

Marion County Hospital District

Minutes of the Meeting of the Board of Trustees

July 27, 2015 @ 5:00 p.m.

Marion County Hospital District Office
1121 SW 1st Avenue, Ocala, FL

Larry Strack - Chairman

Call to Order

Larry Strack called the July 27, 2015 regular meeting of the Marion County Hospital District Board of Trustees to order with a quorum present at 5:07 p.m.

Board Members Present

Larry Strack, Rich Bianculli, Ram Vasudevan (left at 6:05 p.m.), Ken Marino, David Cope, Sam McConnell, Randy Klein

Board Members Absent

None

Hospital Attorneys Present

Jonathan S. Dean

Others Present:

Jon Kurtz, Debbie Cooper, Ed Dean, Dolly Dockham, Terri Judy, Mary Lu Fritz, Dick Grosso, Fred Heirs, Tim Westgate and Allison Stone from Purvis Gray

Approval of Previous Minutes

The Minutes of the June 29, 2015 July 13, and July 21, 2015 Meetings were approved as presented.

A **Motion** was made by Sam McConnell to accept the Minutes of the June 29, 2015 Board meeting and the July 13 and July 21, 2015 Committee meetings as presented. The **Motion** was seconded by David Cope. With no further discussion, the motion carried unanimously.

New Business

Grant Committee update

WellFlorida Community Health Survey

David Cope and Ed Dean gave a brief update on the Community Health Assessment survey. Ed Dean reviewed his monthly activity report stating that during the month of July, 2015, there has been limited activity on my end while awaiting the Community Health Needs Assessment. On August 5, 2015, WellFlorida will make a presentation to the Steering Committee of an overview of the 2015 Community Health Needs Assessment. It is projected that the final CHNA will be available in printed form toward the end of August, 2015. When the time comes for a discussion

of the grant RFP, all trustees will need to be present. Mr. Dean will try to obtain a copy of the Health Needs Assessment and provide to the Trustees prior to the August Board meeting.

The first webinar presented by IHI that the District has signed up for is on the subject of “Beyond the CHNA, Hospitals and the Community Health Improvement Process.” The first session is scheduled on July 30th from 12:00 noon – 1:30 p.m. at the District Office. WellFlorida will be attending the webinars.

Since the CHNA is not available, the original timeline for the 2015-2016 Strategic Plan and Grant Award Process needs to be extended. Mr. Dean provided a draft of a Revised Timeline for the Board’s consideration.

Mr. Cope stated he spoke with Melanie Cianciotto from SunTrust about getting the process in place before September.

Mr. Dean also advised the Board that last week, he and Jon Kurtz took a tour of the FreeD.O.M. Clinic in Ocala. The newspaper reported that over 3,200 people were seen at the clinic by volunteers from as far away as California, Michigan and Texas. This all-free clinic provided dental services, optical services and limited medical evaluations. Ms. Anne Burnett and Dr. Bovell are the main organizers of the clinic, which by all accounts was a huge success. The success of the clinic demonstrates the need for adult dental services and the further coordination and integration of medical services delivery, particularly to the uninsured and the underinsured in Marion County.

Mr. Dean and Mr. Kurtz also visited with healthcare providers in The Villages to understand how their United Health system is working their primary care initiative.

A **Motion** was made by Sam McConnell to accept the Grant Committee Report as presented. The **Motion** was seconded by Ram Vasudevan. The **Motion** carried unanimously.

Investment Committee and Investments Update

Mr. Bianculli reviewed the Investment Overview statement and reported that representatives from SunTrust, Goldman Sachs, Massey Quick and Berman Capital were present for the quarterly investment meeting to present updates to the Committee. The District took a loss of \$2.3 million in June. For July, we are back up \$500,000 and \$5.6 million for the year.

SunTrust also provided the first Training Session on July 20 at the District Office.

A **Motion** was made by Sam McConnell to accept the Investment Committee report as presented. The **Motion** was seconded by Ken Marino. With no further discussion, the motion passed unanimously.

