

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 2010**

SEPTEMBER 9, 2009

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 2010 was held on Wednesday, September 9, 2009, at Memorial Regional Hospital, in Perry Auditorium, at 5:30 p.m.

The following members were present:

Mrs. Kathleen Durham	Chairman
Mrs. Sara E. Wolfer	Vice-Chairman
Mr. Albert C. Jones	
Ms, Laura Raybin Miller	
Mr. Kevin P. Tynan	

The following member was absent:

Mr. Alfredo Avalos

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 2010 to order.

2. Public Hearing of the South Broward Hospital District Board of Commissioners for Adoption of Tentative Tax Budget for Fiscal Year 2010

The Chair declared the preliminary public hearing of the South Broward Hospital District's proposed tax budget for Fiscal Year 2010 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 2009 tax year. He noted that the Board packets are comprised of his memo to Mr. Sacco dated September 2, 2009, a Tax Fund Budget Sensitivity Analysis with accompanying descriptions, graphs illustrating trends of uncompensated care and their relationship to tax revenue, and schedules illustrating the impact of the proposed millage rate on properties in the District, 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 2010 costs potentially surpassing \$929 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. As always, the District will continue to absorb these increases through its operations.

At the July Board meeting, the Board established a tentative millage rate of 1.2732 mills; which represents a 6.05% decrease compared to the rolled-back rate, and a 6.87% 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 and pharmaceuticals, 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 several significant changes in the District's immediate future:

1. The federal government is likely to pass a healthcare reform bill, the effects of which are unknown at this time.
2. No known alternative funding sources have been identified to continue the Federal stimulus program funding, which helped to stabilize the Medicaid and LIP programs, once the current stimulus program ends.
3. The continued growth in consumer directed health plans that will inevitably increase the levels of uncollectible accounts.
4. The deteriorating local economy has created a significant increase in Primary Care membership. The Primary Care Centers consume the largest amount of tax revenues to fund their operating costs.

Mr. Muhart presented an in-depth review of the Tax-Fund Sensitivity Analysis which was provided to assist the Board in evaluating the impact on tax revenues of various millage rates. As a point of reference, Mr. Muhart advised that the millage rate in Fiscal Year 1980 was 1.3593 for operating purposes and 0.0763 for debt service, for a combined total of 1.4356.

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, CRAs and the Medicaid Program Match. At a millage rate of 1.2732, these items total approximately \$9.6 million.

At a millage rate of 1.2732, gross tax revenues total approximately \$57.1 million; however, after accounting for the aforementioned items, the District is left with approximately \$47.6 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 \$23.8 million for Fiscal Year 2009.

Following was a review of the documents reflecting the impact of millage rates 1.2732 and 1.1913 on properties within the District. The multi-year comparison reflected that a homeowner residing in the same homesteaded residence since 2000, currently valued at \$325,000, with a taxable value of \$275,000 after homestead exemption, would pay less tax to the District in 2009 than was paid in 2000, under either millage rate. The second schedule reveals that 61.5% of property owners would pay the same or less taxes than last year at a millage rate of 1.1913, with 35.5% paying less than a \$30 increase; respectively, at a rate of 1.2732 mills, 49.4% and 45.1%.

Mr. Muhart stated that a final tax hearing would be held on September 23, 2009. This will allow the Board an opportunity to consider updated financial results through August 2009. 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 requested that the Chair invite the public to speak, followed by discussion by the Board of Commissioners. At that time, Mr. Muhart stated he would 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.

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

Mr. Daniel Luongo, owner of commercial and residential property in Broward County, came forward and expressed his dissatisfaction with the significantly increased tax burden placed on both his home and business. Subsequent to the meeting, a representative of the District's Finance Department met with Mr. Luongo to review his tax notice and provide him with the necessary information to contact the Property Appraiser's office should it be deemed appropriate.

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.

Mr. Tynan expressed his desire to provide some tax relief to the community; however, he reflected on the Board's fiduciary responsibility to assure that the Healthcare System has the ability to continue to meet its primary purpose of caring for the sick and needy. In light of projected future changes, his recommendation was to tentatively approve the millage rate of 1.2732, which provides a savings to the District's constituents, yet strikes a balance between going back too far for the future.

In light of the current economic environment, Mr. Jones voiced empathy toward the taxpayers of Broward County, however recognizes the reality of future changes which may adversely affect the District. At this time, he concurs with the tentative approval of 1.2732 mills, with the possibility of lowering the rate at the final tax hearing.

Ms. Miller commended management's consistent ability to step up and meet the financial challenges presented to the District. She agreed that 1.2732 mills strikes a balance in providing some tax relief to the taxpayer, without jeopardizing the well-being of the System and, therefore, concurs with tentative approval of 1.2732 mills.

Mrs. Wolfer expressed concern relative to the impact of projected future changes to the District and recommends tentative approval of 1.2732 mills.

Mrs. Durham noted she has been consistently in favor of giving back to the community since the inception of her Board appointment. In light of the Board's fiduciary responsibility to care for the citizens of the District, she felt it appropriate at this time to remain at the tentative millage rate of 1.2732 mills.

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 1.2732 mills.

Mr. Muhart proceeded to read Resolution 332 relative to adoption of a tentative millage rate for the South Broward Hospital District for Fiscal Year 2010, a copy of which is on file in the Executive Office.

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

**THE BOARD APPROVE RESOLUTION 332 ADOPTING A
TENTATIVE MILLAGE RATE OF 1.2732 MILLS**

The Chair requested a roll call vote:

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

The motion *carried* unanimously.

Mr. Muhart then read Resolution 333 relative to adoption of a tentative tax budget for the Fiscal Year Commencing on May 1, 2009 and Ending on April 30, 2010, a copy of which is on file in the Executive Office.

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

**THE BOARD APPROVE RESOLUTION 333 ADOPTING THE TENTATIVE
BUDGET OF \$1,439,989,000, INCLUDING TAX REVENUES OF \$54,208,000 AND
OTHER NON-AD VALOREM OPERATING REVENUES OF \$1,385,781,000**

The Chair requested a roll call vote:

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

The motion **carried** unanimously.

Mr. Muhart advised that the proposed millage rate is lower than the rolled-back rate by 6.05%.

3. Final Tax Budget Hearing for Fiscal Year 2010 Will be Held Wednesday, September 23, 2009, 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 2010 will be held Wednesday, September 23, 2009, 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: _____
Kathleen Durham, Chairman

ATTEST: _____
Alfredo Avalos, Secretary-Treasurer