

Munroe Regional Health System, Inc.

Minutes of the Meeting of the Board of Directors

March 30, 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, March 30, 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

Board Members Absent

Randy Klein

Hospital Attorneys Present

Jonathan S. Dean

Others Present:

Jon Kurtz, Ed Dean, Debbie Cooper, Fred Hiers, Stan McClain, Mary Lu Fritz, Dolly Dockham, Terri Judy

Invocation

Jon Dean gave the invocation.

Approval of Previous Minutes (February 23 and March 24, 2015)

The Minutes of the February 23, 2015 Board Meeting and March 24th Committee meetings were approved as presented.

A **Motion** was made by Sam McConnell to accept the minutes of February 23, 2015 Board Meeting and March 24, 2015 Committee Meetings as presented. The **Motion** was seconded by Ken Marino. With no further discussion, the motion passed unanimously.

New Business

Financial Reports for MRHS

Debbie Cooper discussed the balance sheet and statement of revenues of expenses for the period ending February 2015. The A/R has decreased by \$3.5M since September; there is a balance of approximately \$1.2M to be collected. After further discussion, a motion was made to accept the financial report.

A **Motion** was made by David cope to accept the financial report as presented. The **Motion** was seconded by Sam McConnell. With no further discussion, the motion passed unanimously.

Old Business

Pension Plan and 401(k) Update

Jon Kurtz gave a timeline of the pension plan update and reviewed the memorandum provided by Lowell Walters at GrayRobinson. GrayRobinson, with Aon Hewitt's assistance, responded to the IRS' request for information about the Plan document submitted for IRS review on September 30, 2003. GrayRobinson is communicating with Aon Hewitt to prepare a response. Mr. Kurtz instructed Mr. Walters to follow the Plan as close as he can.

Jon Kurtz followed up on the sampling of the 500 pension plan participants to see when they might be complete to begin the process with the IRS, which Aon Hewitt has received. The VCP should be sent to the IRS in June and Mr. Kurtz was told a response should be received in 2 to 3 months giving guidance with the corrective action.

There is currently \$19,460,507 in the pension fund and there will be potential cash needs for the plan. There will be a \$4MM to \$5MM shortfall if all participants took a lump sum payout. If all took an annuity, the shortfall could be as much as \$9MM.

The plan should be terminated in 2016. If that occurs, the final disbursement should take place in 2017. As of now there are still 107 participants who cannot be found due to incorrect addresses; 210 participants who received the distribution kits but have not responded; 271 participants whose kits have expired and 200 who have annuitized.

Mr. Kurtz advised that with regard to the 401(k), the VCP will be filed in April requesting the Plan be reopened. This process will be quicker than initially expected.

TSA Status and Pending Items

Mr. Kurtz advised that following his and Ms. Cooper's meeting with Mr. LaChance, the CFO at CHS, to discuss the TSA, it was agreed that a new agreement (MOU) will be generated to show items that will continue to be performed by CHS after March 31, 2015. Debbie Cooper went through the items. The main item is the assistance with processing credit balances in A/R as of March 31 and to continue posting payments and adjustments, continue to work RAC and CMS requests, continue to work payment errors and straddle payments and A/R reports for audit purposes.

After discussion it was requested that Mr. Kurtz and Ms. Cooper contact First Source, the collection agency currently being utilized, to ascertain the average payment to see if it is advantageous to sell the A/R.

McKesson Settlement

Mr. Kurtz gave an update on the settlement negotiations with McKesson for outstanding invoices owed by MRHS. The accounts payable started out at approximately \$900,000 and are now down to \$276,000 with one to two items still being discussed. Most of the McKesson accounts payable was money not owed, product not delivered or the invoice being owed by CHS and Munroe. Munroe's IT Department did a tremendous job of record keeping which has made the negotiation and research process much easier.

Public Comment

None

Adjournment

There being no further business, Larry Strack announced the meeting was adjourned at 5:35 p.m.

A handwritten signature in cursive script, appearing to read "Larry Strack", is written over a horizontal line.

Lawrence J. Strack, Chairman