Finance Committee update

Sam McConnell gave an overview of the Finance Committee meeting held on July 21, 2015 and went briefly through the items in the Finance committee minutes.

Mr. McConnell introduced Tim Westgate and Allison Stone from Purvis Gray, who was present to present an overview of the pension audit for the period ending September 30, 2014.

Purvis Gray Audit Report

Mr. Westgate presented the Financial Statements and Independent Auditors' Report for Munroe Regional Health System, Inc. d/b/a Munroe Regional Medical Center Pension Plan for the period ending September 30, 2014, which report complies with the Florida Statutes. He reviewed the report and advised this is the final stage of the audit. He was pleased to report that while the complexity was there, the problems were not. No material weaknesses were found in the audit. He commended the management on their external reporting.

Marion County Hospital District is required to be audited since MCHD is the primary reporting entity. The audit presented is an audit of the financials only, not efficiency or effectiveness of the Hospital. The financial statements are neutral, consistent and clear. He advised that Debbie Cooper should be able to obtain from Aon Hewitt an actuarial report for the net pension asset for 2014.

Mr. Westgate also discussed and reviewed the Management Letters to MRHS and MCHD and gave an overview of the status of the pension and 401(k) audits. The audit was done in accordance with the Government Auditing Standards. He noted that the pension issues were reported as material weaknesses.

A **Motion** was made by Randy Klein to accept the certified Auditor's Report as presented. The **Motion** was seconded by David Cope. With no further discussion, the motion carried unanimously.

Cash Report

Debbie Cooper reviewed the revised Cash Report as of July 26, 2015. She noted that the UMR Health Insurance Trust account will be closed out in July and the money will be transferred to the operating account. After discussion, a motion was made to accept the cash report as presented.

June Financial Reports

Ms. Cooper reviewed the June financials. After discussion, a motion was made to accept the financial reports as presented.

A **Motion** was made by Sam McConnell to accept the Cash Report and Financial Reports as presented. The **Motion** was seconded by Ken Marino. The **Motion** carried unanimously.

Florida Self Insurers Guarantee Association (FSIGA)

Debbie Cooper advised that MRHS is required by Florida Statute to send financial statements to FSIGA annually. When FSIGA received our most recent submitted financial statement, they determined MRHS is below investment grade. There are two options: 1) have an actuarial report

completed now and deposit the actuarial balance into a fund; or 2) get a parental guarantee from Marion County Hospital District guaranteeing the debt of the Health System and leave the money where it is.

It was the **Recommendation** of the Committee that MCHD sign the Parental Guaranty and pass the resolution that was presented to the Board for discussion and approval on Monday July 27, 2015.

Jon Dean agreed that the District should sign the Parental Guaranty and District Resolution for Self-Insured Subsidiary Entity and adopt the resolution as the money has already been set aside and budgeted. He also stated the District has excess workers' compensation coverage and an excess carrier so we are limited to what our exposure is.

A **Motion** was made by Sam McConnell that Marion County Hospital District sign the Parental Guaranty and District Resolution for Self-Insured Subsidiary Entity and adopt the Resolution, as presented. The **Motion** was seconded by David Cope. With no further discussion, the motion carried unanimously.

Draft Budget Plan

Debbie Cooper presented the Draft Budget Assumptions FY 2016 for MRHS and MCHD. No action is necessary at this time.

Warehouse Update

Van Akin, the realtor hired to sell the warehouse advised that he had a good prospect for the warehouse. However, the proposed buyer needed dock high access to the 10,000 square foot warehouse and the current dock door will not work due to access. Mr. Akin asked Davis Dinkins, an engineer, whom he met at the site, to develop an alternate plan, which Mr. Kurtz presented to the Committee. The Finance Committee did not recommend spending any money for upgrades on the warehouse, but to sell it as is. It was the **Recommendation** of the Committee to reduce the asking price to \$495,000 and to present it to the Board for approval on Monday July 27, 2015.

