fountains and one member of the board had concerns about the architect. He called the fellow over at the refineries who was over designing capital projects and relayed his concerns. He said that guy needs to go to the architect's office and see what is going on. He said we all know what happened after that. He said that guy was him. He said we had a city across the river dumping sewage in the river. Five residents went to the city and said we understand you have a two-year project to fix that. Something has to be done in the mean time. He said two of them are still meeting every other week with the City of Brazoria for temporary litigation. By the end of next month their sewage will be out of the river. He said he has been over a lot of capital projects at the refinery and involved in a lot of the proposal and design construction startups and maintenance worth hundreds of millions of dollars. He was maintenance

manager at the Los Angeles refinery managing a 50 million dollar budget in a very difficult regulatory environment out there. He said it has been his job to get very complicated things done. He wants the new hospital to be successful. He said it will be a difficult and complicated project. He said he is not a bad guy to be on the hospital side. He said whoever is out there trying to say there are people trying to shut the hospital down it is just not true and shame on them.

**Agatha Sanchez** – She said this hospital has been through a lot. She said when the hospital lost a million or so, it came out on Mr. Turk's side of it. She said why she can understand this is she was the 17-year old kid watching everything at a young age. She said at 17 she thought she would never have to face what she did. She gave scenarios of what she experienced while working here. She said she did not have a degree but she knew pathology up and down. She had a bad experience with the CEO near lab supervisor's door but that got resolved. She said no one should ever have to experience what she went through. Her mother also worked 30 years for the hospital and only received a penny raise each year she worked. She commented that Mr. Turk took this hospital through a big mess and still was not over that hurdle while Mr. Barnes was here. She said then Scott Briner came in but then we got blessed with this lady, Kelly Park. She commented finally this hospital is where it needs to be. Every piece that needs to be in it is here. This board has done a fantastic job here and they deserve this new hospital. She said Kelly Park has done a great job and said keep doing what you are doing.

**Ron Schmidt** – He introduced himself as a voter and tax payor here in Sweeny. He said he used to give city hall a bad time at their meetings when Mayor Lemon was in office. He said he has said things to different people on this board at one time or another and has been absolutely ignorant, rude, arrogant among other things. The idea that there was a formal agreement of any kind or a hand shake agreement of any kind on 524 is smoke. He said he was at the meeting with city council and with members of this board, and they went over the minutes of the meetings and actually had people on a zoom meeting. They actually said there was no such agreement for the city to put utilities out there going on the other side of the highway or across Brian Brooks' land.

He said he saw a flyer that has the names of four people on it and says that Ms. Kelly wasted 2.5 million dollars on engineering. He said he knows who was behind those engineering studies. He said I can tell you it wasn't her. There is so much mis information. He said he appreciated the campaign speech. Back in 2020 when all was said and done, he (referring to Mr. Brunner) was removed from his position, he got angry and he left. He said he would encourage anyone that is associated with him, his way of doing business and his egotism and narcissism and all the rest of that, you are known by the friends you keep and associations you make. You put your name on a sign with a guy like him, you are branding yourself, tattooing yourself, know it.

When you can walk in a meeting like this, relaxed and prepared to make decisions, people are prepared to make hard decisions. Kelly was willing to sit down and make decisions with regards to the budget and the size of the hospital with a 45 million dollar budget with a 15-year payout with possibilities of expansion after that. You have no idea what a difference that is compared to what was here before when it was 60 million dollars and it was 40 years. This board said let's function with common sense and they have. He said last

time when he walked in this meeting there was so much positivity around this table dominating from the members from this group. He said to the board, you guys are awesome. Your mentality, your way of doing business and positiveness is second to none. He said he hopes they are all here when the smoke clears.

**Brian Brooks** – He said he wants to speak for Brian Brooks. He hears all these things about the taxes and the highway 524 property. He said for the citizens of Sweeny, he would have loved for it to go to a vote because he heard nothing but negative from the time it started and people were against it. He felt it was something that was being shoved down the throats of the citizens of Sweeny. He said he was against it from the very beginning. He saw how the high school renovation looked once they were done to that junky building and look at it now. He said he felt they could do the same thing to this hospital. He feels it would have been voted down.

He said he hears about the taxes, everybody pays them. He said the hospital has 30 million dollars in savings, kudos. He said my gosh, I wish the city had that. He said he is proud that has happened. He said you will have some money to do some stuff and in a couple of years the taxes will drop because of these abatements will go away. He is happy for the hospital and appreciates what we are doing. He said he knows it is a thankless job and he wants to thank the board.

