

**MINUTES OF THE BOARD OF MANAGERS  
OF  
UMC HEALTH SYSTEM**

**WEDNESDAY, AUGUST 6, 2025**

Ms. Laura Vinson, Chairman, called the Annual Budget Review Meeting of the Board of Managers of University Medical Center to order at 9:33 a.m. on Wednesday, August 6, 2024. The meeting was held in the board room at University Medical Center, 602 Indiana Avenue, Lubbock, TX.

The Chair confirmed that no one from the public registered to comment.

Ms. Vinson welcomed the Board Members and guests and thanked them for attending. The following members and guests were present:

**MEMBERS PRESENT**

|                                  |                |                        |
|----------------------------------|----------------|------------------------|
| John DeToledo, M.D. (non-voting) | Jason Medina   | Laura Vinson           |
| Gary Greenstreet                 | Mikella Newsom | Gladys Whitten, D.M.D. |
| Mont McClendon                   | Tray Payne     |                        |

**MEMBERS ABSENT**

**OTHERS PRESENT**

|                              |                            |                           |
|------------------------------|----------------------------|---------------------------|
| Teresa Barron                | Bobbye Hrnccirik (virtual) | Jill Shanklin (virtual)   |
| Tina Belcher                 | John Lowe                  | Nick Skeen                |
| Jeff Dane                    | Steven Maddux              | Shane Terrell             |
| Aaron Davis                  | Charles Nell               | Amanda Tijerina (virtual) |
| Dean Diersing (virtual)      | Amy O'Meara (virtual)      | Karen Veselsky            |
| Kristi Duske                 | Brian Payne, M.D.          | Phillip Waldmann          |
| Michael Economidis (virtual) | Spencer Piercy (virtual)   | Tammy Williams            |
| Bill Eubanks                 | Katie Roller               |                           |
| Mark Funderburk              | Abigail Scioli (virtual)   |                           |

**INVOCATION**

Mr. Mark Funderburk voiced the invocation.

**QUORUM**

A quorum was established with seven voting members being present.

**OPEN SESSION**

The Board of Managers entered open session at 9:33 a.m.

**REVIEW OF REVISIONS TO 2025-2026 CAPITAL EQUIPMENT, CAPITAL  
EXPANSION AND OPERATINGS BUDGETS**

Mr. Jeff Dane, Executive Vice President, Administrator and Chief Financial Officer introduced Katie Roller, Director of Decision Support, Charles Nell, Decision Support Analyst, and Steven Maddux, Senior Vice President of Finance, and thanked them for their work on preparing the budgets. The floor was then given to Mr. Mark Funderburk.

Mr. Mark Funderburk, President and Chief Executive Officer, gave a comprehensive overview of the budget documents, the budget approval process, the financial status of UMC Health System and reviewed how the budget supports the mission, growth, and the strategic plan of the hospital. At the conclusion of discussion, the floor was given to Mr. Steven Maddux, Senior Vice President of Finance.

Mr. Maddux reviewed the 2025/2026 Budget Assumptions, and an in-depth discussion of the UMC Health System growth. Mr. Maddux then reviewed the 2025 and 2026 revenue and expenses. He explained that in the original 2025 Operating Budget, it was expected that the UMC Health System would have excess revenue over expenses of \$38.6 million. The revised 2025 budget forecasts

**University Medical Center  
Board of Managers  
August 6, 2025**

that UMC Health System will have excess revenue over expenses of \$52.6 million, which is an increase of \$13.9 million from the original budget but a decrease of \$15.0 million from 2024.

Mr. Maddux continued to explain that the 2025 revised budget has an \$88.4 million increase in net revenue due to significantly higher volumes associated with the opening of the UMC Health & Wellness Hospital. This is offset by a reduction in supplemental funding of \$9.3 million (DSH/UC and NAIP funding), and expense increases of \$6.3% related payroll and supply costs associated with volume increases, particularly at UMC Health & Wellness, and physician support costs.

Mr. Maddux discussed that in 2026, overall net revenue is expected to grow \$59.0 million or 7.2% from 2025, which is driven by a continued growth at the UMC Health & Wellness Hospital and radiology growth at the Main Campus. Additionally, revenue is expected to be optimized for year one of the Epic conversion. Total operating revenue growth is only 5.8% however, due to other operating revenue decreasing for a one-time energy tax credit in 2025 and flat supplemental funding. Reliance on DSH/UC and NAIP funds to generate a positive bottom line continues and presents concerns with the NAIP program (worth \$28 million) expected to end in 2027. Nonoperating revenue also decreases in 2026, due to the removal of \$3.2 million in one-time residual COVID-19 reimbursement funding received in 2025.

Mr. Maddux continued to discuss the total expense growth in 2026 is projected to be \$68.9 million or 6.7%, prompted by increased volume at UMC Health & Wellness Hospital and the Main Campus, labor costs including market raises to attract and retain staff, inflationary increases system-wide, and an additional \$16.3 million in Epic-related operational implementation and year one costs. Another considerable expense increase is around Texas Tech University School of Medicine funding (up 4.1%) and other physician cost increases in radiology and the emergency center.

