

Marion County Hospital District

Minutes of the Meeting of the Board of Trustees

October 26, 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 October 26, 2015 regular meeting of the Marion County Hospital District Board of Trustees to order with a quorum present at 5:45 p.m.

Board Members Present

Larry Strack, Rich Bianculli, Ram Vasudevan, Ken Marino, David Cope, Sam McConnell (left at 7:10), Randy Klein (arrived at 6:21 p.m.)

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

Approval of Previous Minutes

- September 28, 2015 – MCHD Draft Board Meeting
- October 19 and 20, 2015 – MCHD Draft Grant/Investment/Finance Meetings

The Minutes of the September 28, 2015 Board meeting and the October 19, 2015 and October 20, 2015 Committee meetings were approved as presented.

A **Motion** was made by Sam McConnell to accept the Minutes of the September 28 Board, October 19 and October 20 Committee 2015 meetings as presented. The **Motion** was seconded by Ken Marino. With no further discussion, the motion carried unanimously.

Approval of Financials

Sam McConnell made a **Motion** to approve the Financial Report for September 2015 after discussion. Debbie Cooper reviewed the financial report. The Current assets are \$6.1MM and \$150K was released from the escrow account in October which will be recorded next month. In September there was a net loss of \$1.6MM in investments. The Year to Date Other Expense of \$2.3MM was mainly the LIP funding for the Hospital and HOF (Heart of Florida). There were no questions or discussion. The **Motion** was seconded by Ken Marino and passed unanimously.

Approval of Executive Director Annual Report

Sam McConnell made a **Motion** to accept the Executive Director's Annual Report as presented. There were no questions or discussion. The **Motion** was seconded by Ken Marino and passed unanimously.

New Business
Grant Committee Report

Marion County Health Alliance

David Cope referred the Trustees to Ed Dean's memo included in the Board packet. David Cope is excited about what has been done to date. The Health Alliance has been formed and Work Groups have been formed.

New Business

Grant Application forms

The Grant Announcement was reviewed and after discussion as how to best advertise the grant announcement, Ed Dean said it can be announced on the Hospital District website and it can be advertised in the newspaper.

Mr. Cope read the 6 health needs areas which were received from the Community Health Needs Assessment and which are being recommended for approval:

- Obesity prevention in adults and children
- Smoking cessation and prevention in adults and Adolescents, including other tobacco use
- Diabetes prevention and treatment
- Prevention and stabilization of mental/behavioral health related issues which will reduce emergency room utilization
- Prevention and treatment of adult oral health related issues which will reduce emergency room utilization
- Collaborations which are designed to educate Marion County residents in treating and preventing the above health conditions and diseases

Mr. McConnell noted that the timelines are very close. Mr. Dean stated applications must be received by December 31, 2015. Mr. Cope said that once the grant announcement is advertised and the applications are received by SunTrust, then they can begin filtering through the applications. The Hospital District will receive the applications from SunTrust on or before January 8, 2016 and David Cope suggested holding a few workshops in January to get this accomplished prior to the Committee meeting on January 19, 2016 and the Board meeting on January 25, 2016. Ed Dean also said that the applications can be accepted, denied or deferred in order to obtain additional information.

Rich Bianculli asked how the payments would be made to the grant recipients and Ed Dean stated that the grant recipients will receive 25% of the grant on February 1, 2016 and then 25% each quarter after their performance reports are received by the Trustees. As to the grant amount, the amount of the grants is at the discretion of the Board and it has until the end of January to adjust that amount.

David Cope referred the Board to page 40 of the Board packet, which is the 2015 Grant Application Information sheet. He said the Board has to determine the total grant amount and whether the Board wants to specifically allocate money for each health need area.

After a lengthy discussion, the consensus was that \$2.5 million dollars be made available for the 2016-2017 grant cycle year.

A **Motion** was made by Larry Strack, who had relinquished the Chair to David Cope during the grant discussion, to make available \$2.5 million dollars for the 2016-2017 year grant cycle without any specific allocation for any of the 6 health need areas. The **Motion** was seconded by David Cope. With no further discussion, the motion passed with 6 in favor and 1 nay by Randy Klein.

Finance Committee update

Cash Report and September Financial Reports

Debbie Cooper reviewed the revised Cash Report as of September 30, 2015 and the September financials. After discussion, the Cash Report and the Financials were approved as presented.

