

Munroe Regional Health System, Inc.

Board of Directors Meeting Minutes

April 29, 2019 @ 5:00 p.m.

Rich Bianculli, Chairman

Call to Order

Richard Bianculli called the April 29, 2019 regular meeting of the Munroe Regional Health System, Inc. Board of Directors to order with a quorum present at 5:00 pm.

Board Members Present

Rich Bianculli, Sam McConnell, Ram Vasudevan, David Cope, Ken Marino, Larry Strack

Board Members Absent

Rand Klein

Present by Phone

None

District Attorney Present

Joe Hanratty

Others Present:

Dolly Dockham, Curt Bromund, Brianna Liles, Debbie Cooper, Heather Wyman, Rebecca Tull, Carlos Medina (arrived 5:03 pm), Jessica Kummerlee

Invocation

None

Public Comment (3 minutes)

None

Approval of Previous Minutes – March 25, 2019 and April 23, 2019

A **Motion** was made by Ken Marino to accept the minutes of March 25 and April 23, 2019. The **Motion** was seconded by David Cope. With no further discussion, the **Motion** carried unanimously.

New Business

MHRS Financial Reports, Budget vs. Actual Balance Sheet and Income Statements

Debbie reviewed the March 2019 financials.

A **Motion** was made by David Cope to accept the Financials of March 2019 as presented. The **Motion** was seconded by Randy Klein. With no further discussion, the **Motion** carried unanimously.

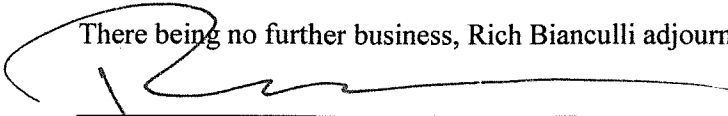
Old Business

None

Other/Legal Matters

None

There being no further business, Rich Bianculli adjourned the meeting at 5:06 p.m.



Richard Bianculli, Chairman

MUNROE REGIONAL HEALTH SYSTEM MARION COUNTY HOSPITAL DISTRICT

Investment Committee Meeting Minutes

April 23, 2019

Richard Bianculli, Chairman

Call to Order

Rich Bianculli called the April 23, 2019 regular meeting of the Munroe Regional Health System and Marion County Hospital District Investment Committees to order at 12:25 p.m.

Public Comments (3 Minutes)

None

Trustees/Committee Members Present

Curt Bromund, David Cope, Larry Strack, Rich Bianculli (left 1:45 pm)

Committee Members Absent

Sam McConnell

Present by Phone

Caleb Adair, Mike Hill

District Attorneys Present

None

Others Present

Dolly Dockham, Carlos Medina, Heather Wyman, Brian Creekbaum (12:35 pm), Matt Foster, Todd Golden, Tom Morr, Chris Moore, Melanie Cianciotto, Wen (Tang) Nottebohm and Russ Allen.

Approval of MRHS/MCHD Previous Minutes

- March 19, 2019

The minutes of March 19, 2019 were approved by general consensus as presented with no objections.

New Business

Renasant (12:30 pm) – Matt Foster, Todd Golden – Investment Policy –Caleb and Matt are suggesting the district and the investors adopt the Investment Classifications presented at the February meeting to the IPS so as to guide the investors on what is an alternative and to remedy misclassifications.

Investors arrived at 1:00 pm

Massey Quick – Tom Morr, Chris Moore – Summary –Growth stocks outperformed value stocks to begin 2019, Although every sector delivered solid returns in Q1, more defensive sectors did not capture as much of the upside. Healthcare and Utilities, for example, were the best performers in 2018 and ultimately lagged during the quarter. The decision to increase interest rates at the end of 2018 sparked a bout of volatility that was ultimately short-lived. During the first quarter, the Federal Reserve calmed fears by leaving its target rate unchanged and signaling that it may be done with rate hikes for the remainder of the year. This was the first time the spread turned negative since 2007. Recent job reports have been largely good news for workers. Unemployment remains low and employers are having trouble filling open positions. A dovish Fed has reclaimed the controls to end the balance sheet reduction program by September. Coupled with no further plans for rate hikes, stocks have rallied to kick off the new year. We are constructive on hedge funds in the current investment environment. We remain very selective on long/short equity managers as the ability to generate persistent excess returns is very difficult. We are overweight illiquid alternatives given their longer investment periods and ability to extract value through engagement with their portfolio companies. Lyrical and Oakmark are both on

the focus list as both were under performers however we are not worried about the allocations and believe active management will make a difference in these areas of the market. Massey will work on reclassifying Golub to illiquid alternatives and Arrowmark to the hedge fund asset class. A temporary approval to be overweight to the illiquid asset class was granted due to the longer lock-up nature of Golub. Massey will be more in line with the targets once Golub pays out in 12-24 months.

