

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

September 14, 2021

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
Derrick Johnson
Hanna Christian

Employees Present: Kelly Park, Cindy Burge, Stuart Butler, Dana Quintanilla, Travis Alford, Tracy
White, Stephanie Crowder, April Nichols, Laura Massey, Veronica Scott, Lisa
Brunner, Lisa Brown, Brittany Howell, Jennifer Johnson, Joseph Barber,
Michael Kiddy, Noralene Corder (by phone)

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

2. The invocation was given by Violet Weeks.

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

4. **Public Comments**

Tom Ronayne said for those that are not regularly here, he said he is here every time. He said I am the only one here with the message that is brought this evening so he can't say it is a popular message out there so he said he may be a lone voice. He said the board started on a journey to build a new hospital 6 or 7 years ago. He said in order to build a new hospital, the tax rate was raised so the tax revenue would exceed the amount of money the hospital was losing in order to put money in the savings. That was necessary to be able to get a loan or a bond issued. On the sixth year we finally started and spent 2.5 million and then decided we were not in the right place. The message back then was the city would not give us utilities, and it cost too much so we had to do something else. With a little bit of checking, the utilities could have been provided on site for not much more than was budgeted at the time. To get the cost down, the scope could have to be reduced. The board decided they would rather have the hospital here and that is fine. He wished that decision had been made before 2.5 million was wasted. We now have gone several years past the time that we thought we would start, and we now have accumulated 30 million in savings. He feels there is no need in continuing doing that. In a typical year the hospital loses about 4 million dollars. Part of that is charity care and the hospital does not take in as much revenue as it spends. That is about 4 million dollars that needs to be covered with tax revenue. He commented the hospital will take on a note at some time. At some point if the project gets off the ground, the hospital will need to pay a note. If that is a 30 million dollar note, that would be 5 million dollars a year to be able to do everything it is doing today.

He is proposing the hospital not pass a 54 cent tax rate but pass a 36 cent tax rate which would bring in 6.2 million. That would be 3.1 million less than brought in this fiscal year. That

would allow the hospital to do everything it is doing now and proceed with a new hospital project and allows for a million dollar pad in case the numbers are off somewhere.

A few weeks ago when the tax rate was proposed, the CEO did not propose a tax rate, the president of the board did not propose a tax rate. What was presented was here is the no new revenue rate and the rate that would require voter approval. He said a board member said I think we should go with the no new revenue rate, the one that generates 9.3 million dollars. There was no discussion after that and the board proposed a rate and was unanimous. He said he sees no business reason for doing that and no service to the customers or community for doing that. He said, far more has been accumulated in savings than intended for the hospital project. He commented, he spoke with a couple of the board members that might be open to this. Please be open minded about this, it is not required. He said he and his wife have been blessed in retirement and property taxes are not a big issue, but there are people out there with young kids, saving for college and retirement, making house and car notes. It is not fair to them to not sharpen the pencil and do the very best we can with our tax rate. He asked again to please consider 36 cents instead of 54 cents.

Mr. Nichols thanked Mr. Ronayne for his comments. He asked if anyone else had a public comment.

April Nichols said she is a taxpayer in the district and an employee here. She knows what we are working in and knows what we need. She said she trusts you as a board and appreciates everything the board is doing and you too Kelly Park.

5. **New Business**

A. Review/Approve Proposed Fiscal Year 22 Budget and adopt tax rate for 2021

Mr. Nichols said we are going to review and approve the budget for fiscal year 2022 and are possibly going to adopt the tax rate for 2021.

Violet Weeks inquired if all our employees are vaccinated including housekeeping and dietary. Ms. Park said it is not 100%. Ms. Weeks said if we have certain departments that aren't, how can we fill those departments. Will we have to do it with agency.

Ms. Park said it is like any other time like during Covid. You lose nursing, lose radiology, ultrasound, lab and any type of service we have. If you lose any staff in those services, we have to keep the services going. Yes, we would have to reach out to agency. A nurse right now makes about \$120 per hour. That is more than 1/2 of what we pay a nurse here. You also have to pay for their housing when they come. Ms. Weeks said she anticipates it getting worse, having to use more PPE also.

Mr. Nichols said Noralene Corder will give overview of the fiscal year 2022 operating budget and capital equipment. There is not a big difference between fiscal year 2021 and 2022 budget. A biggest difference in previous budgets would be the indigent and charity care. He said the no new revenue rate is the tax rate for 2021 tax year that will raise the same amount of property tax revenue for Sweeny Hospital District from the same properties in both the 2020 and the 2021 tax years. He presented the tax history for the last seven years. He said we have continued to stay at the effective tax rate (no new revenue rate) not increasing taxes.

Ms. Corder said the past 5 years audited, the nursing home revenue was not included in the internal statements. Overview was given on the property taxes, and the non-operating revenues. The loan for a new hospital requires at least 90 days cash on hand but previous recommendation from auditors is at least 6 months cash on hand.

Patti Foster inquired about the funds the district paid to facilities and providers for care received by our indigent care program participants for care received that we could not provide by our hospital or our employed providers.

Mr. Nichols said our enabling legislation mandates that we provide funds for indigent care patients residing in our district. Ms. Corder said indigent care is a cash expense that continues to increase. Currently we have 91 participants in the program which doubled from the previous years.

Capital Equipment budget for the next three years was reviewed. Ms. Weeks inquired about the generator listed for The Fountains in the amount of \$10,000 estimate. Mr. Nichols commented this would have to come before the board for approval before making the purchase since it is over 5,000.

After discussion, Mr. Nichols asked if anyone would like to make a motion to approve the fiscal year 2022 budget presented.

Mr. Swift motioned to approve the hospital's operating budget including the capital equipment for fiscal year 2022. Ms. Wood seconded the motion, unanimous decision, motion carried.

This year's proposed tax rate does not exceed the no new revenue tax rate. After discussion, Mr. Swift made a motion to adopt the tax rate of \$0.537930 per hundred dollar valuation for 2021. Ms. Wood seconded the motion, unanimous decision, motion passed.

THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE.

6. CLOSED EXECUTIVE SESSION:

Mr. Nichols announced the Board would go into closed, Executive Session at 1915 to review the following:

A. Discuss Deliberations Concerning Real Property

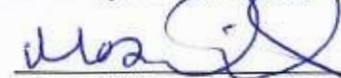
End of Executive Session

Went out of Executive Session at 1936.

7. Action regarding Executive Session: None

8. Adjournment

Charlie Genella moved for adjournment, seconded by Violet Weeks. Meeting adjourned at 1940.


Mason Nichols, President
Recorder: Cindy Burge