5. **Review/Approve Board of Directors' Meeting Minutes:**

**A. February 22, 2022** General Meeting

Mr. Swift made a motion to approve the minutes from February 22, 2022.

Ms. Wood seconded the motion. Unanimous decision, motion carried.

**B. March 18, 2022** Special Called Meeting

Ms. Weeks made a motion to approve the minutes from March 18, 2022.

Ms. Leal seconded the motion. Mr. Genella abstained, motion carried.

6. **Finance Committee Report**

Doug Smith said he will do a little bit of education first. There has been some talk about cash and budgets. He said when we budget, we budget the income statement. We do not budget the balance sheet. He said the income statement has cash no on it. Cash is not an income statement item and cannot get on your income statement. We have a double entry accounting system which is the standard for businesses throughout the world. There are two types of systems, single entry and double entry. There is also two basis, cash and accrual. Cash basis is used for small businesses. He proceeded to give examples of small businesses that would use the single entry system. Any businesses that have customers and usually take in things is generally on an accrual basis and on a double entry basis method of accounting. When we treat somebody in the hospital for anything, the entry that we make is to debit accounts receivable and credit revenue. It does not involve any cash. When receive the cash for that, then we debit cash and credit accounts receivable. The whole income statement does not have cash on it. We could run for a year with no cash but wouldn't pay many bills but the income statement would be accurate. Salaries and wages are not cash. The entry for salaries is debit the expense salaries and we credit accrued payroll. When we make that payment to the employee, we debit accrued payroll and credit cash. When we purchase equipment, we debit capital assets and credit cash

unless we finance it then we would credit long term liability. If we pay cash for it, we debit the asset and we credit cash. If we finance it, we debit the asset and we credit the liability. When we pay that liability, we debit the liability and interest expense and credit cash. The only thing that shows up on the income statement would be an interest expense. The only way to recover your cost for purchasing an asset is through depreciation. We use a matching principle in accounting to where you match your revenues against your expenditures. In payroll if you pay once a month but don't pay until the 5<sup>th</sup> of the following month you accrue that payroll into the current month so when you record revenue you also record the expenses that month that go with it. It is not cash. The way you recover your assets, the cost of your assets is the lifetime of the asset. This hospital, if it is a 40-year asset at a 40 million dollar purchase you would spread that asset over 40 years at 1 million dollars a year through depreciation. If we lease the hospital instead of purchasing it, instead of depreciation you would have lease expense. There was some discussion about the 5 million dollar budget, it was never 5 million dollar budget, it was 3.4 million because none of that is cash. You can't just take one line out and say that is not cash and add it back in. None of it is cash. He continued with an overview of February 2022 financials.

Ms. Week's requested for the stats of patients transferred by life flight from the hospital to be provided. After discussion, Mr. Genella motioned to approve the February 2022 financials presented. Ms. Weeks seconded the motion. Unanimous decision, motion carried.

7. **Old Business**

**A. Replacement hospital update:**

Ms. Park said on construction, they are going out for GMP, guaranteed maximum price. They are working very diligently. They gave an update that it is still looking very promising that we still continue to come in a little more than 3 million under budget. We are hoping to have the GMP report around April 16<sup>th</sup> or 17<sup>th</sup>.

8. **New Business**

**A. Miscellaneous Capital Requests**

**(1) Consider and take action, if needed to approve capital requests presented**

Ms. Park said she has a capital request for 3 computers on wheels for the hospital. The total comes out to \$20, 602.70. These will be for Cardio, Pacu, and OR. This will help them in documentation and scan their meds. Mr. Butler said that quote doesn't include everything so we need to add 4500.00 more. Ms. Park said then we need \$25,000. Mr. Nichols said the capital request would be for \$25,000 then. Ms. Park responded yes. Mr. Nichols asked if the equipment can be moved to the new facility. Response was yes, and it will come off the current equipment list for the new facility. Ms. Park said she may use some COVID funds to pay for them.

Mr. Genella motioned to approve the capital request of \$25,000 for the purchase of 3 computers on wheels stations as requested. Ms. Wood seconded the motion. Unanimous decision, motion carried.

