

Munroe Regional Health System, Inc.

Minutes of the Meeting of the Board of Directors

February 23, 2015 @ 5:00 p.m.

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

Larry Strack - Chairman of the Board

The regular meeting of the Board of Directors of Munroe Regional Health System, Inc. d/b/a Munroe Regional Medical Center was held on Monday, February 23, 2015 at 5:00 p.m. in the Foundation Conference Center at Marion County Hospital District.

Call to Order

Larry Strack called the MRHS Board meeting to order with a quorum present at 5:05 p.m.

Board Members Present

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

Board Members Absent

None

Hospital Attorneys Present

Jonathan S. Dean

Others Present:

Jon Kurtz, Ed Dean, Debbie Cooper, Fred Hiers, Kerrie Jones Clark, Jill DiLorenzo, Mary Lu Fritz, Jenny Martinez, Dawn Westgate

Invocation

Jon Dean gave the invocation.

Approval of Previous Minutes (January 26 and February 17, 2015)

The Minutes of the January 26, 2015 Board Meeting and February 17th Committee meetings were approved as presented.

A **Motion** was made by Sam McConnell to accept the minutes of January 26, 2015 Board Meeting and February 17, 2015 Committee Meetings as presented. The **Motion** was seconded by Dave Cope. With no further discussion, the motion carried unanimously.

New Business

Financial Review

Financial Reports for MRHS

Debbie Cooper discussed the balance sheet and statement of revenues of expenses for the period ending January 2015. Crippen Trice has changed the format at the request of the Board so that three months is available for comparison.

MRHS Cash Flow Report

Debbie Cooper reviewed the cash flow as of January 2015. Cash receipts were higher than expected due to a higher than expected RAC settlement and the amount received from TimberRidge was higher than has been received in the past. The cash balance is approximately \$6.2 million. For January, the wind-down is over budget due to payment to Medicaid for an audit of \$498,685 and the Professional Liability Settlement for \$250,000 resulting from the settlement of two claims. Year to date we are under budget in wind-down expenditures. Our Cash Balance is below budget because we transferred \$5.1 million to investments in January.

Sam McConnell made a **Motion** to accept the Financial and Cash Reports dated January, 2015 as presented. The **Motion** was seconded by Rich Bianculli. With no further discussion, the motion carried unanimously.

Old Business

TSA Status and Pending Items

Mr. Kurtz met with Eric LaChance and was advised that Bill Hussey has approved an extension of the Transition Services Agreement (TSA). Mr. Kurtz went through the TSA with Mr. LaChance and identified about a dozen items that MRHS and the District are requesting the Hospital continue. Mr. Kurtz will meet with Eric Lachance in next couple weeks to get this finalized.

Status of Pension Plan

Jon Kurtz gave a timeline of the pension plan update and reviewed the memorandum provided by Lowell Walters at GrayRobinson. The plan has paid out 1,440 and there are still 750 unpaid that are not retirees. The assets as of February 22, 2015 were at \$21.8M. Lowell Walters is still in the process of identifying the shortfalls. Mr. Kurtz has a teleconference scheduled on Thursday, February 25, 2015 to discuss the issue and to instruct Mr. Walters and Aon Hewitt to follow the plan the best they can. The VCP process is continuing.

Purvis Gray & Company Audit Engagement Letter

Debbie Cooper briefly discussed the two engagement letters received from Purvis Gray to do our audits. The MRMC Pension Plan Audit will cover services for the year ended September 30, 2014 which includes auditing the financial statements of the plan. The fees for this service will range from \$20,000 to \$30,000 unless unexpected circumstances arise. The MRMC 401(k) audit will be auditing services through December 31, 2014 and the fees for this audit will range from \$15,000 to \$25,000 with no unexpected circumstances.

A **Motion** was made by David Cope to approve the two Purvis Gray & Company Audit engagement letters of the MRMC Pension Plan and the MRMC 401(k) as presented. The **Motion** was seconded by Randy Klein. With no further discussion the motion passed unanimously.

Master Facility Plan

Jon Kurtz spoke with Bob Moore and Mr. Moore is still in the process of identifying their needs and hopes to have a new more concise plan with more details to review at the end of this month. Expectation for a complete plan is approximately the end of June. Jon Kurtz will meet with Bob Moore this week to discuss more about the timeline. Ed Dean stated that the Lease Compliance which will include the Master Facility Plan will be part of the strategic plan.

TimberRidge Nursing Home

Mr. Kurtz advised the Board that the sale of MRHS's 62 ½% interest in TimberRidge to Mr. Porter is moving forward. Mr. Porter will sign a \$9.2 million note, secured by a first mortgage on the building, at 6% with a 7 year balloon, amortized over 25 years. Mr. Porter is buying MRHS's corporate interest and will own 100% of the assets.

Legal Matters

Ehlers Land Lease

Mr. Dean had several discussions with Martin Goldberg in Miami, the attorney for CHS, regarding the Ehlers land lease. Mr. Dean is still waiting to hear back that CHS is in agreement or submit a counterproposal.

Dr. Ulmer

Jon Dean advised that some progress has been made with Dr. Ulmer's attorney and that the agreement calls for a pre-suit mediation so Mr. Dean stated this will be scheduled next month.

Steve Purves

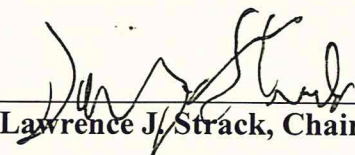
Mr. Dean advised that depositions took place on January 29, 2015. The hearing is scheduled the first week of May and an opinion should be rendered by the end of May or the first of June 2015.

Public Comment

None

Adjournment

There being no further business, Larry Strack announced the meeting was adjourned at 5:45 p.m.



Lawrence J. Strack, Chairman