

HUNT MEMORIAL HOSPITAL DISTRICT  
**BOARD OF DIRECTORS' BUDGET WORKSHOP MINUTES**

August 25, 2020

The Board of Directors of Hunt Memorial Hospital District conducted a budget workshop on Tuesday, August 25, 2020 at 4:00 pm in the sixth floor Homer Horton, Jr. Boardroom at Hunt Regional Medical Center, 4215 Joe Ramsey Boulevard, Greenville, Texas.

Members present were:

Mr. Joe C. Johnson, Chairman  
Mrs. Sarah Alderman  
Dr. James Barr  
Mr. John Cecil Nelson, Jr.  
Mrs. Janet Peek  
Dr. Scott Pierce  
Mr. Michael Taylor  
Mrs. Julia Wensel

comprising a quorum of the Board; also,

Mr. Richard Carter, President/CEO  
Ms. Leah Curtis, Hospital Counsel  
Mr. Chris Janning, Hilltop Securities  
Ms. Lindsey Evans, Hilltop Securities  
Mr. Rodolfo Segura, Jr., McCall, Parikhurst & Horton, LLP  
Mr. Lee Boles, Vice President/CFO  
Mr. Reese Hurley, Vice President/CNO  
Mr. John Heatherly, Vice President/Support Services  
Ms. Emily Sundeen, Vice President/Quality and Clinical Integration  
Ms. Lisa Hill, Foundation/Marketing/Volunteers  
Mr. Andrew Lawrence, Accounting  
Ms. Jamie Morgan, Accounting  
Mrs. Mary Pattberg, Decision Support Director

Absent was:

Mr. William Rutherford

**Proposed HMHD  
Fiscal Year 2021  
Operational and  
Capital Invest-  
ment Plan  
Budgets**

Mr. Boles presented the first draft of Fiscal Year 2021 Hunt Memorial Hospital District Operating and Capital Plan budgets. He outlined trends for admissions, outpatient and emergency department visits, assumptions for service demand, revenue assumptions reflecting a 5.1% average increase in charges with an overall impact

of less than \$100,000, revenue mix and revenue deductions, payer mix history, tax revenue for operations compared to uncompensated care costs with the funding gap increasing from \$3 million to \$10 million in ten years, and operating expenses including salaries, professional fees, supplies, purchased services, repairs and maintenance, lease rentals, insurance, utilities, and non-operating income. Not reflected in the workshop draft budget is a second pass to validate admissions, patient days, and surgical volumes; the impact of changes in payer or service mix to contractuals; UHRIP changes (up to 63% from 56%); detailed final expense review by senior leadership; market drive salary adjustments; and the Board input on tax rate and service lines. The Hunt Memorial Hospital District Capital Investment Plan Budget was presented and Mr. Boles reported total capital requests are \$5,565,888, with major expenditures including \$580,000 for fair market value of four leased CT's, \$1.3 million in maintenance/building expenditures, \$1.4 million in imaging equipment and \$270,000 MAKO robot hip replacement with \$7,754,961 budget depreciation expense.

**Proposed  
HMHD 2020  
Ad Valorem  
Tax Rate**

Mr. Boles presented historical data on the Hunt Memorial Hospital District property tax rates and reported Senate Bill 2 made several significant changes to the truth-in-taxation process including new terminology and calculations. The effective tax rate is the no-new-revenue tax rate, rollback rate is the voter-approval tax rate and Maintenance and Operation is now referred to as the no-new revenue maintenance and operations (M&O) rate. He reviewed the current tax rate options with our current debt noting that voter-approval rate would be \$0.2244290 with total tax revenues of \$16,554,177 and reviewed tax rate options on new debt noting the voter-approval tax rate would be \$0.2438157.

**Executive  
Session**

An Executive Session was held under the provisions of Section 551.001 et seq., Texas Government Code for the purpose of 551.071. Following the Executive Session, the following action was taken.

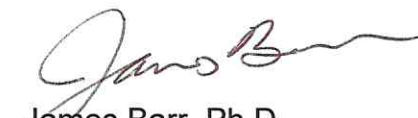
**Proposed  
HMHD 2020  
Ad Valorem  
Tax Rate**

Mr. Taylor moved, seconded by Dr. Pierce, to approve Resolution No. 328, a resolution proposing an ad valorem tax rate for the maintenance and operation of the Hunt Memorial Hospital District and the Hospital System for the year 2020; and providing savings clauses. The maintenance and operation fund will be \$0.188400 and the interest and sinking fund will be \$0.0554157 making the proposed tax rate \$0.2438157, a rate that is above the no-new revenue tax rate and at the voter-approval tax rate, thus no election is required. The motion carried unanimously.

A public hearing is required, thus a recommendation was made to conduct the required hearing to follow the Finance/Budget Committee meeting on September 15. Following discussion, Dr. Pierce moved, seconded by Mrs. Peek, to conduct the public hearing on Tuesday, September 15, 2020 a 5:00 p.m. in the sixth floor boardroom. The motion carried unanimously.

**Adjournment**

There being no further business, the meeting adjourned at 5:39 p.m.

  
James Barr, Ph.D.  
Secretary