

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

September 19, 2022

Time 18:00

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

Members Absent: Scott Swift, Vice President

Others Present: Pat Smith, Brian Brooks, Ron Schmidt, Lee Poye, Cathy Poye, Bert Smith, Marijane DeTranalties, Art Detranalties, Linda Wright, Ken Wright, Susan Bailey, Bob Bailey, Ana Pogue, Charles Pogue, Trey Gilbert, Brenda Cole, Doug Dunham, Amy Dunham, John Damon, Agatha Sanchez, Justin Hillis, Enrique Leal, Patrick Wolever, Denise Wolever

Employees Present: Kelly Park, Cindy Burge, Dana Quintanilla, Travis Alford, Stephanie Crowder, Doug Smith, Tracy White, Tommie Reddoch, Sarah Hebert, Lisa Orr, April Nichols, Laura Massey, Gwen Norton, Kari Schroeter, John Hazeslip, Rebecca Krebs, Janie Schmidt, Erin Barnett, Jhalisa Harris, Hollye Skeen, Michael Kime, Ric Lara, Chris Herrera

1. **Call to Order** Mr. Nichols called the meeting to order at 1800.
2. The invocation was given by Patti Foster.
3. **Record Members Present and Establish A Quorum**  
There being 6 members present, a quorum was established.

Mr. Nichols said he wanted to give a recap of the September 5<sup>th</sup> meeting. The board voted unanimously to propose a tax rate of .4411. That is an eight percent decrease from last years tax levy which is eight percent below the no new revenue rate. There has not been a tax increase in this hospital since 2013. He commented he saw a couple of people here that voted to raise the taxes in 2013. Since 2014 there has not been an increase to raise taxes above the no new revenue tax rate. Going forward tonight, we will set the tax rate and proceeded to thank everyone for coming.

He said if you speak in public comments, please identify yourself. Cindy records all this on tape and captures names so we can accurately record what is said. Comments are limited to 5 minutes according to our bylaws and open meetings act.

4. **Public Comments**  
**Doug Smith** – He is here as a private citizen and as an employee of Sweeny Community Hospital. He has been here since October 18, 2021. He said he has been on Facebook twice, and it has been to refute something that has been said. He said when he first got here he had BKD, which is known as Forvis now, send a peer group number of statistics and financial information so we could compare ourselves to them. One of the statistics they had was how many days cash on hand should we have. Ten hospitals in Texas that are Rural Health small hospitals had an average of 229 days cash on hand. He proceeded to share information from the operating budget from October 1, 2021 to August 31, 2022. He commented it takes a little



over \$62,000 a day to run the hospital. He said we have 36 million dollars in cash now but after the amount committed for the new hospital it will leave us with about 18.8 million which would be 304 days cash on hand. The new hospital will cost us about 2 million a year in principle and interest payments. That brings us to a little over \$67,000 a day to run the hospital and will leave us with 280 days cash on hand which is consistent with our peers. On tax abatements, we have a lot of taxable property that we gave 10 year and 7 year abatements. That is 3.52 billion dollars of property that is not currently being taxed. If we add that in our current rate would have been 16.49. Previous boards approved these 10 year tax abatements but if it would have been 7 years we would be at 22.6. That extra 3 years cost the tax payors 4.2 million dollars a year totaling 12.5 million dollars. That is not this board, that was a previous board.

**Doug Dunham** – He said he is a former member of this board of directors. He said he was a member of the board when the decision was made to set the rate at a level to allow the hospital to accumulate the adequate surplus to build a new facility. Up until that time the hospital had little or no savings. We did get loans from the bank to run our business. He said he has no notes to refer to but he is certain the intent was never to continue the accumulation of surplus funds past that which would be necessary to finance the new facility. He said he agrees with Tom Ronayne's editorial in The Facts newspaper that was published last week, and he believes it is time for the board to seriously consider reducing the tax rate back to that which is sufficient to maintain operations and cease to build up the savings. If the decision is made to continue to accumulate the savings he respectfully requests the board to publish detail figures stating the requests.

**Violet Weeks** – She commented at one time this hospital did not have enough funds to pay salaries. She said you may go three to four weeks without a salary. They went to the bank and borrowed one million dollars. She said she was on the board when they finally got that paid off.

