

# Munroe Regional Health System, Inc.

## Board of Directors Meeting Minutes

January 28, 2019 @ 5:00 p.m.  
Rich Bianculli, Chairman

### Call to Order

Richard Bianculli called the January 28, 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, Randy Klein, Sam McConnell, Ram Vasudevan, David Cope, Ken Marino

### Board Members Absent

Larry Strack

### Present by Phone

None

### District Attorney Present

Joe Hanratty, Charles Forman

### Others Present:

Curt Bromund, Brianna Liles, Debbie Cooper, Michelle Stone, Heather Wyman, Rebecca Tull, Jessica Kummerle,

### Invocation

Sam McConnell

### Public Comment (3 minutes)

None

### Approval of Previous Minutes – December 17, 2019 and January 22, 2019

A **Motion** was made by Sam McConnell to accept the minutes of December 17, 2018 and January 22, 2019. The **Motion** was seconded by Ken Marino. With no further discussion, the **Motion** carried unanimously.

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

Debbie reviewed the December 2018 financials.

A **Motion** was made by Ram Vasudevan to accept the Financials of December 2018 as presented. The **Motion** was seconded by David Cope. With no further discussion, the **Motion** carried unanimously.

**Purvis Gray – 2018 Audited Financials for Marion County Hospital District - A FINAL** copy of the certified audit is being presented for approval today. Alison Stone and Tim Westgate from Purvis Gray were present at the Board Meeting on January 28, 2019 to discuss and review the 2018 DRAFT audit results. Mr. Westgate distributed drafts of their audited financial statements for the period ending September 30,

2018. The Audit was an unmodified opinion concluding that the financial statements are presented fairly in all material respects in accordance with financial reporting requirements. Purvis Grays' opinion is that the District and the Health System complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018. Mr. Westgate commended MRHS and MCHD management for their efforts.

A **Motion** was made by Sam McConnell that the FINAL certified Purvis Gray Audit ending September 30, 2018 be accepted as presented. The **Motion** was seconded by Randy Klein. With no further discussion, the motion passed unanimously.

### **New Business**

None

### **Old Business**

#### **Community Foundation – Lauren Deiorio**

**Muns and Lux Funds Update – Muns Fund** - September 12, 2018– The Community Foundation for Ocala / Marion County recently awarded \$37,000 in scholarships from the Angelica G. Muns Nursing Scholarship Fund. Of the 18 recipients for the Fall 2018 term, 10 were recurring scholarships. One of which – College of Central Florida (CF) Student, Krista Paul - was designated the Therese McPherson scholar with a \$3,000 award. The Therese V. McPherson Scholarship was established by Dr. Lon McPherson, former Senior Vice President of Medical Affairs at Munroe Regional, in loving memory of his wife Therese, for nursing students who “bridge” programs toward an advanced nursing degree. As of 2016 \$154,000 have been given to nursing students. This semester \$22,500 will be awarded with 5 recurring students plus 2 new students this semester.

**Lux Fund** – Community Foundation is scheduling a meeting with Advent Health to discuss the changes that would need to be in place with the Lux agreement in order to award scholarships. The scope of the “Will” was so narrow that over time the areas that the scholarship would cover have become irrelevant to the needs of the hospital. There is also the issue within the “Will” that requires Advent Health to employ the recipient for 1 year. Once they have met to determine the changes that need to be made, their attorneys can take the necessary action to get approval from a judge to move forward.

### **Pension Sub-Committee**

#### **Munroe Pension Plan Request for Proposal for Actuarial Services to Close Out the Pension Plan**

Proposals were received on Friday January 18, 2019 from Aon Hewitt and Milliman.

### **Legal/Other**

**Legal Claims** – no change.

**Florida Hospital Ocala dba AdventHealth Ocala 340B Memo of Understanding (MOU)** - the Memorandum of Understanding between the Marion County Hospital District and FH Ocala regarding the Hospital's participation in the Medicare 340B Program. The 340B program allows eligible covered entities to provide prescriptions to the indigent at reduced prices. The MOU states that Florida Hospital will provide services to indigent, uninsured and under insured residents of the District. In order to participate in the 340B Program, the Hospital must contract with a unit of state or local government pursuant to which Hospital commits to provide healthcare services to low-income individuals who are neither entitled to benefits

under Medicare (Title XVIII of the Social Security Act (SSA)) nor eligible for assistance under Medicaid (Title XIX of the SSA). Florida Hospital desires to make such a formal commitment to MCHD.