With the higher increase in expenses relative to operating revenue and continued challenges around supplemental funding, operating margin decreases from 2.2% to 1.4% in 2026 and reduces excess revenue over expense to \$42.0 million.

After Mr. Maddux discussed the detailed breakdown of the Income Statement by Expense Category and Expense Area, the floor was given to Mr. Jeff Dane, Executive Vice President, Administrator and Chief Financial Officer.

Mr. Dane reviewed the Proposed Capital Equipment Budgets for 2025-2028. Mr. Dane explained that the 2025 Proposed Capital Equipment Budget for 2025 is \$70.1 million with six million for undesignated items. The 2026 Proposed Capital Equipment Budget for 2026 is \$43.5 million with six million for undesignated items. For 2027, the Proposed Capital Equipment Budget will be \$17.3 million with \$17.6 million for undesignated items. Also, in 2028 the Proposed Capital Equipment Budget will be \$11.6 million and roughly \$23.3 million in undesignated items.

Mr. Dane reviewed the Capital Expansion Budget for 2025-2028. The Capital Expansion budget includes numerous projects totaling \$97.4 million for the 2025 Revised Budget and \$37.6 million for the 2026 Budget.

Mr. Dane discussed the increase of Capital Expenditures from 2021 to 2023 as strategic investments including the UMC Health & Wellness Hospital. Mr. Dane explained that the capital investments increased in 2025 with the TLC2 Foundation Cancer Center and the transition of UMC's medical record and revenue platform to Epic. Mr. Dane mentioned that planned capital expenditures exceed net income and depreciation since 2022 with the major investments, but capital outlay decreases in 2026.

Mr. Dane explained that previous net income increased cash reserves allowing for these capital investments while maintaining zero debt. Cash operating reserves remain above ninety days in 2025 and 2026, even with significant cash outlays in 2025 for the Cancer Center and Epic Projects.

Mr. Dane also reviewed the property tax information. The tax rate per \$100, as proposed by staff would be 0.1026498 for 2025, which would be a three percent increase over the no-new revenue rate. This would provide estimated current tax collections at \$35,810,865.

**University Medical Center  
Board of Managers  
August 6, 2025**

After Mr. Dane explained the Comparative Tax options, the floor was given to Mr. Mark Funderburk, President and Chief Executive Officer.

Mr. Funderburk provided the board with the 2026 Budget Summary, as well as a review of the budget calendar and County Commissioner's Public Meeting Dates of August 11, 2025, and September 8, 2025. The Board considered the staff recommendation to propose a tax increase. Members raised several concerns, including a) public perception (optics) of pursuing an increase while the System maintains strong cash reserves, b) known, anticipated lack of support from the Commissioners' Court, and c) the desire to hold our "ask" until a substantive project (tower) is presented. On the other hand, members discussed the strategic value of advancing the recommendation regardless of its likelihood of approval, viewing it as an opportunity to affirm the Board's role as advocates for the System's long-term financial sustainability and service capacity.

At the conclusion of Mr. Funderburk's presentation, Chairman Vinson asked if there were any questions regarding the revisions or proposed Operating budgets. Hearing no further questions or comments, Ms. Vinson asked for a motion to approve the 2025 Operating budget revisions and the proposed 2026 Operating budget.

**ACTION:** Mr. McClendon moved to approve the revisions to the 2025 Operating Budget and the proposed 2026 Operating Budget as presented with revision for no new revenue. The motion was seconded by Mr. Payne and approved unanimously.

Chairman Vinson asked if there were any questions regarding the revisions or proposed Capital Equipment and Capital Expansion budgets. Hearing no further questions or comments, Ms. Vinson asked for a motion to adopt the revisions and proposed 2025 and 2026 Capital Equipment and Capital Expansion budgets.

**ACTION:** Ms. Newsom moved to adopt the revisions and the proposed 2025 and 2026 Capital Equipment and Capital Expansion budgets. The motion was seconded by Mr. Medina and approved unanimously.

Chairman Vinson asked if there were any questions regarding the property tax rate information. Hearing no further questions or comments, Ms. Vinson asked for a motion to adopt the proposed rate of \$0.0996600 for 2025-2026.

**ACTION:** Mr. McClendon moved to recommend the proposed tax rate per \$100 valuation of \$0.0996600 to the County Commissioners. The motion was seconded by Ms. Newsom and approved with a five to two vote with dissenting votes from Ms. Vinson and Mr. Greenstreet.

**ADJOURNMENT**

The meeting was adjourned at 12:28 p.m.

**APPROVED:**



Laura Vinson, Chair



Jason Medina, Secretary

**APPROVED AS TO FORM:**



Tina Belcher, Executive Assistant