**Ron Schmidt** – He said he lives in town and is a tax payor and a voter. He said he has been attending these meetings for quite a few years. In visiting with other people involved in this scenario, they were down to 72 hours of operating capital. They did not have a choice. There has been changes made since then. There were some tax abatements. There have been things brought to the board's attention. It has been really interesting in the discussion that he has been involved in with the board and members of the public. This is just the first step in taking Sweeny Community Hospital where it is going to be tax free. He said this is the first step. He said it is probably a 4-5year plan. The abatements will start running out the next year and after until they are completely gone. That is stuff that Mr. Ronayne hasn't told anybody. He hasn't told anybody that the taxes will go down to zero. It is one of the things that bugs him when he reads his letter and he talks about transparency. There is a whole bunch of things in here that he hasn't said. There are some real convenient facts that he used and abused for his own personal motives. He is trying to get people upset with each other, to divide and concur. In Sweeny, we don't have room for divide and concur. We don't have time and there is no place for that. That is exactly what is happening. There is a whole lot of things behind this and he has been watching Mr. Ronayne about going to meetings. Several years ago he was not here. He never showed up until Mr. Brunner left. What is interesting, while Mr. Brunner was here, 2013 the guy that was the manager and had Kelly's place at the hospital, he left. Mr. Scott Briner came in and was very innovative, educated smart guy when it came to managing the



hospital. He put the hospital on track that it was picking up revenue and things were positive for the hospital. For what ever reason, he does not know, Mr. Briner left. Fortunately came behind him was Ms. Kelly Park who happened to be the same type of manager that did the exact same thing he did when he wanted to retire and needed money. They started taking care of business, dropped funds into the hospital and put together a financial package. Two years ago at a meeting down the hall, they gave the financial statement and they had 30 million dollars in the bank and had funds coming in from COVID. They said with all the other programs they had funds available. That is called good management and taking care of your business. That is called taking care of your assets and planning for the future. What is interesting is Mr. Ronayne talked about the port authority. He did not mention the port authority brings in hundreds of million dollars a year and every one of us pays taxes to the port authority. No one says anything to the port authority. The school board has 15 million dollars and nobody said anything to them about it. He said if you have any questions about this stuff, ask him.

**Agatha Sanchez** – She is a longtime volunteer. She said she is the face you never see in Sweeny or throughout Brazoria County. She served on Sweeny Beautification and brought that organization out of the ruts. She left on good terms with money in the bank. She also took over the Sweeny Blue Santa. Today she is the founder of the Sweeny Community Thanksgiving Feast that brings a total of 28 churches together. It is not about the poor but about unity. She said she does not come here today to bring division. She said she worked for 12 years to bring unity. She said she does not need to be on an opinion page or the news media. When they discussed the .54 cents, it was done by the previous board and President P.T. Brunner. Mr. Briner was excellent at what he did. Doug and Travis have worked and worked hard and this young lady (referring to Kelly Park) has worked hard for this hospital. She commented, would you like to work in a household where your parent gave a paycheck up. Can any of you in your work period give a paycheck up or would you do that to make sure another employee was paid. She said she was that child that was in that household because the hospital was in a rut. If you had a heart attack today, what do you think this hospital would do for you. They have done it over and over when you hear that helicopter fly out of here. She said her mom gave up the paycheck in their household. So what if their dad worked for Dow Chemical. That did not mean nothing. Right now everything is unpredictable, 401 K was an example. She said the hospital should be proud to say they have this amount of money. How can you compare a city of 3800 to Angleton Danbury. Angleton hospital that was built in 1969 did not survive and had to go with a for profit with UTMB. She said you can't compare UTMB to Sweeny. She asked why was the dredging put in this article. That is the Friends of the River situation. The sewer plant, why was that in there. That has nothing to do with this. This board has come in here to make so many changes for you and me. She said she is proud that we are fixing to have something built. Now we have to bring up the highway 524 spot. Why would you want to do 64 million. USDA did not guarantee the interest rate. She commented she grew up in the same church as Tom Ronayne. She said she is thankful for this board.

**Bob Bailey** – He said he is 81 year-old, he and his wife built their home in a subdivision in 1998. Five years ago, their daughter purchased the home next to them so they have set their roots here for as long as they can. He said they raised 5 children in Houston just before they moved to this area. After completing sending them off to college they started to save for retirement. He said he retired in 2004. He said since he moved into his house, his Sweeny



Hospital District taxes have gone from 510.00 a year to 1675.00 a year. Since the SISD taxes were frozen when he reached 65, the hospital taxes are closing in on the school tax which is 2100.00. He said he understands the need for taxes to support the hospital district. He said he can not understand that the revenue is going into excessive savings which he still thinks they are excessive. He said it really bothers him that his savings goes into the savings into the hospital district. He said please pass a balance budget and do not further increase an unnecessary slush fund. He thanked the board for letting him speak.

