

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 2008**

SEPTEMBER 10, 2007

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 2008 was held on Monday, September 10, 2007, at Memorial Regional Hospital, in Perry Auditorium, at 5:30 p.m.

The following members were present:

Mr. Kevin C. Tynan	Chairman
Mrs. Kathleen Durham	Vice-Chairman
Mrs. Sara E. Wolfer	Secretary-Treasurer
Mr. Albert C. Jones	
Mr. Carlos J. Reyes	

The following members were absent:

Mrs. Laura Raybin Miller
Mr. Shane Strum

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, Mr. Kevin Tynan, 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 2008 to order and invited public participation in the meeting.

2. Public Hearing of the South Broward Hospital District Board of Commissioners for Adoption of Tentative Tax Budget for Fiscal Year 2008

The Chair declared the preliminary public hearing of the South Broward Hospital District's proposed tax budget for Fiscal Year 2008 open. The Chair invited Mr. Anthony Kraye, Executive Vice President and Chief Administrative Officer, to address the Board.

Mr. Kraye advised that the purpose of the public hearing was for the Board of Commissioners of the South Broward Hospital District to approve a proposed millage rate and tentative budget for the 2007 tax year. He noted that the Board packets included his memo to Mr. Sacco dated September 7, 2007, a Tax Fund Budget Sensitivity Analysis, a schedule reflecting the impact of the proposed millage rate on a sample home over the last ten years, and graphs illustrating trends of uncompensated care and their relationship to tax revenue, copies of which are attached to the Minutes on file in the Executive Office.

Tax revenues received are used to help fund the cost of health care to the District's indigent patients. There are no capital expenditures included in the Tax Budget this year. Uncompensated care charges continue to increase, with projected Fiscal Year 2008 costs possibly surpassing \$609 Million.

At the July Board meeting, the Board established a tentative millage rate of 1.1643 mills, which is equal to the "legislated" rate. Mr. Kraymer noted that the tentative millage rate of 1.1643 represents a 3.01% decrease compared to the rolled-back rate, a 12.46% decrease compared to last year's rate, and a reduction in property taxes to be levied. Management has confidence that the Board can take reasonable and prudent action to keep the millage rate at 1.1643 mills, which is lower for the seventh time out of the previous eight years, and the lowest rate for the District's taxpayers in the last thirty (30) years.

Mr. Kraymer commented that much has occurred over the last thirty years for the District and the community it serves. The significant growth in population and its diversity has required the District to meet various challenges, growing from a single hospital focused on traditional inpatient and growing outpatient care, to five hospitals, an urgent care center, a nursing home, a home health agency, multiple outpatient sites, including several primary care centers serving the disadvantaged, and many community outreach activities, with the intent of improving the health of the citizens of this community.

The challenges faced by the District over the years, including declining levels of reimbursement from Medicare and Medicaid, growth in the number of uninsured patients cared for, substantial increases in the cost of medical supplies, high technology medical devices, labor costs, demands for capital to invest and grow our physical plants, and the evolving and expensive phenomena of clinical information systems are not only a matter of history, but a template for the ever-growing challenges into the future. Mr. Kraymer outlined what is known today:

1. The federal government is still grappling with a growing Medicare entitlement program.
2. Medicaid reform at the State and Federal level that will ultimately result in declining Medicaid reimbursement.
3. The continued growth in consumer directed health plans that will inevitably increase the levels of uncollectible accounts.

Mr. Kraymer remarked that the Tax-Fund Sensitivity Analysis has been provided to assist the Board in evaluating the impact on tax revenues of various millage rates. Column 1 represents last year's rate of 1.3300, which would generate approximately \$70.6 Million in gross tax revenue. Column 2 represents the rolled-back rate of 1.2004, which would generate approximately \$63.7 Million in gross tax revenue. Also included are four scenarios between the tentative rate of 1.1643 and a rate of 1.1500. Column 3 indicates the tentative "legislated" millage rate of 1.1643, which would generate \$61.8 Million in gross tax revenue. Column 4 indicates a millage rate of 1.1600 and would generate \$61.6 Million in gross tax revenue, and so on. As a point of reference, Mr. Kraymer stated the millage rate in Fiscal Year 1978 was 1.0827 for operating purposes and .0812 for debt service, for a combined millage rate of 1.1639.

As previously noted at the July Board meeting, Mr. Kraymer reiterated some important information regarding use of the tax proceeds. Line 5 reflects the total gross tax revenues that the millage rate and property values generate. There are, however, several items that consume tax revenue prior to utilization for patient care. Lines 6 through 9 detail uses of tax proceeds, over which the System has no control, including discounts on taxes paid early, uncollectible taxes, revenue collection fees, property appraiser fees, CRAs and the Medicaid Program Match and Healthy Kids Program. These items total approximately \$10.4 Million at a millage rate of 1.1643.

