

**SOUTH BROWARD HOSPITAL DISTRICT**

**A SPECIAL MEETING OF  
THE BOARD OF COMMISSIONERS OF THE SOUTH BROWARD HOSPITAL DISTRICT  
FOR ADOPTION OF TENTATIVE TAX BUDGET FOR FISCAL YEAR 2011**

**SEPTEMBER 7, 2010**

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A Special Meeting of the Board of Commissioners of the South Broward Hospital District (S.B.H.D.) for adoption of a Tentative Tax Budget for Fiscal Year 2011 was held on Tuesday, September 7, 2010, at Memorial Regional Hospital, in Perry Auditorium, at 5:35 p.m.

The following members were present:

Mrs. Kathleen Durham	Chairman
Mrs. Sara E. Wolfer	Vice-Chairman
Mr. Alfredo Avalos*	Secretary Treasurer
Mr. Albert C. Jones	
Ms. Laura Raybin Miller	
Mr. Kevin P. Tynan*	

(\*Telephonic participation)

A registration sheet listing all attendees is attached to the Minutes on file in the Executive Office.

**1. CALL TO ORDER**

There being a quorum present, Mrs. Durham, Chairman, called the Special Meeting of the Board of Commissioners of the South Broward Hospital District for Adoption of Tentative Tax Budget for Fiscal Year 2011 to order.

**2. Public Hearing of the South Broward Hospital District Board of Commissioners for Adoption of Tentative Tax Budget for Fiscal Year 2011**

The Chair declared the preliminary public hearing of the South Broward Hospital District's proposed tax budget for Fiscal Year 2011 open. The Chair invited Mr. Matthew Muhart, Senior Vice President and Chief Financial Officer, to address the Board.

Mr. Muhart advised that the purpose of the public hearing was for the Board of Commissioners of the South Broward Hospital District to adopt a tentative millage rate and tax budget for the 2010 tax year. He noted that the Board packets are comprised of: (1) his memo to Mr. Sacco dated September 1, 2010; (2) a Tax Fund Budget Sensitivity Analysis with accompanying descriptions; (3) a table illustrating the effect the proposed and prior year millage rates would have on an average home in the District; (4) graphs illustrating trends of uncompensated care and their relationship to tax revenue; and (5) charts illustrating trends in gross tax revenues, millage rates, taxes available for patient care, the cost of uncompensated care, and the Broward County unemployment rate, copies of which are on file in the Executive Office.

Tax revenues received by the District are used to help fund the cost of health care to the District's indigent patients. There are no capital expenditures included in this year's Tax Budget. Uncompensated care charges continue to increase, with projected Fiscal Year 2011 costs potentially surpassing \$1 billion. Given the continued increase in uncompensated care levels in the first quarter,

it is anticipated that the net community benefit, that is the difference between the cost of delivering healthcare services to the uninsured and the tax revenue received, will continue to rise. As always, the District will continue to absorb these increases through its operations.

At the July Board meeting, the Board established a proposed millage rate of 1.4572 mills; which is equal to the rolled-back rate, and a 14.45% increase compared to last year's rate. The Board also requested an update as to the District's financial performance.

Mr. Muhart advised that the District's financial results through July were generally positive, with an excess of revenue over expenses totaling \$22.2 million, including an unrealized gain on investments of \$10.1 million. Management is in the process of closing the books for August and will be able to provide the Board with an update on those results during the final tax hearing later this month.

Following was a review of the District's ten year millage rate history. It was noted that a homeowner residing in the same homesteaded residence since 2000, currently valued at \$200,000, with a taxable value of \$150,000 after homestead exemption, would pay less tax to the District in 2010 than was paid in 2000, under the millage rate of 1.4572 – a real reduction of nearly \$37.00 or 14%.

Each of the aforementioned graphs was reviewed by Mr. Muhart, as well as an in-depth review of the Tax-Fund Sensitivity Analysis provided to assist the Board in evaluating the impact of various millage rates on tax revenues.

