

FLORIDA HEALTH INSURANCE ADVISORY BOARD

Audit Committee Meeting Minutes

Wednesday, September 19, 2012

1:00 P.M.

Hyatt Regency Riverfront, Room 4108

Jacksonville, Florida

Committee Members Present:

Harry V. Spring, Chair

Mark S. McGowan

Others Present:

Michelle Newell, Acting Executive Director

Michelle Robleto

I. Call to Order

Harry V. Spring committee chair called the meeting to order at 1:05 P.M.

II. Roll Call

Michelle Newell conducted a roll call, noting the presence of a quorum.

III. Antitrust Statement

Ms. Newell reviewed the antitrust statement provided the materials packet.

IV. Chair's Opening Remarks

Mr. Spring opened the meeting by providing an overview of the agenda and noting that the meeting materials would be presented to member Mark LaBorde later in the day by Michelle Newell. He also indicated that there would be an executive session to discuss agenda item X, Executive Director Position.

V. 2009 Independent Audit Reports

Ms. Newell was recognized to lead a discussion and review of the 2009 Independent Audit Reports. Following discussion, Mark McGowan moved to adopt the audit reports and recommend to the Board of Directors. Mr. Spring seconded the motion and it was passed without objection.

VI. 2010/2011 Audit Engagement

Ms. Newell provided an overview of the Audit Engagement Letters from Purvis Gray & Company for performance of the 2010 and 2011 Independent Audits. She noted that they were anticipating completion by November 30, 2012 and would attempt to contain costs since the audits would be conducted together. Upon review, Mr. McGowan moved to engage the Purvis Gray & Company

firm for conduct of the stated audits in accordance with the terms outlined. Mr. Spring seconded the motion and it was passed without objection.

VII. Tax Filings Status

Ms. Newell led a discussion of regarding the memorandum written by Ryan Tucker, CPA of Purvis Gray & Company addressing the tax filing status of the Small Employer Health Reinsurance Program (Program) and the impact of the Internal Revenue Service (IRS) audit of 2008. As there were no reinsurance contracts in effect, the IRS determination was made that the Program no longer qualified as a 501(c)(15) insurance company and that the tax returns would need to be re-filed for 2008 and 2009 as a membership organization using Federal Tax Form 1120. Mr. Ryan recommended that the Program make the Form 1120 filings and explore filing for exemption under Internal Revenue Code section 501(c)(6). A motion was made by Mr. McGowan to accept both recommendations which was seconded by Mr. Spring and passed without objection.

VIII. Bank Account Consolidation

Ms. Newell provided members with an overview of the current bank accounts and advised that due to the low interest rates, the CD accounts were merged into the savings accounts. She further recommended consolidation of the remaining accounts as each account had little activity; the accounting is maintained in QuickBooks and that there would be a fee savings as most of the accounts were paying monthly fees. Mr. McGowan moved to accept the consolidation recommendation seconded by Mr. Spring. Ms. Newell was advised to consolidate as balances declined keeping one Operating Account and a Savings Account for both Individual and Small Group.

IX. Assessment Overview

Ms. Newell presented a summary of the governing statute, assessment history and the financial position to date for the Committee to review. It was determined that it would be necessary to recommend an assessment to the Board this year to cover the losses from 2009-2011 as the last assessment was in 2008. Mr. McGowan made a motion to recommend an assessment to the Board of approximately \$100,000, with the exact number to be determined for the next Board meeting. Mr. Spring seconded the motion and it was passed without objection.

X. Executive Director Position (Executive Session)

The Committee and Michelle Robleto convened an executive session to discuss the Executive Director's position and contract. Ms. Newell left the room during the session. Mr. Spring advised Ms. Newell upon re-entering the room, that the Committee was recommending a permanent contract and that the monthly rate would be re-evaluated in six months.

XI. Adjourn

Having no other business, the Committee meeting was adjourned.

Ms Newell later met in person with Mr. Laborde at which time, he concurred with the motions and decisions of the Committee.