MINUTES OF THE BOARD OF MANAGERS
OF
UMC HEALTH SYSTEM

WEDNESDAY, AUGUST 5, 2026

Ms. Laura Vinson, Chairman, called the Annual Budget Review Meeting of the Board of Managers of University Medical Center to order at 9:30 a.m. on Wednesday, August 5, 2026. The meeting was held in the board room at University Medical Center, 602 Indiana Avenue, Lubbock, TX.

The Chair confirmed that one member of 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

Gary Greenstreet
Mont McClendon
Jason Medina
Mikella Newsom
Laura Vinson
Gladys Whitten, D.M.D.

MEMBERS ABSENT

John DeToledo, M.D. (non-voting)
Tray Payne

OTHERS PRESENT

Teresa Barron
Tina Belcher
Jeff Dane
Aaron Davis
Dean Diersing (virtual)
Kristi Duske
Michael Economidis
Glen Frick (virtual)
Mark Funderburk
Adonica Hall (virtual)
Jeff Hill
Bobbye Hrncirik (virtual)
John Lowe (virtual)
Steven Maddux
Chris Piel, M.D.
Amber Poe (virtual)
Mike Ragain, M.D.
Katie Roller
Abigail Scioli (virtual)
Cary Shaw (County Commissioner)
Nick Skeen
Shane Terrell (virtual)
Amanda Tijerina (virtual)
Phillip Waldmann
Misti Welch (virtual)
Tammy Williams

INVOCATION

Mr. Mark Funderburk voiced the invocation.

QUORUM

A quorum was established with six voting members being present.

EXECUTIVE SESSION

The Board of Managers went into a Closed Meeting under Government Code Sections 551.071, 551.072, 551.073, 551.074, 551.076 and 551.085 at 9:31 a.m. to consult with attorney concerning pending or contemplated litigation, settlement offers, and confidential legal matters; to deliberate the purchase, exchange, lease or value of real property, deliberate personnel matters; to deliberate financial planning information relating to negotiation for provision of services or product lines; to deliberate proposed new services or product lines and to review Professional Staff credentials (Health and Safety Code Section 161.031 et seq.).

RECESS: Without objection, the Board agreed to recess at 11:03 a.m.

OPEN SESSION

After a brief break, the Board of Managers reconvened Open Session at 11:08 a.m.

REVIEW OF REVISIONS TO 2026-2027 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, 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 2026/2027 Budget Assumptions, and an in-depth discussion of the UMC Health System growth. Mr. Maddux then reviewed the 2026 and 2027 revenue and expenses. He explained that in the original 2026 Operating Budget, it was expected that the UMC Health System would have excess revenue over expenses of $40.9 million. The revised 2026 budget forecasts that UMC Health System will have excess revenue over expenses of $26.1 million, which is a decrease of $14.7 million from the original budget and a decrease of $53.9 million from 2025.

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 2026-2029. Mr. Dane explained that the Proposed Capital Equipment Budget for 2026 is $38.1 million with seven million for undesignated items. The Proposed Capital Equipment Budget for 2027 is $29.9 million with 8 million for undesignated items. For 2028, the Proposed Capital Equipment Budget will be $16.9 million with $19.5 million for undesignated items. Also, in 2029 the Proposed Capital Equipment Budget will be $13.9 million and roughly $22.5 million in undesignated items.

Mr. Dane reviewed the Capital Expansion Budget for 2026-2029. The Capital Expansion budget includes numerous projects totaling $46.6 million for the 2026 Revised Budget and $35 million for the 2027 Budget.

Mr. Dane discussed the increase in Capital Expenditures in 2023 with the construction of 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 decreased in 2026 and 2027.

Mr. Dane explained that previous net income increased cash reserves allowing for these capital investments while maintaining zero debt. Cash operating reserves remain above 120 days in 2026 and 2027, but planned expansion for the Emergency Center and overall bed capacity beyond 2028 will challenge the cash reserves.

Mr. Dane also reviewed the property tax information. The tax rate per $100, as proposed by staff would be 0.099932 for 2027. This would provide estimated current tax collections at $34,821,601.

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 10, 2026, and September 14, 2026.

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 2026 Operating budget revisions and the proposed 2027 Operating budget.

ACTION: Ms. Newsom moved to approve the revisions to the 2026 Operating Budget and the proposed 2027 Operating Budget as presented with revision for no new revenue. The motion was seconded by Dr. Whitten 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 2026 and 2027 Capital Equipment and Capital Expansion budgets.

ACTION: Dr. Whitten moved to adopt the revisions and the proposed 2026 and 2027 Capital Equipment and Capital Expansion budgets including clarification on changing the description of First Responder Park to New EMS Location. 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 $0.099932 for 2026-2027.

ACTION: Mr. McClendon moved to recommend the proposed no new revenue tax rate per $100 valuation of $0.099932 to the County Commissioners. The motion was seconded by Ms. Newsom and approved unanimously.

AGREEMENTS, PROPOSALS AND DISCUSSION ITEMS

A. Master Coordinating Agreement (MCA)
Mr. Jeff Dane, Executive Vice President, Administrator and Chief Financial Officer, presented the Master Coordinating Agreement to the Board. Mr. Dane explained that the MCA governs the relationship between University Medical Center and Texas Tech University Health Sciences Center. It affirms both UMC and TTUHSC as primary partners in key programs such as the Level 1 Trauma Center, Burn Center, Level 4 Maternal and NICU designations, Cancer Center, and pediatric subspecialties. UMC remains the primary teaching hospital for TTUHSC, with defined roles and responsibilities, including UMC's funding of residents and fellows. The agreement covers TTUHSC's provision of services for the LCMI program and related payment terms, faculty and clinical appointments, facility use and maintenance, including deeded and leased land, utilities, and infrastructure and addresses financial responsibilities tied to each. It also includes ancillary agreements and attachments necessary to support patient care within UMC facilities and the broader community. Following discussion, this agreement is approved.

ACTION: Mr. Medina moved to accept staff's recommendation as presented. The motion was seconded by Mr. McClendon and approved unanimously.

CONSIDER AND TAKE ACTION REGARDING MEDICAL PEER REVIEW MATTER

Kristi Duske, Senior Vice President and Chief Legal Officer, asked for affirmation from the board for the Medical Peer Review Matter Resolution.

Following discussion and opportunity for all members to ask questions, Ms. Vinson asked for a motion.

ACTION: Mr. McClendon moved to accept the Medical Peer Review Matter as presented. The motion was seconded by Dr. Whitten and approved unanimously.

ADJOURNMENT

The meeting was adjourned at 12:24 p.m.

University Medical Center
Board of Managers
August 5, 2026

APPROVED:

Laura Vinson, Chair

Jason Medina, Secretary

APPROVED AS TO FORM:

Teresa Barron, Executive Assistant

Tina Belcher, Executive Assistant