

**McDonough District Hospital
Finance Committee of the Board of Directors
Meeting Minutes**

McDonough District Hospital (MDH) Finance Committee met on Thursday, June 10, 2026, at 12:00 p.m. in the third floor Board Room. The Finance Committee members present were Chairman Ryan Riggins, Dave Garner, Kathleen Neumann, Seth Minter, Dan O'Neill, and Dr. Tim Biagini. Non-voting committee members included Todd Lester, Dr. Mary Kathleen Lockard, Bill Murdock, and Sherri Hitchcock.

Guest of the meeting: Jere Greuel.

Present from MDH were Pat Osterman, Alexis Vonholt, Terry Hostert, and Kim Thorman.

Finance Committee Chairman, Ryan Riggins called the meeting to order at 12 p.m.

Public Comment

There were no public comments.

FY27 Budget Presentation

The Finance Committee received the Fiscal Year 2027 Budget Report, which included a full review of projected operating revenues, expenses, capital planning, and financial performance expectations for July 1, 2026 – June 30, 2027.

Alexis Vonholt and Terry Hostert presented the packet and noted the budget does not include the recommendations for reducing expenses that were presented by Wipfli, or the ideas for cost savings that have been discussed at the board level, although these items have been noted within the packet. An appendix was distributed and the changes to the original budgeted estimates were noted.

The budget report was presented to the committee in detail and included the projected operating revenues of \$248.4M, net patient revenue of \$98.7M, and total operating expenses of \$107M, resulting in a projected net operating loss before capital grants and gifts of \$6M. The presentation highlighted approximately \$3.4 million in favorable changes from FY26 annualized performance, driven by orthopedic program expansion, Medical Group improvements, Community Pharmacy growth, and service line adjustments in Monmouth. The FY27 capital budget of \$3.5 million was reviewed, including major equipment replacements and facility upgrades. The bond covenant metrics were also shared. Capital grants and gifts were budgeted at \$500K and it was noted that The Foundation is transitioning to an annual spending policy, with a projected distribution rate of approximately 4.5% per year. The approach is intended to provide a more consistent and sustainable funding stream for the hospital's capital needs.

Financial Stability Plan

There were questions about the cost report and other reimbursement opportunities which had been identified by our external auditors, and Administration noted that there is work in progress.

At 12:38 p.m., a motion was made by Dan O'Neill and seconded by to recommend the FY27 budget to the MDH Board of Directors. Motion carried.

Establishment of Prevailing Wage

The report for prevailing wages as determined by the Department of Labor of the State of Illinois as of April 2026 was shared with the committee prior to the meeting for their review.

At 12:39 p.m., a motion was made by Dave Garner and seconded by Seth Minter to recommend the prevailing wage to the MDH Board of Directors. Motion carried.

Q4 YTD Financial Summary

Sherri Hitchcock presented an overview of the May FY26 year-to-date financials, which reflected an increase to the budgeted net operating revenue, and an unfavorable variance to the operating expenses. She noted the operating losses and drivers being labor cost pressures, increased employee benefit utilization, reduced ER volumes, and a decline in admissions year-over-year. Sherri reported capital spending to be over budget by \$177K.

Sherri had no new update on the approved IRS Employee Retention Credit payment. She noted that, following the favorable appeal decision, all required forms have been submitted, and no further action is pending. It was noted that the payment, when issued, will include accrued interest.

At 12:52 p.m., there being no further business to discuss, a motion was made by Dan O'Neill, and seconded by Dave Garner to adjourn. Motion carried.

Ryan Riggins
Secretary/Treasurer of MDH Board of Directors