**Pat Wolever** – He said he is a businessman, resident and tax payor. He said he finds it disheartening that this type of meeting has to happen. Generally there is a nucleus for it. He thinks at looking back at what he pays on his taxes, the rate he pays and the dollars that it generates, he said he thinks it is time that the board get a balanced budget and get that under control. Especially for someone to stand up and ask if you would give up a pay check for this or for that they don't necessarily know me or others. There are several people in this room that have given up paychecks for what the cause is and I am one of them.

**Lee Poye** – Mr. Poye said he and his wife Cathy live on the San Bernard River on County Road 469, actually Pat is a neighbor off of 2918 and they refer to themselves and the folks that are south of the Churchhill bridge. They purchased their riverfront property in 2019 so they are fairly new to this community. There is a whole lot that he does not want to stand up here like he has lived his whole life here and knows what they are talking about. After he got his first tax bill, he noticed that Sweeny Hospital tax rate exceeded the combined total if you excluded the SISD and we all know the school districts are always huge. He proceeded to name Brazoria County, Special Road and Bridge, Port Freeport, Brazoria County Emergency Services District and West Brazoria Drainage District. All these taxing units combined they we pay taxes does not equal what Sweeny Hospital is charging on the tax statement. He said he can not confirm this and his understanding he heard this mentioned here too, this increased tax rate was initiated to generate revenue to build a new hospital. He said he wants to be on the record, that is great. He said he is all for that and does not mind paying that money. That is not a problem, however, as typically happens in his experience in government, and his wife and he have been business owners themselves for 20 years. During Covid, they didn't skip paychecks, they went months without getting paid so their employees could get paid. Too often government asks for money for a specific project. Then when the hospital is built, they will abate those taxes and it will go back. The question he poses here today is a simple one. He wishes to know how much longer will this tax be in effect. Can anyone answer that question. He said he doesn't doubt it needs to be done, and he does not have an opinion on that. He is willing to pay it but he thinks it is fair to pose the question. How much longer, is this going to go on forever for the next 20 years. He said it was mentioned that you want to abate it but he wants to know when. It is also important to know that the river residents south of the Churchhill in all honesty, they would never in an emergency they would not come to this hospital, they would go to Lake Jackson. Again, they are willing to pay it and understand the need but we will never use this facility. He said they have been paying close to \$3,000 a year since they had moved. He said again he does mind paying it, he just wants to know how much longer he will have to pay it. He thinks that is a fair question. At this time, if you don't mind if you are here, he would like to ask all of the south of the Churchhill bridge neighbors and attendants to stand up. He said there are a group of them that are paying these taxes and again they are in the district. He wanted to make sure we are aware that this is something they do not get any benefit from.



Mr. Nichols said a quick note on that, our EMS does serve you as part of the hospital district tax. Even if you choose not to come to the ER, if you hurt yourself at the house, our ambulance shows up. You do not pay a separate ESD tax for an ambulance for your residence. What other folks pay in other communities for ESD tax which is around 10 to 12 cents, that is part of this .4411 also.

Mr. Powe said he is happy to pay that. He said it is the increase for this project. He would like to see when it will end. Mr. Nichols said the questions will probably be answering during open session when we get into our finance.

**Justin Hall** - He said he lives on the river with the rest of these folks. He said he has been aware of the tax rate issue for a while. He said he actually set down and spent some time and looked back at budgets that you made public record of that were on the website. One thing he noticed is that this year he is amazed that expenses verses the budgeted expenses and projected expenses at the end of the year were really tight. He said that is a pretty good job considering the unknown inflation that we had. Not knowing a year ago what is was going to be today a come in that close is really doing good. The one thing he did not like is the actual revenues were 17% greater than what was forecast. They came to a pretty big windfall on the bottom line at the end of the day. When you are setting the tax rate let's make sure your looking at the real revenue numbers and not something that is overly conservative. You are conservative on the revenue but dead-on on the expenses. Let's be realistic about what the real revenues.