After some discussion, A **Motion** was made by Ram Vasudevan to approve the Florida Health 340B MOU as presented. The **Motion** was seconded by Randy Klein. With no further discussion, the motion passed unanimously.

**Advent Health Creation of Advisory Board – Amendment to Lease** – Florida hospital has submitted a letter which express the hospital’s desire to combine the governance and advisory boards into one corporate board. Currently the lease provides in Section 7.4 for the creation of an advisory board that has 6 community members and 5 physicians who work at the hospital. Advent Health is proposing a 16 member Board of Directors for Florida Hospital Ocala, LLC, now Advent Health Ocala which will have 5 community leaders and 4 physicians who work at the hospital. Additionally, they are proposing having the One Board of Directors do all the things set out in Section 7.4 of the lease in addition to the other functions of the Board of Directors. However, it will require an amendment to the lease. They also attached the list of the 16 members of the board of directors for Advent Health Ocala. These new members will commence their service at the first Corporate Board meeting in 2019, which is scheduled for the month of February.

After some discussion, A **Motion** was made by David Cope to approve the Florida Hospital Advisory Board change as presented. The **Motion** was seconded by Ken Marino. After some discussion, David Cope amended his **Motion** to approve the board request with the contingency it sunsets in two years from date of signing and performance will be reviewed at that time. There were 5 in favor and one opposed (Ken Marino). Ken would prefer to have the physician members of the board have no contractual ties with Advent Health as he feels Advent would otherwise be in total control of the hospitalists. Randy Klein suggested in regard to Ken’s concerns that the previous motion be amended to state sunset in one year for review. After more discussion, David Cope agreed to amend his previous **Motion** again to review the board and its performance sunsetting in one year instead of two years. The **Motion** was seconded by Sam McConnell. There was then an overall vote and all were in favor.

There being no further business, Rich Bianculli adjourned the meeting at 5:35 p.m.



**Richard Bianculli, Chairman**

# MUNROE REGIONAL HEALTH SYSTEM MARION COUNTY HOSPITAL DISTRICT

## Investment Committee Meeting Minutes January 22, 2019

**Richard Bianculli, Chairman**

### Call to Order

Rich Bianculli called the January 22, 2019 regular meeting of the Munroe Regional Health System and Marion County Hospital District Investment Committees to order at 12:02 p.m.

### Public Comments (3 Minutes)

None

### Trustees/Committee Members Present

Rich Bianculli, Curt Bromund, Sam McConnell, David Cope, Larry Strack, Randy Klein (Arrived 1:45 pm, left at 2:14 p.m.)

### Committee Members Absent

None

### Present by Phone

Chris Moore, Mike Hill

### District Attorneys Present

None

### Others Present

Dolly Dockham, Debbie Cooper, Carlos Medina (arrived 12:05 pm), Rebecca Tull (left at 2:00 pm), Heather Wyman (left at 1:11 pm), Brianna Liles (left 1:15 pm), Brian Creekbaum, Caleb Adair, Matt Foster, Tom Morr, Wayne Yi, Wen (Tang) Nottebohm, Justin Berman and Russ Allen.

### Approval of MRHS/MCHD Previous Minutes

- December 11, 2018

A **Motion** was made by Sam McConnell to approve the minutes of December 11, 2018 as presented. The **Motion** was seconded by David Cope. With no further discussion, the **Motion** carried unanimously.

### New Business

**Renasant (12:00 pm) – Caleb Adair & Matt Foster** – Renasant will be working towards finalizing the alternative discussion for February's committee meeting. They stated that alternatives are hard to stress test and investors need to stay focused on correlating guidelines. Rich stated he would like to get all 3 investors on the same page and maybe have just 3 categories such as Equities, Fixed Income and Alternatives. For the most part Composite Top Holdings Equity were not overly concentrated, Composite Top Holdings Fixed Income was ok. Composite Top Holdings Total was in general ok. The Global Passive vs Active Management was tilted more toward Active and Global Market Cap Exposure was tilted more toward Large Cap. For Stress testing – Total Composite the equities were down 13.5% last quarter and the portfolio did 7.05%. Berman's performance Reporting on Domestic side the equities were down to date and there is a question about Regional Banking. Performance Report on Massey showed they had a volatile quarter and there are questions about their benchmark. Their Fixed Income did ok but there are questions about the international investments. Massey's stress testing shows a lot of private investments, and a lot of non-testables. Suntrust's Performance Reporting shows a cleanable and testable portfolio. Suntrust Stress testing is mostly transparent and testable. Renasant stated that the investment committee needs to state what alternatives really are in the portfolio, Renasant will work on this also.