Suntrust – Mike Hill (phone)– Summary –After finishing Q4 2018 in negative territory, global stocks saw a sharp rebound in the first quarter with equities posting strongest gains in 10 years. The US led the pack while emerging markets lagged behind their developed markets peers. Within the US, mid-caps were the top performers. Core bonds had a strong quarter after finishing 2018 roughly flat. Yields fell and spreads tightened for the quarter, leaving most sectors solidly in positive territory. High yield was the top performer, benefitting from a snapback in spreads. Commodities, which finished 2018 down double-digits, rallied back to notch modest gains during the first quarter. Domestic equity was up 14.68% during the quarter, outperforming international equities. Global hedge funds underperformed both core bonds and equities. The portfolio allocation to illiquid investments is slightly below the target. We continue to add to illiquid investments as compelling opportunities are identified. Within the U.S., the consumer is very healthy: Record Number of US Workers and Wages Rising. Global profit trends have been reset lower and should improve along with the world economy. Stock prices tend to lead a turn in profits. After sharp selloffs during this market cycle (which is also consistent with prior cycles), the expectation is for volatility to remain elevated over the next few months. Markets will be closely following signs of progress in China trade talks. See no recession in 2019 and the probability of a recession in 2020 declining. The outlook for the remainder of 2019 remains constructive and calls for positive GDP growth likely exceeding 2%. Bonds allocations have produced strong returns during the first quarter and are expected to moderate through the remainder of the year and continue providing stability during market turmoil. Suntrust is comfortable with the current positioning of the portfolio allocations and recommends no major shifts.

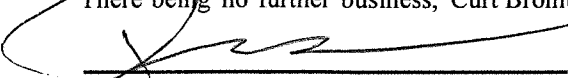
Berman Capital –Wen (Tang) Nottebohm, Russ Allen– Summary – After a sharp dip in Q4 2018 and strong recovery in Q1 2019 where the S&P 500 enjoyed the best start to the year since 1998, the investing environment today looks like that of recent years: slow but positive growth, little inflation and policymakers afraid of spooking financial markets. Our best guess is that recession is a 2021 event. Near-term, we think stocks and other risk assets will be rangebound with potentially higher volatility before grinding higher by year-end, as growth in Emerging markets and then Europe enjoys a modest cyclical recovery. This scenario implies investors should overweight global equities, underweight high quality bonds, and maintain a neutral allocation to cash. We think no new rate hikes mean the US dollar may weaken, boosting international currencies and investment returns in a relative sense. The outlook for bonds is muted because current yields are low and it's hard to see the term premium going lower. High quality bonds should be used for defense and portfolio ballast rather than return drivers. All in all, we see a good but not great outlook for risk investments in the near term. First quarter economic reports will be weak, but that is well anticipated by the market. Stronger growth in the second half could finally help equities outside of the U.S. We see the risk of recession, and thus credit defaults, as low. We are concerned with valuations in places but don't see a systematic problem in the near term.

Old Business/ Legal/Other

None

Adjournment

There being no further business, Curt Bromund adjourned the meeting 2:06 pm.



Rich Bianculli, Chairman

Munroe Regional Health System Marion County Hospital District

Operations Committee Meeting Minutes April 23, 2019 Rich Bianculli, Chairman

Call to Order

Rich Bianculli, in Sam's absence, called the April 23, 2019 regular meeting of the Munroe Regional Health System and Marion County Hospital District Operations Committees to order at 12:11 pm.

Public Comment (3 Minutes)

None

Committee Members Present

Curt Bromund, Rich Bianculli, David Cope, Larry Strack, Randy Klein

Committee Members Absent

Sam McConnell, Operations Chairman

Present by Phone

None

District Attorneys Present

Joe Hanratty

Others Present

Dolly Dockham, Carlos Medina, Heather Wyman, Rebecca Tull, Brianna Liles

Approval of Previous Minutes

- March 19, 2018

A **Motion** was made by David Cope to approve the Minutes of March 19, 2019. The **Motion** was seconded by Randy Klein. With no further discussion, the **Motion** passed unanimously.

New Business

Financials

Budget vs Actual, Balance Sheets, Cash Flow and Income Statements for Munroe Regional Health System and Marion County Hospital District – March Financials will be presented at the April board meeting for approval.

Annual Leave Balance – Due to timing of key events (e.g., lease transition and due diligence, implementation of projects, etc.) Curt Bromund has not been able to take more than two days of his accumulated annual leave. His current leave balance is 297 hours, and with the implementation of the Sobriety Village project, he will not be able to utilize his leave for the foreseeable future. Curt asked Rich if it was possible to receive a **one-time** leave buy-out, which was presented to the committee.

A **Motion** was made by David Cope to recommend paying Curt a portion of accumulated leave (approximately \$15,300), on a one-time basis. Going forward, the committee suggested Curt find ways to take-off for vacation to

recharge. The **Motion** to recommend was seconded by Randy Klein. The **Motion** passed unanimously and will go to the board for approval.

Old Business

Pension Plan Termination –Pension Counsel is conducting a telephone conference with Milliman on April 24, 2019 pertaining to the effects of not freezing the Pension Fund when CHS entered into the lease on April 1, 2014. Joe will have more info at the board meeting.

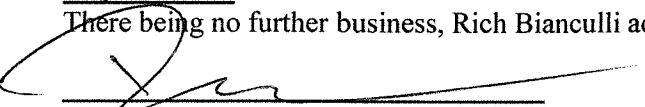
Legal/Other

Tax Free Bonds - Advent Health has requested the Marion County Commission to hold a public meeting to support Advent Health's issuance of Tax-Free bonds pursuant to FS 154 to be repaid from the revenue stream of all Advent Health hospitals. We amended the lease with the Fourth Amendment to the Lease to allow financing based upon revenue rather than the facilities. The request is for an amount up to \$225 million. Joe will inquire as to whether the funds will be used in Marion County and what are the bond holder's remedies in the event of default.

Legal Claims – no change.

Adjournment

There being no further business, Rich Bianculli adjourned the meeting at 12:19 p.m.



Rich Bianculli, Chairman