

	DATE/TIME	MEETING LOCATION
<p>SOUTH LAKE HOSPITAL DISTRICT BOARD OF TRUSTEES</p> <p>MINUTES</p>	<p>July 28, 2015</p> <p>6:00pm - 7:00 pm</p>	<p>South Lake Administration Board Room</p>
<p>Members Present Tomas Ballesteros, DMD; Curt Binney; JoAnn Jones; Kasey Kesselring; Linda Smith; Carlos Solis</p> <p>Members Absent Rodney Drawdy; Jeff Duke; James Nussbaumer; Paul Rountree</p>	<p>Ex-Officio Present: John Moore</p> <p>Others: Lance Sewell; Paul Johns; Sheri Olson; Jim Bogner</p>	<p>Recorded By Erika Lima Manager, Administrative Services</p>
<i>Agenda Item</i>	<i>Discussion</i>	<i>Recommendations/Actions</i>
◆ Call To Order	The meeting was called to order at 6 pm by Linda Smith.	
◆ Review Of Minutes	The minutes of May 26, 2015 were presented for acceptance.	A motion was made by Curt Binney to accept the minutes as presented, seconded by Tomas Ballesteros, motion carried unanimously.
◆ Standing Reports		
▪ President		
– Patient Experience	Mr. Johns shared a letter from a patient who visited the mammography center at the Women's Centre and was very appreciative of the staff and the physician who cared for her.	
– Operational	<p>Mr. Moore discussed that David Strong, the new CEO at Orlando Health, will be attending the monthly meeting with the leadership team next week. He has been visiting all the hospitals with Dr. Hakim and hosting town hall meetings for staff. Mr. Moore held the quarterly town halls for South Lake Hospital and received positive feedback.</p> <p>An update was provided on the two land acquisitions, one purchase and one donation. The properties are located on Highway 27, north of the turnpike exit and one south at the intersection of Highway 192 and Highway 27. The hospital has contracted a master planner to assist with identifying the need for short and long term services on campus and on these properties as well.</p> <p>The Skilled Nursing Unit has finally been reviewed by AHCA. It was mentioned that until the review, a limited amount of patients were allowed and the hospital was unable to bill, in order to fulfill the guidelines of AHCA.</p> <p>The hospital has recruited an orthopedist, specializing in hand surgery, David Feiner, MD, and he has joined the practice of Sports Medicine Institute. The Chamber will be hosting an after-hours open house on August 13th to meet and welcome him to the community.</p>	

Agenda Item	Discussion	Recommendations/Actions
<ul style="list-style-type: none"> - Financial Update 	<p>Mr. Sewell presented June key results noting a 6.4% increase in case mix adjusted patient days. The operating margin is favorable; however expenses are up primarily due to salaries, wages and benefits. Capital expenditures, year to date, were outlined for the group.</p> <p>It was discussed that the transaction between the radiation oncology group and the hospital is scheduled to close this Friday. This is part of a joint venture for oncology services and partnering with UF Cancer Center.</p>	
<ul style="list-style-type: none"> ◆ Old Business 		
<ul style="list-style-type: none"> - Government Relations 	<p>A legislative update was provided to the group, with talking points distributed to the members. The discussion included congressional redistricting and the commission on healthcare and hospital funding. Other items from the special session were mentioned such as the state budget and the House Healthcare cost savings bills.</p>	
<ul style="list-style-type: none"> ◆ New Business 		
<ul style="list-style-type: none"> - Tax Support 	<p>The annual tax support evaluation and history was presented for discussion and approval. After discussion, the District believes the needs of the community would be best met by maintaining the current millage rate of .7633 levied by the Tax District for FY16, which will balance the needs of the hospital and the community. (See attached).</p>	
<ul style="list-style-type: none"> - Community Benefit Report 	<p>The Community Benefit report was presented for FY 2014. This report is distributed to the members of the community and outlines the benefits, services, and value that the hospital provides to the community. It was discussed that there is a requirement and formulas to follow for the presentation of the data.</p>	
<ul style="list-style-type: none"> - TRIM FY16 	<p>The dates for the TRIM process are as follows: Preliminary TRIM Hearing – 9/2/15 Final TRIM Hearing – 9/21/15</p> <p>It was mentioned that a quorum is needed for both meetings and the members were encouraged to mark their calendars and plan to attend. A meeting invitation will be sent out to the calendars.</p>	
<ul style="list-style-type: none"> ◆ Other Business 	<p>There was discussion regarding South Lake Hospital being a dispensary for medical marijuana. Mr. Moore has met with interested parties, but did not recommend South Lake Hospital.</p> <p>An update was given on the softball fields and the plan to build additional fields in the community. It was discussed that the city, the hospital and college are in discussions for potential locations.</p>	
<ul style="list-style-type: none"> ◆ Adjournment 	<p>The meeting was adjourned at 7 pm by Ms. Smith.</p>	
<p>Minutes Attested To & Recorded By</p>	<hr style="width: 60%; margin: 0 auto;"/> <p>Erika Lima, Secretary to the Board</p>	

**SOUTH LAKE COUNTY HOSPITAL
DISTRICT BOARD OF TRUSTEES
CLERMONT, FLORIDA**

**TAX SUPPORT EVALUATION AND HISTORY
July 2015**

Purpose

The purpose of this memo is to evaluate the current tax support (based on the millage rate of .7633) and future property taxes and the impact on the South Lake County Hospital District in providing hospital expansion, care to charity patients and services within the emergency department.