**Investors arrived at 1:00 pm**

**Massey Quick – Tom Morr, Wayne Yi and Chris Moore (phone) – Summary** –The final quarter of 2018 was the worst quarterly performance for the US stock market since Q3 2011. Domestic equities underperformed international equities, and both developed and emerging markets. For the full-year 2018, large cap growth stocks were the best place to be in the U.S. equity market volatility came roaring back in the fourth quarter. There were a variety of economic and political factors that contributed to the turbulence. Fear spread across market participants on the back of slowing global GDP, lower guidance from corporations and a continuation of trade tension between the U.S. and China. All of these concerns were on the minds of market participants when the Fed decided to increase rates and continue its path towards shrinking the Central Bank's balance sheet. News related to the Mueller investigation and the government shutdown also fed into this fear. International markets, both developed and emerging, are also trading at attractive levels compared to historical averages. The Fed decided to raise interest rates in December, making it the fourth time the key rate increased during the year, while also indicating that there would be further tightening in 2019. We believe illiquids are less affected by turbulence that exists within public markets and will be able to generate significant alpha over time. We Expect better performance in 2019.

**Suntrust – Mike Hill (phone)– Summary** – Portfolio was down for 4<sup>th</sup> quarter and slightly under performed in benchmark led by the sharp draw down in equities. Liquid alternatives produced good relative performance and fixed income had a positive return. US economic growth should stay above the cycle average, while Europe and Japan muddle along. Trade tensions cloud China's outlook, but its economy is well supported by government stimulus. After a sizable step up in interest rates over the last year, the starting points for fixed income investors have improved. We believe the Fed funds rate is nearing neutral. 2019 Positioning, Equity tilt relative to fixed income, Maintain US equity bias and emphasize large caps, International Markets: Underweight both international equities and bonds, Non-Traditional Strategies: Favor less directional managers. A number of factors contributed to negative sentiment late in the year: Mid-term election uncertainty, A large number of hedge fund closures and redemptions causing forced selling and deleveraging across all assets. End of year tax loss selling and unwind of the dividend stock, government shutdown, Trade war fears and Fear of global recession. In Int'l Developed Markets, valuations remain attractive but weaker earnings keep us underweight. Within fixed income, we are maintaining a higher quality and shorter duration bias.

**Berman Capital –Wen (Tang) Nottebohm, Russ Allen and Justin Berman – Summary** – Markets in 2019 will be choppy with volatility more like this past year than the placid trading of 2017. The Fed is very likely to back off the pace of tightening, perhaps only raising rates once this year. As relative U.S. growth slows and the Fed pauses rate hikes, the US dollar may weaken, boosting international markets and perhaps commodities. Long term stock and bond return expectations should be modest due to starting valuations and less monetary support in coming years; quantitative tightening rather than easing. There will likely be more opportunities for active management, especially distressed, complex investments. U.S. - China Trade conflict, the trade conflict remains a risk that's difficult to predict. Market volatility in the fourth quarter of 2018 brought equity valuations closer to their long-run P/E averages, which should reduce fear that the equity market is overvalued. Expect overall better performance in 2019 and stay balanced in the portfolio. Everything was in line with the IPS by end of 2018.

Short Break at 12:52  
Reconvene at 1:03 pm  
Renasant left at 2:00 pm  
Investors left at 2:14 pm

**Old Business**

None

**Legal/Other**

None

**Adjournment**

There being no further business, Rich Bianculli adjourned the meeting 2:15 pm.

**Rich Bianculli, Chairman**

**Munroe Regional Health System  
Marion County Hospital District**

**Operations Committee Meeting Minutes  
January 22, 2019  
Sam McConnell, Chairman**

**Call to Order**

Sam McConnell called the January 22, 2019 regular meeting of the Munroe Regional Health System and Marion County Hospital District Operations Committees to order at 2:16 pm.