9. **Board Committee Reports:**

**A. Sweeny Community Hospital Foundation Board Update:**

Kari Schroeter gave overview of the following:

- \$559,000 in the bank account
- Golf tournament scheduled for April 8<sup>th</sup>, sponsors are full
- Capital Campaign update, goal is 4 million

## **B. Strategic Planning Committee Update**

Leeda Wood said the minutes were distributed. She said they met after the training session last week. Basically, the committee went over what she had been gathering which was a lot of the information from the taxing entity itself. The taxing entity supplied a lot of information that wasn't on their website as far as back to 2009. She reviewed the information provided in the board minutes and spreadsheet regarding taxes as far back as 2010. Everything except one year has been the no new revenue rate which is the effective tax rate with no raises. The only tax rate change was in 2013, and was raised from 42.9 up to 47.0. There were 2 public hearings held and no one from the public attended. Ever since 2013 from what she can tell, the tax rate has not been increased. It stayed at or below the no new tax rate. Mr. Nichols said that is when he and Patti came on board. That money has been here to go toward savings in general to assist with cash flow and building a new hospital or remodeling since 2013 forward. We are already 9 years in. This past year the 2021 tax rate that was set at the no new tax rate. The saving of that amount of money that will go into the same for the new hospital and for operations is the 3.4 million that Doug is talking about. There is still work to be done. The final of that spreadsheet will reflect how much we will collect each of those tax years, how much we tax abate after the 2024 and in 2025 we will set the tax rate. It looks like there is about 1.8 billion that will be added to the tax roll. One question she does not have an answer to but some may know with past abatements, is that amount of money set with the abatement time at what they are projecting for the future or is it based on what they have got on the day 10 years ago. Scott Swift said it would be the projected value then they will have 10 years of depreciation. Ms. Wood said is it possible what they projected is wrong and it could be adjusted. Mr. Nichols said it depends on district values and the values of what the products were. He said this is a rough estimate as it is dissipated. With these estimated figures the tax base could be 3.5 billion tax base and possibly could bring down our tax rate down to .25 or .26 depending on the needs of the hospital at that time. By 2030 our tax base could be close to 5 billion dollars. The tax rate will continue to be brought down over time because the tax base continues to go up. The home owners in the community will be paying much less and Phillips will of course be paying more. Mr. Nichols said we are sitting at .5378 right now and in 2025 with these projections given the rough estimates we will be about .26 per hundred-dollar valuation compared to .54 so it is a very dramatic change to the regular homeowner. Ms. Wood said she would finish getting the information for the spread sheet and will present to the full board next month. Mr. Nichols said the last time that taxes were raised was in 2013, and the board at that time were Doug Dunham, Charles Pogue, Don Schulte, John McGraw, David Miller, and P.T. Brunner. They voted in favor to raise the taxes which exceeded the roll back rate which required to have 2 public hearings. Ms. Wood said the increase was to start setting aside funds to build a new hospital.

## **10. Administrative Information Report – Kelly Park**

### **A. CEO Report**

- Monoclonals back on shelf, 48 doses in stock

- COVID number at all time low
- Swing Beds exceeded 250 days.
- Jessica Rees is new ED Director
- Stephanie Crowder promoted to Chief Nursing Officer

**B. Human Resources Report**

- Hired: 5 (2FT & 3 PRN)
- FT/PT/PRN Employee Headcount: 198
- Terminated: 0
- Turnover rate: 0%
- Covid Swabs being done bi-weekly for employee not vaccinated

**C. Emergency Medical Services Report:**

- Call volume for Sweeny was down 34 from January to February  
January was higher than normal
- Brazoria was down 19 from January to February  
January was higher than normal month
- ESD President resigned – will be the new Mayor of Brazoria

**10. CLOSED EXECUTIVE SESSION:**

Mr. Nichols announced the Board would go into closed, Executive Session at 1939 to review the following:

- Medical Staff Credentials
- Personnel Issues

**End of Executive Session**

Went out of Executive Session at 2112.

**11. Action regarding Executive Session:**

Mr. Swift made a motion to approve Medical Staff Credentials presented in Executive Session on the following: William Burns, M.D., Christopher Riddle, FNP, John Benson, M.D., Sanjay Aggarwal, M.D., Paul Evans, M.D., Angelyn Gunn, M.D., Amit Hubbu, M.D. and Shelly Water, FNP. Ms. Weeks seconded the motion, unanimous decision, motion passed.

Ms. Leal motioned to approve credentials on Kenneth Bryant, M.D.

Mr. Swift seconded the motion. Vote taken was 5 in favor, 2 opposed, motion passed.

Ms. Foster motioned to approve credentials on Anil Sinha, M.D.

Mr. Genella seconded the motion. Vote taken was 4 in favor, 3 opposed, motion passed.

**12. Adjournment**

Mr. Swift moved for adjournment, seconded by Mr. Genella. Meeting adjourned at 2132.



Mason Nichols, President  
Recorder: Cindy Burge