After discussion by the Board, it was the recommendation that the asking price be reduced to \$510,000, which is the appraised value of the property.

A **Motion** was made by David Cope to reduce the selling price to \$510,000. The **Motion** was seconded by Rich Bianculli. With no further discussion, the motion carried unanimously.

Meetings with Cherry Bekaert and PriceWaterhouseCoopers re Pension issues

Mr. Kurtz gave an update on the meetings scheduled with Cherry Bekaert and PriceWaterhouseCoopers to discuss the issues with the pension plan. Mr. Kurtz advised that an informal meeting is currently scheduled on August 4th with representatives from Cherry Bekaert. He is still waiting on a call back from PriceWaterhouseCoopers to schedule a meeting with their representatives.

Inspection of Munroe HMA Hospital

Mr. McConnell asked Mr. Kurtz for an update on the Hospital inspection. Mr. Kurtz has discussed with various people the District's inspection of the Hospital in accordance with the Lease Agreement, without definitive answers. He has contacted a local architect for an estimate and was given an estimate of \$75,000. He also spoke with Eric LaChance, Bill Duncan and Mark Page, CHS representatives, to get advice. They provided him with the name of Malcolm Johnston, whom Mr. Kurtz met with. Mr. Johnston will be sending a package with his recommendations to Mr. Kurtz.

Mr. Cope asked that the lease be reviewed to establish what level of accuracy is needed to inspect. Mr. McConnell said there needs to be a baseline established for future years.

Mr. Bianculli stated the baseline is there since it was assumed all was up to code at closing. Jon Dean stated what is lacking at this juncture is there is nothing written as to what the Hospital has done to comply with the lease. Mr. Dean further stated the lease does not require the District to inspect, but gives it the opportunity to inspect. A report needs to be obtained from the Hospital, which cannot be verified without the detail.

Mr. Klein recommended contacting the County. Mr. Dean said the County currently maintains the Courthouse and all improvements. Mr. Kurtz said he would contact the Marion County and Bayfront Hospital, as their hospital is also leased.

A **Motion** was made by Sam McConnell to accept the Finance Committee report as presented. The **Motion** was seconded by Ken Marino. With no further discussion, the motion carried unanimously.

Provider Committee Update

Ken Marino reported that the Provider Committee Meeting was held on Tuesday July 21, 2015. Ann Burnett and her husband Don Bovell gave an overview of FreeD.O.M Clinic USA. There were discussions about what FreeD.O.M clinic was doing in Marion County including that they had 34 dental chairs and several dentists available to assist at the 5 day health clinic in Ocala with numerous physicians and medical providers supplying free time to help the indigent population. The newspaper reported that over 3,200 people were seen at the clinic in five days by volunteers from as far away as California, Michigan and Texas.

Mr. McConnell commented that he has attended both of the Provider Committee meetings and was very pleased and encouraged with the meetings, which were qualitative, not quantitative. He feels we need to find a way to fuel the meetings with healthcare providers and get conclusions from the meetings.

A **Motion** was made by Sam McConnell to accept the Provider Committee report as presented. The **Motion** was seconded by David Cope. With no further discussion, the motion carried unanimously.

Other Business

Ehlers Land Lease/Blocker Building

Jon Dean advised that as to the pending contract on the Blocker Building, it is sitting on Jon Kurtz's desk waiting on the outcome of the Ehlers Land Lease issue.

There has been no action on the demand letter sent to Ehlers Trustee and the Banks. A response is due on or before September 11, 2015. Randy Klein asked Mr. Dean to reach out again to the attorneys for Ehlers.

Jon Dean advised that a second public records request was received for Ehlers documents and he is in the process of responding to that.

Old Business

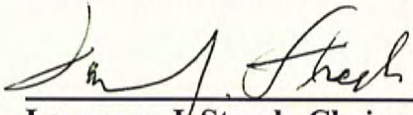
None

Public Comments

None

Adjournment

The meeting was adjourned by Larry Strack at 6:26 p.m.



Lawrence J. Strack, Chairman