**Public Comment (3 Minutes)**

None

**Committee Members Present**

Rich Bianculli, Curt Bromund, Sam McConnell, David Cope, Larry Strack

**Committee Members Absent**

Randy Klein

**Present by Phone**

None

**District Attorneys Present**

Joe Hanratty

**Others Present**

Dolly Dockham, Debbie Cooper, Carlos Medina

**Approval of Previous Minutes**

- December 11, 2018

A **Motion** was made by Sam McConnell to approve the December 11, 2018 minutes as presented. With no further discussion, the **Motion** passed by general consensus.

**New Business**

**Financials**

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

**Legal/Other – Joe Hanratty**

Florida Hospital Ocala dba Advent Health Ocala 340B Memo of Understanding (MOU) - the Memorandum of Understanding between the Marion County Hospital District and FH Ocala regarding the Hospital's participation in the Medicare 340B Program. The 340B program allows eligible covered entities "to stretch scarce financial resources, reaching more eligible patients in need and providing more comprehensive services". The MOU states that Florida Hospital will provide services to indigent, uninsured and under insured residents of the District for non-elective, medically necessary

services. in order to participate in the 340B Program, Hospital must contract with a unit of state or local government pursuant to which Hospital commits to provide healthcare services to low-income individuals who are neither entitled to benefits under Medicare (Title XVIII of the Social Security Act (SSA)) nor eligible for assistance under Medicaid (Title XIX of the SSA). Florida Hospital desires to make such a formal commitment to MCHD.

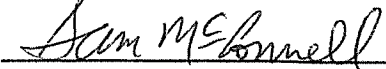
**After some discussion, it was decided to have more discussion about this at the full board on Monday January 28<sup>th</sup>.**

**Advent Health Creation of Advisory Board – Amendment to Lease** – Florida hospital has submitted a letter which express the hospital’s desire to combine the governance and advisory boards into one corporate board. Currently the lease provides in Section 7.4 the creation of an advisory board that has 6 community members and 5 physicians who work at the hospital. Advent Health is proposing a 16 member Board of Directors for Florida Hospital Ocala, LLC, now Advent Health Ocala which will have 5 community leaders and 4 physicians who work at the hospital. Additionally, they are proposing having the One Board of Directors do all the things set out in Section 7.4 of the lease in addition to the other functions of that Board. However it will require an amendment to the lease. They have additionally attached the list of the 16 members of the board of directors for Advent Health Ocala.

**After some discussion, it was decided to have more discussion about this at the full board on Monday January 28<sup>th</sup>.**

**Adjournment**

There being no further business, Sam McConnell adjourned the meeting at 2:31p.m.

  
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Sam McConnell, Chairman

# Munroe Regional Health System Marion County Hospital District

## Pension Sub-Committee Meeting Minutes

**Sam McConnell, Chairman**

### Call to Order

Sam McConnell called the January 22, 2109 Pension Sub-Committee meeting of the Munroe Regional Health System and Marion County Hospital District Operations Committees to order at 2:16 p.m.

### Public Comment (3 Minutes)

None

### Committee Members Present

Rich Bianculli, Curt Bromund, Sam McConnell, David Cope, Larry Strack

### Committee Members Absent

Randy Klein

**Others Present** - Carlos Medina, Debbie Cooper, Dolly Dockham

### Munroe Pension Plan Closeout Update

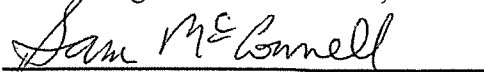
Munroe Regional Health System needs to make a decision on Pension Funding for this year. We made the quarterly payment on January 15 and we need to determine if we want to make a large contribution this year. Below are our options.

1. Contribute the minimum required contributions which would be quarterly installments of \$99,991 beginning January 15 plus a final amount of between \$500,000 and \$600,000 due by June 15, 2020.
2. Contribute a large amount to reduce the PBGC premium. This contribution would be accrued for the 2017-18 plan year and considered an asset at 10/1/2018. The portion of the PBGC premium (due July 15) that can be reduced or eliminated is \$176,358. To eliminate it completely requires a contribution of \$4,832,000 by June 15, 2019. With an estimated unfunded plan termination liability of \$5 million, there is a risk here that this contribution could overfund the plan for plan termination. The plan termination liability varies as interest rates and assets vary.

**After some discussion it was decided to have Debbie get more clarification about the PBGC funding requirements and bring it to the next Operations/Pension Sub Committee meeting in February.**

### Adjournment

There being no further business, Sam McConnell adjourned the meeting at 2:31 p.m.



**Sam McConnell, Chairman**