

**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 2009**

**SEPTEMBER 10, 2008**

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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 2009 was held on Wednesday, September 10, 2008, at Memorial Regional Hospital, in Perry Auditorium, at 5:33 p.m.

The following members were present:

Mr. Kevin C. Tynan	Chairman
Mrs. Kathleen Durham	Vice-Chairman
Mrs. Sara E. Wolfer	Secretary-Treasurer
Mr. Alfredo Avalos	
Mr. Albert C. Jones	
Mrs. Laura Raybin Miller	<i>(participated telephonically)</i>

The following member was absent:

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 2009 to order.

**2. Public Hearing of the South Broward Hospital District Board of Commissioners for Adoption of Tentative Tax Budget for Fiscal Year 2009**

The Chair declared the preliminary public hearing of the South Broward Hospital District's proposed tax budget for Fiscal Year 2009 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 approve a proposed millage rate and tentative budget for the 2008 tax year. He noted that the Board packets are comprised of his memo to Mr. Sacco dated September 4, 2008, 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 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 the Tax Budget this year. Uncompensated care charges continue to increase, with projected Fiscal Year 2009 costs possibly surpassing \$794 million. 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.

At the July Board meeting, the Board established a tentative millage rate of 1.2183 mills; which represents a 2.91% decrease compared to the rolled-back rate, and a 4.64% increase compared to last year's rate.

Mr. Muhart reflected on the changing environment within the District and the community it serves over the last thirty years. The significant growth in population and its diversity has required the District to meet various challenges, growing from a single hospital focused on the then traditional inpatient and growing outpatient care, to six 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 reinvest and grow our physical plants, and the evolving and expensive trend of clinical information systems are not only a matter of history, but a template of the ever-growing challenges into the future. Mr. Muhart outlined what is known today:

1. The federal government is still grappling with a growing Medicare entitlement program.
2. State budgetary issues that will ultimately result in a potentially sharp decline in Medicaid reimbursement.
3. The continued growth in consumer directed health plans that will inevitably increase the levels of uncollectible accounts.

Mr. Muhart advised 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 the income-adjusted rolled-back rate of 1.3069, which would generate approximately \$66.3 million in gross tax revenue. Column 2 represents the rolled-back rate of 1.2548, which would generate approximately \$63.6 million in gross tax revenue. Four additional scenarios are also included. The tentative rate detailed in Column 3 represents the maximum rate that can be passed by a simple majority vote of the Board and would generate approximately \$61.8 million in gross tax revenue. Column 5 details a millage rate of 1.1643, which is equal to the current rate, and would generate \$59.1 million in gross tax revenue. As a point of reference, Mr. Muhart noted the millage rate in Fiscal 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. Muhart reiterated some important information regarding use of the tax proceeds. Line 5 reflects the total gross tax revenues generated by the various millage rates and property values. There are, however, several items that consume a large portion of tax revenues which reduce the amount of tax revenues available for the District's use. Lines 6 through 9 detail uses of tax proceeds, over which the District 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 \$11.9 million at a millage rate of 1.2183.

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 \$49.9 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 2008, Column 8, this amount totaled \$29.8 million (Line 14).

Mr. Muhart then provided an overview of taxes for a sampling of actual homesteaded single-family homes from various cities within the District, as outlined on the document distributed to the Board. The Save our Homes Value and Exemption was listed for each property and reflected the respective tax calculation for various millage rate assumptions, as well as a comparison to the 2007 millage rate of 1.1643.

Mr. Muhart stated that a final tax hearing would be held on September 24, 2008, and advised it is management's recommendation to maintain the tentative millage rate of 1.2183 at this time. This will allow the Board an opportunity to consider updated financial results through August 2008. He also noted 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. Muhart asked the Chair to invite the public to speak, followed by discussion by the Board of Commissioners. At that time, Mr. Muhart stated that he would request two motions from the Board; one to adopt a resolution on the proposed tax millage rate, and the second to adopt a resolution on the tentative tax budget as outlined in the Tax Fund Budget Sensitivity Analysis.

Mr. Tynan noted that assessed value, as reflected on the previously discussed millage rate comparison, has decreased from last year as compared to this year's assumption, and inquired as to how this statistic is established. Mr. Muhart advised that current assessed values are received from and certified by the Property Appraiser's office, however may be subject to change should the homeowner challenge their assessed value. It was noted that assessments typically go down upon challenge. Mr. Muhart also advised that this year's assumption includes the additional \$25,000 homestead exemption.

At this juncture, the Chair welcomed and invited members of the audience wishing to address the Board to stand and be recognized.

Rosemary Sabino, a homeowner residing on 28<sup>th</sup> Street in Hollywood, Florida came forward and expressed her dissatisfaction with the S.B.H.D. tax increase reflected on her proposed tax notice. Mr. Sacco requested that a representative of the Healthcare System's Finance department review Ms. Sabino's tax notice with her to determine its accuracy and provide her with the necessary information to contact the Property Appraiser's office should it be deemed appropriate.