As previously noted at the July Board meeting, Mr. Muhart reiterated some important information regarding the use of tax proceeds. He noted several items over which the District has no control that consume a large portion of tax revenues and reduce the amount of tax revenues available for the District's use. These items include discounts on taxes paid early, uncollectible taxes, revenue collection fees, property appraiser fees, assessments for Community Redevelopment Agencies, and the Medicaid Program Match. At a millage rate of 1.4572, these items total approximately \$9.9 million.

At a millage rate of 1.4572, gross tax revenues total approximately \$57.3 million; however, after accounting for the aforementioned items, the District is left with approximately \$47.4 million in tax receipts available for patient care. The first major use of tax revenues for patient care is to offset the operating costs of the Primary Care Centers, not otherwise covered by county and state contracts and other funding sources. Tax revenues for patient care are also used for funding of physician indigent care programs and reimbursement to the District for provision of inpatient hospital care and outpatient care to those patients that comprise uncompensated care, which totaled \$15.6 million for Fiscal Year 2010.

It is management's belief that the financial results through July and the overall fundamental financial condition of Memorial Healthcare System provides a reasonable basis for the Board to consider establishing a millage rate below the rolled back rate this evening, for example 1.3672 mills. The Board's further evaluation of the financial results through August would be accomplished at the final hearing to determine whether any additional reduction in the millage rate would be prudent and reasonable.

Mr. Muhart noted that the final tax hearing would be held on September 22, 2010. He also reminded the Board that the tentative millage rate selected at tonight's meeting could be subsequently decreased at the final hearing; however, any increase would be extremely difficult to achieve due to extensive and expensive noticing requirements.

At this juncture, Mr. Muhart requested that the Chair invite members of the public to speak, followed by discussion by the Board of Commissioners. He would then request two motions from the Board; one to adopt a resolution on the tentative tax millage rate, and another to adopt a resolution on the tentative tax budget as outlined in the Tax Fund Budget Sensitivity Analysis.

The Chair welcomed and invited members of the audience wishing to address the Board to stand and be recognized.

The following residents individually addressed the Board: Mr. Michael Langshaw of 18459 N.W. 9<sup>th</sup> Court, Pembroke Pines, FL; Ms. Nekeisha Barnes of Pembroke Pines, FL, and Mr. George Mazufri of 1851 Fillmore Street, Hollywood, FL. The residents voiced concerns regarding an increase in taxes placing an additional burden on homeowners already struggling in this difficult economic environment.

In response, the CEO clarified that the millage rate of 1.4572 mills was approved at the August Board of Commissioners meeting as a "place holder" until this evening's Preliminary Tax Hearing. As presented by Mr. Muhart, management has recommended the tentative approval of a millage rate closer to 1.3672 mills, with the possibility of going even lower at the Final Tax Hearing on September 22<sup>nd</sup>.

It was also noted that the South Broward Hospital District represents only a small portion of the overall taxpayer's bill. Each entity represented on the tax bill conducts its own individual hearings, i.e. the Broward County School Board and the Broward County Commission, and homeowners would have to attend each separate meeting to voice their concerns. It was noted that the tax hearings of the South Broward Hospital District do not conflict with either the School Board or Broward County Commission hearings.

As no other members of the public came forward, Mrs. Durham declared the public portion of the meeting closed and opened the floor for individual Commissioner comments.

In considering management's suggestion as to the direction to take this evening, the comments expressed by homeowners, and the knowledge that other government entities may be raising taxes, Mr. Tynan voiced his desire to follow management's philosophy and then look at the possibility of cutting the millage rate even further at the Final Tax Hearing, in hopes of saving the taxpayers as much money as possible.

Mr. Avalos echoed the sentiments of Mr. Tynan and was pleased the Board is considering lowering the millage rate from 1.4572, as he also supports providing the greatest amount of tax relief possible to the taxpayers.

Ms. Miller thanked the homeowners that addressed the Board, emphasizing that their views are taken into consideration and that the deliberations are taken very seriously. She reiterated that the rate of 1.4572 mills was a place holder and, upon further evaluation of the District's financial position over the next few weeks, hopes to bring the millage rate down even further. She would welcome voting for no change, should management make this recommendation at the Final Tax Hearing.

