

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 2012

SEPTEMBER 14, 2011

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 2012 was held on Wednesday, September 14, 2011, at Memorial Regional Hospital, in Perry Auditorium, at 5:35 p.m.

The following members were present:

Ms. Sara E. Wolfer	Chairman
Mr. Alfredo Avalos	Vice-Chairman
Mr. Hobel Florido	Secretary Treasurer
Mr. Jose Basulto	
Ms. Kathy Durham	
Mr. Albert C. Jones	

The following member was absent:

Ms. Laura Raybin Miller

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, Ms. Wolfer, 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 2012 to order.

2. Public Hearing of the South Broward Hospital District Board of Commissioners for Adoption of Tentative Tax Budget for Fiscal Year 2012

The Chair declared the preliminary public hearing of the South Broward Hospital District's proposed tax budget for Fiscal Year 2012 open. The Chair invited Mr. Matthew Muhart, Senior Vice President and Chief Financial Officer, to address the Board.

As reviewed at the July 2011 Board meeting, 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 2011 tax year. He noted that the Board packets are comprised of: (1) his memo to Mr. Sacco dated September 7, 2011; (2) a Tax Fund Budget Sensitivity Analysis with accompanying descriptions; (3) a Tax Fund Budget Worksheet; (4) a table illustrating the effect the proposed and prior year millage rates would have on an average homesteaded home in the District; and (5) a Budget Summary, copies of which are on file in the Executive Office.

There are no capital expenditures included in this year's Tax Budget. As such, all tax receipts received by the District are used to help fund the cost of health care to the District's indigent patients. Uncompensated care charges continue to increase, with projected Fiscal Year 2012 costs approaching \$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 reported at the July Board meeting, the FY 2012 proposed tax budget will mark the second year in a row that the District will absorb 100% of the uncompensated care delivered in its hospitals without the benefit of the ad valorem tax proceeds. The organization's successful strategic vision has enabled the District to minimize and, subsequently, eliminate its reliance on tax revenues to fund hospital uncompensated care.

Mr. Muhart advised that the proposed millage rate of 0.7942 mills established by the Board at the July meeting was equal to a 38.35% decrease from the rolled-back rate and a 37.62% decrease from last year's rate. He also noted that the District's financial results through August reflect continued favorable results vs. budget and a modest improvement over prior year.

Following was a 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 reviewed 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 0.7942, these items total approximately \$6.7 million.

Gross taxes levied, at a millage rate of 0.7942, total approximately \$30.7 million; however, after accounting for the aforementioned items, the District is left with approximately \$24.0 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 South Broward Community Health Services Primary Care Centers, not otherwise covered by county and state contracts and other funding sources, with the second being the funding of uncompensated care at the Memorial Manor Nursing Home.

Mr. Muhart noted that the Tax Fund Budget Worksheet reviewed at the July Board meeting illustrated the uses of tax proceeds that generated the proposed millage rate of 0.7942. He was pleased to advise that the South Broward Community Health Services Primary Care Centers performed better than budget for the first four months of the year. As such, the Tax Fund Budget Worksheet has been updated to reflect lower projected operating losses at the Primary Care Centers, which supports the ability and management's recommendation to lower the millage rate to 0.7500 mills. Mr. Muhart reviewed the revised Tax Fund Budget Worksheet with the Board.

Mr. Sacco noted that in prior years, tax fund revenues were used to underwrite the cost of physician care for the uninsured through the Uninsured Patient Fund and OB/GYN and Pediatric contracts; however, this year, the District has absorbed these costs into hospital operations, thus allowing management to recommend a 41% decrease in the District's millage rate. In response to Mr. Jones, he advised that the sliding scale Uninsured Discount Program continues to remain in place for individuals whose income is above the 200% federal income poverty guideline.

Following was a review of the District's ten year millage rate history. Under the recommended millage rate of 0.7500, a homeowner residing in the same homesteaded residence since 2001, currently valued at \$200,000, with a taxable value of \$150,000 after homestead exemption, would pay approximately 56% less tax to the District in 2011 than was paid in 2001.

The final documents presented for review were the Fiscal Year 2011-2012 budget summaries generated by the millage rates of 0.7942 and 0.7500. Mr. Muhart outlined the budget summary relative to 0.7500 mills, which reflects the budget that would be tentatively approved if 0.7500 mills was adopted by the Board. This budget summary would then be published in the newspaper prior to the final tax hearing on September 26, 2011.

Mr. Muhart noted that the final tax hearing would be held on September 26, 2011. He 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.

In response to Mr. Florido, Mr. Muhart confirmed management's confidence in its recommendation of 0.7500 mills as there are no foreseeable changes anticipated to occur within the District between this evening's vote and the final tax hearing on September 26th.

At this juncture, the Chair invited members of the audience wishing to address the Board to stand and be recognized. There was no response from the public; however, Mr. Sacco requested that Mr. Muhart review pertinent information relative to the proposed millage rate for those audience members arriving late to the meeting.

Upon completion of Mr. Muhart's review, the Chair again invited members of the public to address the Board. As no one asked to be recognized, Ms. Wolfer declared the public portion of the meeting closed and opened the floor for discussion by the Commissioners.

Each of the Commissioners individually voiced their support for tentative adoption of 0.7500 mills as recommended by management, expressing pride in the District's ability to once again lower its millage rate. Mr. Sacco affirmed that the standard and quality of care and provision of services would remain the same and advised that adoption of 0.7500 mills would mark the lowest millage rate in the District's history since 1955. It will also be the first time in approximately 25 years that the District has absorbed the cost of physician care to the uninsured into hospital operations, making possible a 41% decrease in tax millage.

The Chair invited Mr. Muhart to read the first resolution for Board consideration relative to adoption of a tentative millage rate of 0.7500 mills.

Mr. Muhart read Resolution 351 in its entirety relative to adoption of a tentative millage rate for the South Broward Hospital District for Fiscal Year 2012, a copy of which is on file in the Executive Office.

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

THE BOARD APPROVE RESOLUTION 351 ADOPTING A TENTATIVE MILLAGE RATE OF 0.7500 MILLS, WHICH IS 41.78% LOWER THAN THE ROLLED-BACK RATE OF 1.2883 MILLS

The Chair requested a roll call vote:

Ms. Durham	Yes
Mr. Florido	Yes
Mr. Avalos	Yes
Mr. Jones	Yes
Mr. Basulto	Yes
Ms. Wolfer	Yes

The motion **carried** unanimously.

Mr. Muhart then read Resolution 352 in its entirety relative to adoption of a tentative tax budget for the fiscal year commencing on May 1, 2011 and ending on April 30, 2012, a copy of which is on file in the Executive Office.

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

THE BOARD APPROVE RESOLUTION 352 ADOPTING THE TENTATIVE BUDGET OF \$1,547,141,000, INCLUDING TAX REVENUES OF \$27,889,000 AND OTHER NON-AD VALOREM OPERATING REVENUES OF \$1,519,252,000

The Chair requested a roll call vote:

Mr. Basulto	Yes
Mr., Jones	Yes
Mr. Avalos	Yes
Mr. Florido	Yes
Ms. Durham	Yes
Ms. Wolfer	Yes

The motion **carried** unanimously.

3. Final Tax Budget Hearing for Fiscal Year 2012 Will be Held Monday, September 26, 2011, 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 2012 will be held Monday, September 26, 2011, 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 6:10 p.m.

THE BOARD OF COMMISSIONERS OF THE
SOUTH BROWARD HOSPITAL DISTRICT

By: _____
Sara E. Wolfer, Chairman

ATTEST: _____
Hobel Florido, Secretary-Treasurer