Miramar homeowner, Susana Lorie, also came forward to discuss her increased tax burden. As a result, Ms. Lorie will be provided with information relative to submitting a challenge to the Property Appraiser's office.

Mr. Tynan requested that Mr. Muhart recap the District's millage rate history, to apprise the audience of South Broward Hospital District's commitment to provide tax relief to the community. Board members were requested to reference the chart contained in their Board packets reflecting the S.B.H.D. millage rates from 1998 forward. Since 1998, the Board has consistently lowered the millage rate, with the exception of two years where the millage rate remained flat.

Mr. Sacco advised that this year's proposed millage rate represents an approximate \$2 million reduction in tax revenues over last year, with the Board still in a position to lower the millage rate even further should it deem appropriate.

At this time, the Chair called for Commissioner comments. Mrs. Durham began by stating her desire to remain at the tentative rate of 1.2183 mills, allowing time for review of the August financials. She reflected on the District's history of providing tax relief to the community and her continuing desire to give back to the community.

Mr. Jones echoed the sentiments of Mrs. Durham and stated his desire to remain at 1.2183 mills, noting the Board's ability to move to a lower rate at the final tax hearing should it wish to do so. He also commented on the efficient business model in which the Healthcare System operates, resulting in less dependence on taxpayer dollars to support its services.

Mrs. Wolfer concurred with her fellow Commissioners to remain at 1.2183 mills to allow for an opportunity to review the August financials.

Mr. Avalos empathized with the plight of the taxpayers present, reassuring them of the Board's commitment to do what is best for the community. He voiced his agreement with the tentative rate of 1.2183 mills, expressing hope to be able to further lower the rate at the final tax hearing.

Mrs. Miller agreed with tentative adoption of 1.2183 mills, allowing management time to review the August financials later in the month, with further discussion at the final tax hearing.

Concurring with his fellow Commissioners, Mr. Tynan stated he was in favor of retaining the tentative rate of 1.2183 mills and commented on the good work done by the District in reducing taxes over multiple years. He noted the possibility of a further millage rate reduction, should the updated financial projections deem it prudent and provide the revenues needed to assure the provision of healthcare to those with the inability to pay.

Mr. Sacco advised that the District's current millage rate of 1.1643 mills is the lowest millage rate in twenty-nine years. Less than four percent of the District's revenues are generated by taxes and are used solely to provide care to the uninsured. The District has been able to achieve less dependence on taxes with the opening of Memorial Hospital West and Memorial Hospital Miramar, providing a better payer mix with more insured patients.

The Chair invited Mr. Muhart to read the first resolution for Board consideration. It was confirmed that the Board's consensus was to remain at the tentative rate of 1.2183 mills.

Mr. Muhart proceeded to read Resolution 319 relative to adoption of a tentative millage rate for the South Broward Hospital District for Fiscal Year 2009, a copy of which is attached to the Minutes on file in the Executive Office.

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

***THE BOARD APPROVE RESOLUTION 319 ADOPTING A  
TENTATIVE MILLAGE RATE OF 1.2183 MILLS***

The Chair requested a roll call vote:

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

The motion ***carried*** unanimously.

Mr. Muhart then read Resolution 320 relative to adoption of a tentative tax budget for the Fiscal Year Commencing on May 1, 2008 and Ending on April 30, 2009, a copy of which is attached to the Minutes on file in the Executive Office.

Mrs. Wolfer ***moved, seconded*** by Mrs. Durham, that

***THE BOARD APPROVE RESOLUTION 320 ADOPTING THE TENTATIVE  
BUDGET OF \$1,396,527,000, INCLUDING TAX REVENUES OF \$59,011,000 AND  
OTHER NON-AD VALOREM OPERATING REVENUES OF \$1,337,516,000***

The Chair requested a roll call vote:

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

The motion ***carried*** unanimously.

The Chair advised that Mr. Jones had requested to invite a member of the audience to address the Board relative to a hurricane issue. At Mr. Jones' invitation, Reverend Harigan came forward and thanked the Board for the opportunity to speak. He stated that he ministers to the Haitian community and expressed the hope that Memorial Healthcare System could assist in providing relief to Haiti in light of the recent hurricane devastation. The Reverend was directed to speak with Mr. Benz, who noted that the System's volunteer services department had already commenced an effort to collect goods for Haiti.

**3. Final Tax Budget Hearing for Fiscal Year 2009 Will be Held Wednesday, September 24, 2008, 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 2009 will be held Wednesday, September 24, 2008, 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 6:30 p.m.

THE BOARD OF COMMISSIONERS OF THE  
SOUTH BROWARD HOSPITAL DISTRICT

By: \_\_\_\_\_  
Kevin C. Tynan, Chairman

ATTEST: \_\_\_\_\_  
Sara E. Wolfer, Secretary-Treasurer