Mrs. Wolfer also expressed her appreciation to the homeowner's that addressed the Board, affirming the Board's responsiveness and empathy for their concerns in this difficult economic environment. She noted the Board's responsibility to the Healthcare System in assuring that it continues to have

the funds needed to provide services to the community and felt it prudent to approve a tentative rate of 1.3672 mills at this time. Upon further evaluation of the August financial statistics, she hopes the Board will be able to approve a millage rate reflecting no change.

Mr. Jones expressed his thanks to those members of the public that addressed the Board, noting that each Board member was also a taxpayer and mindful of the current difficult economic conditions. He reflected on the District's ten year history of reducing taxes, while the cost of supplies and medical technology continues to increase. In considering the needs of the Healthcare System as well as the taxpayers, Mr. Jones' concurred with the adoption of a tentative rate of 1.3672 mills, with the possibility of going lower, or to no change, upon evaluation of the August financial results.

In concurrence with her fellow Commissioners, and in light of the District's favorable financial results for July, Mrs. Durham expressed her support of the tentative rate of 1.3672 mills, with the possibility of going lower at the Final Tax Hearing. She also emphasized the Board's responsibility to the patients of the Hospital District to assure they receive the care they need.

The Chair invited Mr. Muhart to read the first resolution for Board consideration relative to adoption of a tentative millage rate of 1.3672 mills.

Mr. Muhart proceeded to read Resolution 340 in its entirety relative to adoption of a tentative millage rate for the South Broward Hospital District for Fiscal Year 2011, a copy of which is on file in the Executive Office.

Mrs. Wolfer *moved, seconded* by Mr. Jones, that

**THE BOARD APPROVE RESOLUTION 340 ADOPTING A TENTATIVE MILLAGE RATE OF 1.3672 MILLS**

The Chair requested a roll call vote:

Mr. Avalos	Yes
Mr. Tynan	Yes
Ms. Miller	Yes
Mrs. Wolfer	Yes
Mr. Jones	Yes
Mrs. Durham	Yes

The motion *carried* unanimously.

To further clarify the effects of the Board's action, Mr. Sacco advised that last year, the District had \$46.7 million in taxes available for patient care, representing less than 4% of its total budget. This evening's adoption of 1.3672 mills would bring the total taxes for this year to less than \$44.2 million, a reduction of \$2.5 million real dollars or a 5.35% decrease from taxes available last year. As the Board has indicated a desire to further lower the millage rate by the Final Tax Hearing, adoption of last year's millage rate of 1.2732, representing no change, would constitute a 12.2% decrease in real dollars, as the taxes available this year would be reduced to less than \$41 million.

Mr. Muhart then read Resolution 341 in its entirety relative to adoption of a tentative tax budget for the Fiscal Year Commencing on May 1, 2010 and Ending on April 30, 2011, a copy of which is on file in the Executive Office.

Ms. Miller *moved, seconded* by Mr. Jones, that

***THE BOARD APPROVE RESOLUTION 341 ADOPTING THE TENTATIVE BUDGET OF \$1,506,280,000, INCLUDING TAX REVENUES OF \$50,548,000 AND OTHER NON-AD VALOREM OPERATING REVENUES OF \$1,455,732,000***

The Chair requested a roll call vote:

Mr. Jones	Yes
Mrs., Wolfer	Yes
Ms. Miller	Yes
Mr. Avalos	Yes
Mr. Tynan	Yes
Mrs. Durham	Yes

The motion *carried* unanimously.

3. ***Final Tax Budget Hearing for Fiscal Year 2010 Will be Held Wednesday, September 22, 2010, at 5:30 P.M. in Perry Auditorium, Memorial Regional Hospital, with the Regular Board Meeting to Follow***

The Final Tax Budget Hearing for Fiscal Year 2011 will be held Wednesday, September 22, 2010, at 5:30 p.m. in Perry Auditorium, Memorial Regional Hospital, followed by the Regular Board Meeting.

4. **ADJOURNMENT**

There being no further business to come before the Board, the Chair declared the meeting adjourned at 6:20 p.m.

THE BOARD OF COMMISSIONERS OF THE  
SOUTH BROWARD HOSPITAL DISTRICT

By: \_\_\_\_\_  
Kathleen Durham, Chairman

ATTEST: \_\_\_\_\_  
Alfredo Avalos, Secretary-Treasurer