Short History of District and Tax Support

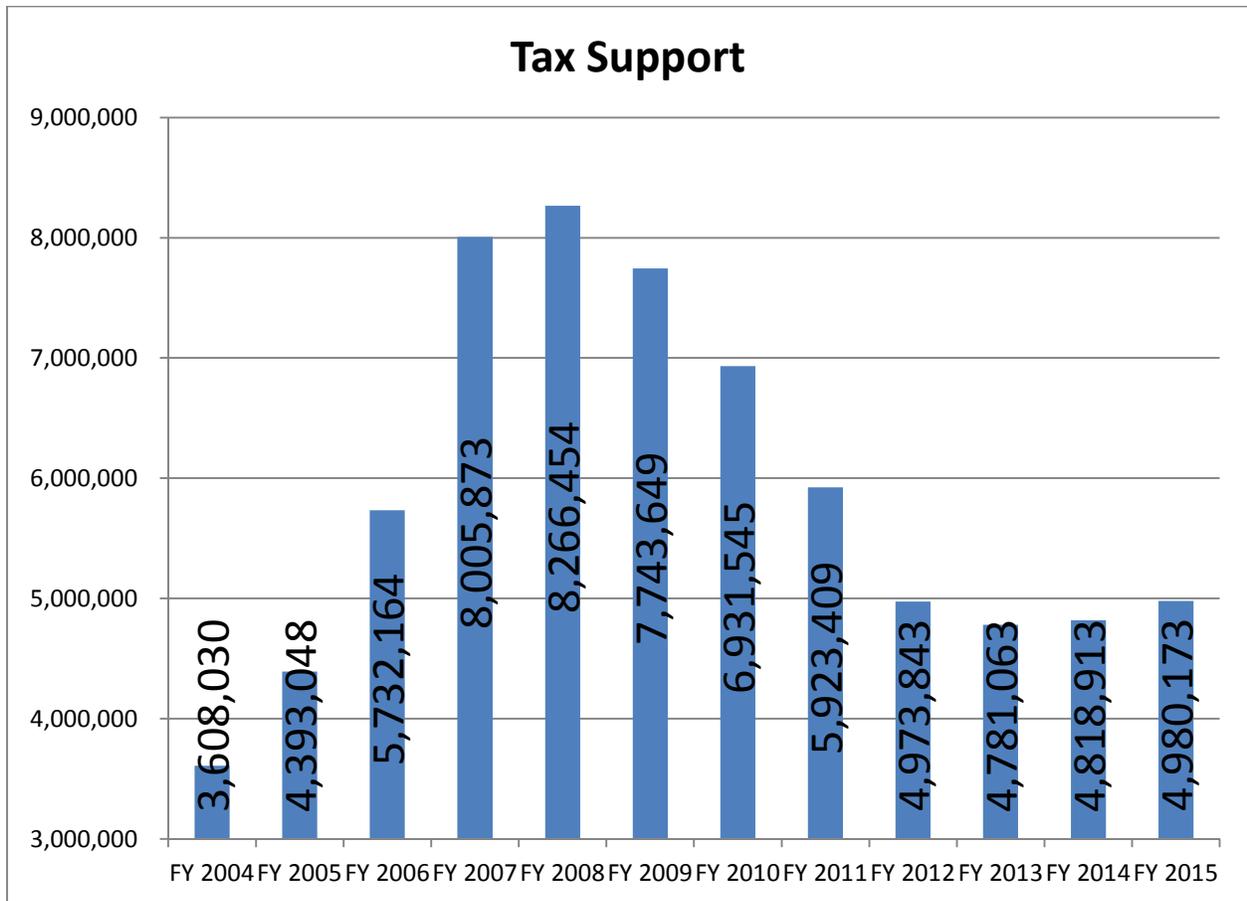
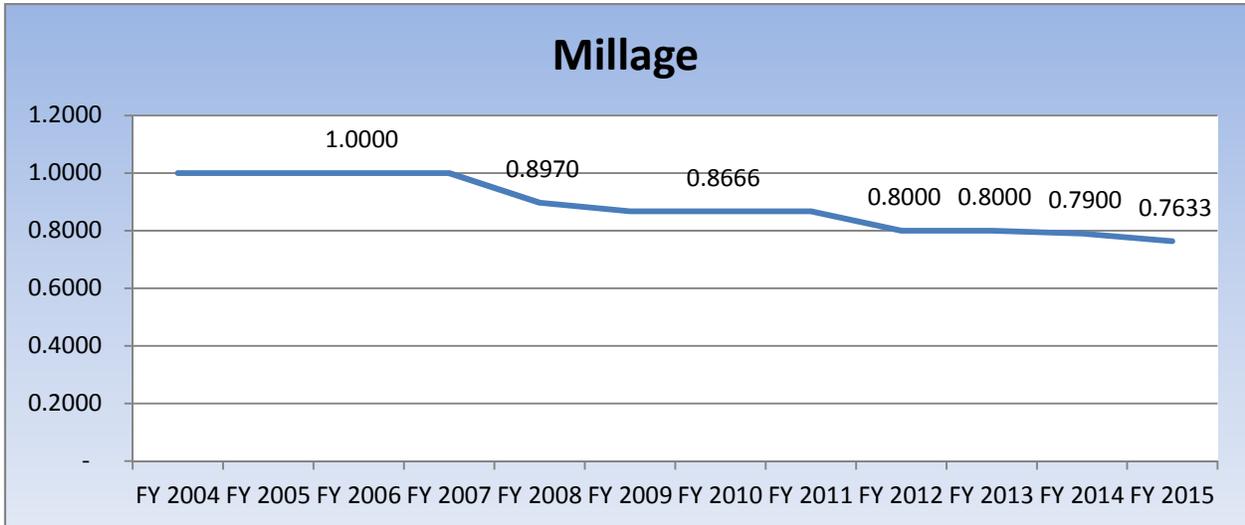
The tax support from South Lake County residents was modified in 1995 when South Lake Hospital partnered with Orlando Health to reduce not to exceed millage from 2 mills to 1 mill per year beginning with tax year 1999. In addition, the tax support from South Lake County Hospital District was further reduced based on Amendment 1 to the Florida Constitution approved by Florida voters in 2008 which allows the Save Our Homes property tax relief to be transferrable. Under the District's enabling legislation, the purpose of the tax levy is three-fold:

1. To pay for the principal and interest on promissory notes, mortgages, or ad valorem bonds;
2. To pay for the acquisition, construction, maintenance, operation, equipment, and administration of the facilities of the District and of South Lake Hospital, Inc; and
3. To pay for the cost of ambulance service and emergency room service within the District.

The South Lake County Hospital District has historically evaluated the millage based on the debt service related to its previously-completed construction and maintenance. However, with the Governor's report on Independent Hospital Districts as well as the Governor's creation of the Commission on Healthcare and Hospital Funding, the evaluation of tax support in comparison with indigent care also shows a need for tax support as it relates to south Lake County.

Millage Rate and Tax Support History

The South Lake County Hospital District's recent reductions of the millage over several years to match the need in the community for charity and uninsured care has produced a more desirable approach for the dollars to follow the patient, while still applying the tax dollars for approved uses. Below are charts showing a synopsis of the reduction in the millage as well as the overall tax support received by the District.



Current Tax Scenario & Future Outlook

The District received approximately \$4.8 million in FYs 2013 and 2014 and estimates it will receive \$5.0 million in FY 2015 as a result of the slight increase in property values in south Lake County with the adoption of the rolled back rate. Property values are estimated to increase approximately 7.7% in FY 2016 based on early estimates from the Property Appraiser’s Office. The net estimated tax support for

FY 2016 with the increased property values and maintaining the current millage is expected to be approximately \$5.3 million.

Factors to consider in setting the millage rate for this coming year:

- Estimated charity costs for FY 2016 for all patients are expected to be approximately \$6.1 million with expenditures for the indigent clinic estimated at \$260 thousand.
- Low Income Pool funds to the hospital are expected to be reduced by \$2.3 million in the state fiscal year which runs from July 1, 2015 to June 30, 2016, with additional reductions of approximately \$2.0 million in future years.
- Debt service for FY 2016 is estimated to be \$6.7 million.
- Cost of operating the emergency rooms for both the main and OB areas in FY 2016 is estimated at \$7.7 million.
- Routine and project capital expenditures for the nine months ending June 30, 2015, totaled approximately \$14.5 million, and the hospital expects to spend approximately \$18 million on capital for FY 2015. Capital expenditures for routine items and projects for FY 2016 are estimated at \$20.1 million. Capital expenditures will continue to grow with the expansion of the market to service the needs of the patients in south Lake County.
- Although the economic situation is improving in south Lake County, the underinsured patients who need care through the emergency room continue to grow. In addition, the growth of the south Lake County market over the next two to three years will produce a demand for services in other parts of the District. As the long-range plan for the hospital is considered, the addition of beds, growth of services and other outpatient services is important to South Lake Hospital's mission. This long-range financial plan includes approximately \$49.0 million of spending on expansion and equipment replacement in the upcoming three fiscal years.

Conclusion

While the estimated tax base for FY 2016 has grown, South Lake Hospital remains somewhat dependent on the tax support to provide the community with quality healthcare. In addition, the tax support has shown consistently its application to the needs of the community through primary and emergency care being rendered for those who cannot afford it. The ability to fund future buildings and technologies through construction has been and will continue to be a challenge for the residents of south Lake County. As a result, the District believes the needs of the community would best be met by maintaining the current millage at .7633 levied by the Tax District for FY 2016.