A **Motion** was made by Ken Marino to accept the Cash Report as of September 30, 2015 and the Financial Reports. The **Motion** was seconded by Randy Klein. With no further discussion, the motion passed unanimously.

Recommendation to Rescind Termination Resolution for MRMC 401(k) Plan

Jon Kurtz explained the reason that the Resolution is necessary. The plan was not closed due to the possible revisions due to the VCP. This resolution is needed so the Plan is considered frozen and not terminated which will allow it to be updated to comply with tax law changes. Sam McConnell stated it was the recommendation of the Finance Committee that the Resolution be presented to the Board for approval.

A **Motion** was made by Ken Marino to rescind the termination resolution for the MRMC 401(k) Plan and to change the Plan to a frozen status until the VCP is completed. The **Motion** was seconded by David Cope. With no further discussion, the motion passed unanimously.

Resolution to Appoint the Executive Director Position as Plan Administrator for the MRMC 401(k) Plan

Jon Kurtz stated that the present documents were inconsistent at MetLife as they showed Becky Tilley and Jon Kurtz as the Executive Director of the plan. The plan needs to state "Executive Director" will be the plan administrator for the 401(k). It was the recommendation of the Finance Committee that the change to the plan be made.

A **Motion** was made by Ken Marino to make the changes necessary to the 401(k) Plan to appoint "Executive Director" as the Plan Administrator. The **Motion** was seconded by Ram Vasudevan. With no further discussion, the motion passed unanimously.

Aon Hewitt Pension Plan Participants Proposal

A proposal from Aon Hewitt was received for them to call pension participants that have been unresponsive to prior letters. Doing this requires them to have a participant's phone number, which is the first step in the process. Since this is an unanticipated event, additional fees will apply. Aon Hewitt's fees for each transaction:

- Initial Set-up and Project Management: \$3,000
- Perform an unconfirmed address search – this will provide us with best known phone numbers - \$2,500
- Call participant: \$55 per participant called
- Perform calculations: \$300 each for more than 5 calculations

If we estimate around 200 participants are called and that 33% ask for a calculation, the estimated fee is about \$35,000.

Larry Strack and Jon Kurtz advised the Finance Committee that the District Office staff had been doing research to locate 100 participants. Larry Strack told the staff they would be compensated \$100 for each plan participant that was located and who took a payout or rolled their money into an IRA. Larry Strack and Jon Kurtz would like to continue having the office staff contact unresponsive participants with a written script provided by Aon Hewitt. Larry Strack has offered the District staff a bonus for the remaining plan participants they are able to contact as opposed to paying Aon Hewitt \$35,000 to do so. At the Committee meeting, Sam McConnell and David Cope stated that any change in office compensation should be brought to the Board for approval.

Rich Bianculli told Jon Kurtz that the decision to pay the District staff without Board approval was bad management. Jon Kurtz objected to Mr. Bianculli's comments.

After a lengthy discussion, it was agreed that the District staff would be paid \$100 for each plan participant found for the first 100 participants which have already been completed and who ultimately return their plan package.

A **Motion** was made by Rich Bianculli to pay the District staff \$100 for each of the 100 plan participants who were found in the first search and who returns their plan packages. The **Motion** was seconded by Ram Vasudevan. There was no further discussion and the motion passed unanimously.

Ram Vasudevan suggests for future plan participant searches District staff should receive \$25 for each plan participant contacted and \$25 when the plan participant takes a payout or annuitizes. Sam McConnell stated the searches should be done on company time.

Rich Bianculli does not like the way this issue is being handled but defers to management. Larry Strack stated that, in light of the conversation, it should be done by Aon Hewitt to avoid the aggravation. David Cope stated that the District employees should be used if it will save money. Ram Vasudevan suggested bonusing the employees with something if the connection is made and the packet is closed.

Ram Vasudevan made a **Motion** that future plan participant searches by District staff should be compensated at the rate of \$25 for each plan participant contacted and \$25 when the plan participant takes a payout or annuitizes. The **Motion** was seconded by Larry Strack. There was no further discussion and the motion passed with 4 in favor, 2 nays by Ken Marino and Rich Bianculli and an abstention by Sam McConnell.

At this time, Sam McConnell passed the gavel of Chair to Larry Strack. Mr. McConnell excused himself from the Board meeting at 7:10 p.m.

Warehouse Update

Jon Kurtz stated that a written offer of \$400,000 was received for the warehouse. A verbal counteroffer was made to the proposed purchaser in the amount of \$450,000, which includes the racking system. The verbal offer was accepted by the proposed purchaser.