The Board's attention was drawn to Column 3, which reflects initial gross tax revenues of \$61.8 Million. After accounting for the aforementioned items, a balance of \$51.4 Million in tax revenues remains available for patient care. The first major use of tax revenues for patient care is Primary Care Center operations. Line 10 represents the funding needed to offset the costs of the Primary Care Centers not otherwise covered by County and State contracts and other funding sources. Line 11 represents the expenditures to physicians necessary to complement our role in providing care to all regardless of their ability to pay. The final line item reflects tax revenues used to reimburse the District for providing hospital inpatient and outpatient care to those patients that comprise uncompensated care. For Fiscal Year 2007, Column 8, this amount totaled \$32.2 Million, and is projected to be reduced to \$29.3 Million in 2008.

Mr. Kraymer concluded by stating that Management believes the financial position of the District is strong and, while many options are available, the adoption of a millage rate of 1.1643 mills will provide the greatest opportunity to address the aforementioned challenges, while providing a meaningful reduction in taxes paid by many of the homeowners in our community and meeting the "legislative" cuts passed by the State legislature. On average, all District homeowners that have lived in the same homestead for all of last calendar year, and will live in the same homestead all of this calendar year and have a Homestead Exemption, will see up to a net 10% reduction in District taxes based on the 12.5% reduction in millage rate and the 3% cap on growth in assessed values from the "Save Our Homes" program.

Mr. Kraymer remarked on the importance of noting that the proposed 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.

Mr. Kraymer asked the Chair to invite the public to speak, followed by discussion by the Board of Commissioners. At that time, he stated that he would request two motions from the Board; one to adopt a proposed tax millage rate, and the second to adopt a tentative tax fund 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. There being no one wishing to address the Board, the Chair closed the public portion of the hearing and opened the floor for discussion by the Board members.

Mrs. Durham stated that it was prudent for the Board to go back to the 1.1643 millage rate, as the System has done well and can afford to do so. She also reflected on the importance of giving back to the community, as the System has done in the past.

Mrs. Wolfer voiced her support of the 1.1643 millage rate. She stated that the bottom line indicates the System can do it and, in the Memorial spirit, it was the right thing to do in light of the financial worries facing community residents.

Mr. Jones expressed his support of the 1.1643 mills, reflecting on the current burden borne by taxpayers, and his desire for Memorial Healthcare System to be a beacon of light in the community.

Mr. Reyes stated he was pleased with Management's proposal and commented on the unique position the System was in to provide needed and meaningful tax relief to the community. He expressed gratitude for the leadership and hard work of the CEO, Administrators, and System staff in making this possible and for the continued successful philosophy of expense reduction and growth of services. Mr. Reyes stated he supports the 1.1643 mills as the right thing to do.

Mr. Tynan voiced his agreement with the comments made by Mr. Reyes. He noted his continued concern regarding the possible legislative funding cuts that could impact provision of charity care, but agreed that tentative adoption of the 1.1643 millage rate was the right thing to do, suggesting the possibility of even further reduction. Mr. Tynan strongly recommended adoption of 1.1643 mills to his fellow Commissioners.

Mr. Reyes ***moved, seconded*** by Mr. Jones, that

THE BOARD APPROVE THE PROPOSED MILLAGE RATE OF 1.1643 MILLS

The Chair asked for a roll call vote:

Mrs. Reyes	Yes
Mr. Jones	Yes
Mrs. Wolfer	Yes
Mrs. Durham	Yes
Mr. Tynan	Yes

The motion ***carried*** unanimously.

The Chair then read the motion to approve the tentative tax budget.

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

THE BOARD APPROVE THE TENTATIVE BUDGET AS SHOWN IN COLUMN #3 OF THE TAX FUND BUDGET DOCUMENT, REFLECTING TOTAL BUDGETED EXPENDITURES OF \$1,414,491,000, WHICH INCLUDES PROPOSED TAX EXPENDITURES OF \$59,008,000

Mr. Reyes noted that the specific dollar amounts stated in the motion were not those delineated in Column #3 of the tax fund budget document. An additional Fiscal Year 2008 Budget Summary document, a copy of which is attached to the Minutes on file in the Executive Office, was distributed to the Commissioners by Mr. Perez-Arias, MHS Director of Financial Planning and Budgeting, that more definitively reflected the total budgeted expenditures and proposed tax expenditures as stated in the motion. Mr. Sacco advised that this document would be part of the Board packet for the upcoming final tax budget hearing.

The Chair asked for a roll call vote:

Mrs. Durham	Yes
Mrs. Wolfer	Yes
Mr. Jones	Yes
Mr. Reyes	Yes
Mr. Tynan	Yes

The motion **carried** unanimously.

The Chair announced for the record that the proposed millage rate is lower than the rolled-back rate by 3.01%.

3. Final Tax Budget Hearing for Fiscal Year 2008 Will be Held Wednesday, September 26, 2007, 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 2008 will be held Wednesday, September 26, 2007, 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 meeting, the Chair declared the meeting adjourned at 5:55 p.m.

THE BOARD OF COMMISSIONERS OF THE
SOUTH BROWARD HOSPITAL DISTRICT

By: _____
Kevin C. Tynan, Chairman

ATTEST: _____
Sara E. Wolfer, Secretary-Treasurer