

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

September 15, 2025

Time 18:00

Members Present: Mason Nichols, President; Leeda Wood, Vice President
Patti Foster, Secretary; Scott Swift, Dale Thames, Aaron Jackson,
Millie Walker (arrived at 1807)

Members Absent:

Others Present: Tom Ronayne, Violet Weeks

Employees Present: Kelly Park, Cindy Burge, Travis Alford, Cody Marlette, Kari Schroeter,
Gerald Sanchez

1. **Call to Order** Mr. Nichols called the meeting to order at 1801.
2. The invocation was given by Dale Thames.
3. **Record Members Present and Establish A Quorum**
There being 6 members present, a quorum was established. Millie Walker arrived at 1807 after quorum was established.
4. **Public Comments**
 - A. Tom Ronayne commented he appreciated all the work that's gone into the budgeting process and understands the difficulty of projections based on such short operating time. He directed his comments toward Travis Alford, CFO saying he believed Travis budgeted cautiously, not been too aggressive in the areas where Travis had most concerns. Mr. Ronayne proceeded to point out some areas that should give more confidence that the budget can met. Mr. Ronayne proceeded with the points written out that had been distributed to the whole board for review. A copy of the written statement will remain with the board minutes.
 - B. Violet Weeks thanked the hospital for lowering the taxes. She commented we need to get the county, the city, the school to lower their taxes like the hospital has done, she commented that the hospital is the only institution that has done that. She commented that everyone should be very proud of this hospital.
5. **New Business**
 - A. Review / Approve Proposed Fiscal Year 26 Budget and adopt tax rate for 2025**
Mason Nichols said we are here to talk about the business of the last meeting regarding our proposal on the tax rate for 2025 and the proposed budget for 2026. We are here to discuss that and approve it or do something different.

Mr. Nichols asked if there had been any changes to the budget. Travis Alford commented there had been a few changes and proceeded to give an overview of the revised budget.

He proceeded to list a few capital items listed for this budget. One capital item was added that is currently not included in the budget. After a brief discussion, Dale Thames made a motion to amend the budget to include the additional item in the amount of \$65,000. Motion failed for lack of second made.

After discussion regarding the budget, Scott Swift made a motion to approve the revised fiscal year budget for 2026 and adopt a tax rate of 0.195748 per hundred dollar valuation for 2025.

This year's proposed tax rate does not exceed the no-new-revenue tax rate. A motion to adopt an ordinance, resolution, or order setting the tax rate does not require the language about "tax increase" as stated in §26.05(b) of Property Tax Code.

This year's tax levy to fund maintenance and operations expenditures does not exceed last year's maintenance and operations tax levy and will raise \$176,893 less for Maintenance and operations than last year's tax rate.

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

CLOSED EXECUTIVE SESSION:

Mr. Nichols announced the Board would go into closed, Executive Session at 1900 to review the following:

A. 551.077 Personnel Matters

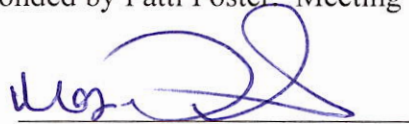
End of Executive Session

Went out of Executive Session at 2004.

Action regarding Executive Session: None

8. Adjournment

Aaron Jackson moved for adjournment, seconded by Patti Foster. Meeting adjourned at 2005.



Mason Nichols, President
Recorder: Cindy Burge

9/15/25

Appreciate all the work that's gone into the budgeting process and understand the difficulty of projections based on such short operating time.

I believe you've budgeted cautiously, not been too aggressive, in the areas where you have the most concerns, and I'd just like to point out some areas that should give you more confidence that you can meet your budget.

Travis told us in the August meeting that he's projected based on 55 days from July and August, typically not the best performing months, and hopes the average month next year will be better.

You're expecting reimbursements from engineering and construction contractors.

You have some grant funds, I don't recall the amount, that Travis is 99% sure you can keep, but won't post until that's 100%. It may not happen in 2026, but will eventually be part of your cash opex on hand goal.

You have improvement goals for EMS billing, reducing accounts receivable and bad debt, improving insurance filing and follow up, barcoding to improve charging supplies, etc. I believe Travis' team will make headway in these areas but I don't think any improvements are baked into the budget.

Travis cringes when I bring up depreciation, but I'll try to do it in a logical way. With a new hospital and a lot of new equipment still under warranty, capital requests should hopefully be less for awhile and a fair amount of the depreciation expense, now up to \$3mm with the new building, should remain as cash on hand at the end of the year. It isn't something that you can bank on a certain amount, but some amount is likely to be there.

All these taken together should give some confidence that the budget has enough upside potential, enough kitty or contingency, that setting a \$1.75MM surplus tax rate isn't necessary.

Another opportunity is the out of district clinics. Referrals from those clinics bring a large amount of outpatient revenue to the hospital. 85% of the hospital's revenue YTD is outpatient, whether from the clinics, the MOB providers, walk-ins or other sources. But expenses and deductions from revenue have resulted in a \$3.4MM loss through July. The clinic losses, \$500,000 so far this year are real and referrals to the hospital do not cover them.

The ESD6 agreement should be a model for reimbursement from the cities of Brazoria and West Columbia if the hospital is to continue to operate them for the benefit of non-residents of the district.

Finally, the district paid 38% down on the hospital. 20% would have been \$9MM instead of \$17MM. The district paid roughly \$1.75MM early on the revenue bond. That surprised Debra Whitley. It saved 3.75% interest on money that Jason told us would be earning 4% or more in short term treasuries. Those are today's dollars that if paid at the end of a 20 year note would have been worth 50-60 cents at 2.5% inflation. I'm unable to imagine a scenario where the hospital would collect zero revenue for 9 months to a year and need 300+ days of cash opex on hand, but if such a scenario exists, we've made \$10MM of extra downpayment and early payments, equal to 110 days of cash opex on hand and equal to more taxes than we collect in a year. Please come up with a realistic scenario requiring cash on hand, other than Debra Whitley says some other hospitals have it, and please cease making early payments on a bond with a very attractive rate.