**Leeda Wood** – She said she has learned a lot in the past year because she is the new person coming on and learning taxes in general. Property owners living in the hospital district pay seven taxes, Sweeny residents pay eight . We are the only entity that set a tax rate this year that resulted in a tax decrease. We have not voted on it yet of course, but we were trying to get the rate and levy down. She wants every tax payor to not accept everything at face value. If it says tax increase, you can be pretty well guaranteed that it is going to be a tax increase. If you see one that says notice of meeting to vote on tax rate, that might not be a tax decrease, that might be a tax increase. You have to read every word in there. This new post card they have been sending out that last couple of years, the Texas Truth in Taxation, you can see your taxes in a graphical way that it brings it in to a very understandable format. She shared a graph. She said she gets a homestead exemption and over 65 exemption and a surviving spouse. Pay attention to your exemptions. The hospital district offers on top of everything else, they offer 20 % off your taxes as an exemption for your homestead. If you are over 65 or disabled you get an additional 75,000 off. Make sure every year your exemptions are appropriate. She said she disputed her taxes this year when everything went up. She discovered she had been paying taxes and she had been living in her house about 2 ½ years. The people before her lived there 9 years and the people before them had a beauty shop so she had no homestead exemptions on the whole property. She got that fixed. She said she does not have a beauty shop because she is not a beautician. The appraisal district does make mistakes and things get overlooked. Always pay attention to your state legislature's activity regarding property tax reform. The current system is seriously flawed. It is hurting everybody. It must be fixed as it's gotten to the point that people are facing hardships as homeowners. She said I hope tonight that you will be learning and have taken the time to attend. She has never seen this many come. You listen and hear what the proposed budget is, what the tax figures are and pay attention to



where we hope to be in a couple of years. We hope you have a clear understanding, we really do care about this community. She said I am a lifetime resident growing up and she came back and this is her home again. We care about the hospital, the community and all the citizens that we represent.

**John Damon** – He said he is a tax payor. He said we had a tax increase already. He said he got his appraisal and there is a significant tax increase. On blaming past boards, he said this board has had a chance to lower it. He said 30 million dollars in the bank is abuse. He said he is tired of being abused. Get it right and lower it to a reasonable rate. It is not right to abuse your citizens in that way, 54 cents is too much, it is outrageous. Thirty-six million dollars in the bank, saving money is outrageous. Get a balanced budget and treat us right.

**Brian Brooks** – He said he wants to address the board. He is on Sweeny City Council and will be doing their tax stuff tomorrow. He said he does not envy the board's positions. He appreciates every one of you. He said he knows from being on the council, he knows from being principal at the school, the elementary, junior high and the high school, that you are not going to please everybody. He said he knows that for a fact. He said the board was elected to this position just like he was elected to his position. The expectation of the citizens, he feels for them to do what is best for this community and this hospital. He said he does not like paying taxes, he really doesn't. Nobody does but that is your duty. He said he appreciates the board taking their time, you were voted here and people have spoken. Do what you feel is best for this hospital and this community. He said he appreciates everything the board does. He hates to see all the discourse going on out in our community and this small town. He said he lives here for a reason. This is a great place to live, and he said the board is doing a fantastic job and he appreciates you.

**Patti Foster** – She said she has heard a lot about taxes. She said she pays taxes and they are high just like everybody else. She understands where everybody is coming from. One of the things she has learned is running a hospital is not like running a city, not like running the school and not like running anything else. What she has learned is the hospital receives money from the government called the QIPP program. The government pays the hospital to audit nursing homes to make sure the nursing homes are actually taking care of their patients and doing the things they are suppose to do. Staying in compliance with the government to make sure things are done right. If everything is in compliant, the government pays the hospital and the hospital pays the nursing home for being compliant with the QIPP program. This program probably started about 1 year after she got on the board. It is a year-to-year thing. She does know that that the program will continue for another two years. We all know that the government can pull things out from under you whenever the time is right or the money is not there. She has been very concerned about that. That is millions of dollars to our bottom line. Part of the money that is in the savings is from the QIPP program. The savings is not all tax funds. If that money is pulled out from under us from the government, we would not lose it but we wouldn't get paid that money anymore. That is a big concern, we have had a pandemic and the revenue we had this year is from having people from Covid so that is where that extra revenue came from. She said both her parents were in this hospital and her mom died in this hospital. She said she will pay whatever needs to be paid to keep this hospital going. Please consider the things you hear, they are just opinions. She said her name and contact information is on the website and she is willing to talk to anybody.



8. **New Business**

**A. Review / Approve Proposed Fiscal Year 23 Budget and adopt tax rate for 2022**

Doug Smith, CFO, said in response to what would the tax rate be when the abatements dropped off, in two years it would be 22.6 per hundred dollar valuation, then when the other 3 abatements drop off then it would go down to 16.5.

Mr. Nichols said all this was shared during the election process. They put the forecast out when they ran in the election. This is not anything new. This is what we have always known would be falling off.