After discussion, it was agreed that the Board would sell the warehouse for \$450,000 with the following conditions: The contract is a cash contract, there is a 15 day inspection period, closing to occur in 45 days, no contingencies and the balance of 10% of the purchase price to be received as earnest money during the 15 day inspection period. Jon Kurtz is also authorized to execute the commercial contract on behalf of the Hospital District.

A **MOTION** was made by Randy Klein to accept the purchase offer of \$450,000, with the contract being a cash contract, a 15 day inspection period, closing to occur in 45 days, no contingencies, the balance of 10% of the purchase price to be received as earnest money during the 15 day inspection period and Jon Kurtz is authorized to sign the commercial contract on behalf of the Hospital District. The **MOTION** was seconded by Ram Vasudevan and carried unanimously.

Hospital Inspection

Jon Kurtz gave an update on the status of finding a firm to perform an inspection of the Hospital's buildings and major components pursuant to the Lease Agreement. Jon Kurtz received a quote from Verrando Engineering for a one-time fee of \$80,000 and an annual fee of about \$24,000 to do 1/5 of the facility yearly. Verrando believes a complete inspection can be done yearly for \$24,000 once a baseline is established. The inspections include mechanical, structural and all systems.

After discussion, it was agreed that Mr. Verrando will be invited to the November Board meeting to speak as to his quote and the scope of his services. Jon Kurtz was asked to invite Mr. Verrando to the Board meeting.

A **MOTION** was made by Ken Marino to approve the Finance Committee report as presented. The **MOTION** was seconded by Ram Vasudevan. The Motion carried unanimously.

Investment Committee Update

Rich Bianculli stated that the training classes presented by the Investors this month were very good and the investment meetings went well. SunTrust has made the most money by far. Goldman Sachs lost money betting on interest rates to go up, but their timing was wrong. The fourth quarter should be okay. Rich Bianculli sees the market as being very solid and corporate earnings are good.

Additional Funds to Investors

Larry Strack stated there is \$600,000 in excess cash at SunTrust. He is requesting that Debbie Cooper move \$200,000 to each investor, for a total of \$600,000.

A **Motion** was made by Larry Strack to transfer the \$600,000 excess funds from the SunTrust account to the Goldman Sachs, SunTrust and Massey Quick, with each receiving \$200,000. The **Motion** was seconded by Rich Bianculli. The **Motion** carried unanimously.

Executive Director Search Committee

Rich Bianculli and Sam McConnell would like to be included in the Executive Director Search Committee. Jon Kurtz provided the Board with information to prepare search criteria for the Executive Director position. Jon Kurtz told the Trustees the person they hire as Executive Director needs to meet their needs and what they want and expect from an Executive Director.

Jon Kurtz told the Board they can advertise in the newspaper or national magazines but they first have to decide what the direction of your organization is going to be and then decide what kind of person you want to hire for the position.

Larry Strack wants to schedule a special meeting of the Executive Director Search Committee in the next few weeks to talk about what qualifications are needed in the next Executive Director. Larry Strack asked Dolly Dockham to please coordinate that meeting.

Other Matters

Larry Strack advised the Board that the temp that was hired to assist Debbie Cooper with the accounts receivable for the past 60 to 90 days and collecting on an average \$60,000 per month, was terminated for excess absences and not advising when she would not be coming to work.

Debbie Cooper suggested either hiring two part-time employees or one full-time employee. This is a specialty job and cannot be handled by the current office staff. After discussion, Ram Vasudevan made a motion to hire two part-time employees for a year as he thought that would be better.

A **Motion** was made by Ram Vasudevan to hire two part-time employees for a year to assist in collecting the Accounts Receivable. The **Motion** was seconded by Ken Marino. With no further discussion, the motion carried unanimously.

Old Business

Blocker Building

Jon Dean advised that the closing on the Blocker Building is this Friday, October 30, 2015. This will be a simultaneous closing with CHS for \$1.998MM, plus costs.

Personal Injury Claim

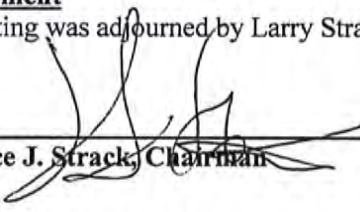
Mr. Dean also received a new personal injury claim.

Public Comments

None

Adjournment

The meeting was adjourned by Larry Strack at 8:02 p.m.



Lawrence J. Strack, Chairman