Mr. Smith said he wants to go over what the current administration has done to improve the operations of the hospital. That also falls into the projected budget for 2023. He compared 2020 information from peers with our information. He said we lost 65 cents on a dollar on our operating income. Our operating expenses were 65 % more than our income. Our peers were 15% negative. We were running a loss 50% more than our peers. We have the opportunity to make up 3.4 million dollars so we are in line with our peers. In less than one year we have improved 1.6 million dollars in operations in this facility. He reviewed the budget for this year through June and projected for 4 months, June through September. He then took the volume through May and annualized it then they got with Kelly Park to determine where we are going in each department to come up with the budget. They also did it by financial class because Medicare pays different than Medicaid, also different from commercial insurance but pays more than people that come and don't pay anything. There are quite a few of non-payors that come through the emergency room in our area. They projected in-patient revenue of 3.7 million dollars. He said we do not get paid dollar for dollar. If we charge a 100 dollars for a visit, we may get paid 35 dollars. We run 65% write off. Salaries by position were looked at. We do a FTE report and staff were not really excited about it at first. Every day Tracy White prepares a FTE report and sends out to the managers. It is based on what the activity was based on yesterday and is compared to a grid and lets you know if you were overstaffed or understaffed. We have applied that grid to our volume. We budgeted on average a 2 % increase for the employees. Some will get more and some less based on their performance. Employee benefits have gone up. We are self-insured. There are some people that work for us or their spouses have been sick and that costs us. Not many insurances would cover us. Professional fees is a big one. We discovered that no one had really worked on the contracts and a number of things in a number of years. We needed help so we are being reimbursed appropriately for the work that we did. Some contracts pay a percent of charges, the lesser of percentage of charges or the Medicare rate. A lot of the charges were below the Medicare rate. A lot of them paid us the lessor than Medicare rate. A lot of improvement has been made but that is costing us. It cost us to make money. We have invested in the people that can help us to get a better return on the work that we do. Supplies go up and there is an increase in volume in some areas. Utilities, phone, training and education are up. We did a SWOT analysis in May as a group offsite and did strength, weaknesses, opportunity, and threats. One thing we discovered there is an opportunity and weakness for education for the community and the staff. We put 130,000 education money in the budget for next year. For education for the community, Medicare verses Medicare Advantage. Medicare Advantage hurts the hospital because we are a critical access hospital and we get paid cost plus 1 %. The traditional Medicare continues to decrease and

we are running about 25%. We have been running about 28% Medicare Advantage. If we ran 50% Medicare we would have less pressure on property taxes. We would be able to cover our operating expenses without property taxes. Repairs and maintenance stayed the same. We will see that go down once we get into the new facility. Insurance the same, depreciation, nothing on here is cash, it is all expense not cash. Assets do not appear on the income statement except through depreciation. You have to depreciate it to recognize that expense. Legal expense is pretty flat. Interest expense, we will have it for the draws on the loan for the new hospital. Operating revenue is mostly taxes. We are projecting 1.3 million dollars as a net gain for next year. Other revenues, we talked about QIPP. Three million of that is QIPP and it could go away. This is the 2023 budget that we have worked on as a team. The proposed tax rate is 0.4411 which is 11 cents less than the voter approved and 6 cents less than the no new revenue for a \$759,212 decrease. Mr. Nichols asked Doug Smith to review the abatements and when they come off. Mr. Smith gave an overview.

After further discussion, Mr. Nichols asked if anyone would like to make a motion to approve the fiscal year 2023 budget presented.

Ms. Wood motioned to accept the proposed budget as presented for 2023 budget. Mr. Genella seconded the motion, unanimous decision, motion passed.

Mr. Nichols said on September 5<sup>th</sup> they proposed a tax rate of .441100 per hundred dollar valuation. This year's proposed tax rate is a decrease below the no new revenue tax rate. After discussion, Mr. Genella made a motion to adopt the tax rate of \$0.441100 per hundred dollar valuation for 2022.

THIS YEAR'S TAX RATE DOES NOT EXCEED THE NO-NEW REVENUE TAX RATE AND WILL RAISE \$759,212 LESS FOR MAINTENNACE AND OPERATIONS THAN LAST YEAR'S TAX RATE.

Ms. Foster seconded the motion, unanimous decision, motion passed.

10. **CLOSED EXECUTIVE SESSION:** None

12. **Adjournment**

Mr. Genella moved for adjournment, seconded by Ms. Weeks. Meeting adjourned at 1910.



Mason Nichols, President  
Recorder: Cindy Burge