

MARIN HEALTHCARE DISTRICT

100B Drakes Landing Road, Suite 250, Greenbrae, CA 94904

Website: www.marinhealthcare.org

Telephone: 415-464-2090

Fax: 415-464-2094

Email: info@marinhealthcare.org

CLOSED SESSION @ 6:00 PM
REGULAR MEETING @ 7:00 PM

TUESDAY, FEBRUARY 10, 2015

Board of Directors

Chair: Harris Simmonds, MD

Vice Chair: Ann Sparkman, JD

Secretary: Jennifer Rienks, MD

Directors: Larry Bedard, MD
Jennifer Hershon, RN

Location:

Marin General Hospital, Conference Ctr.

250 Bon Air Road

Greenbrae, CA 94904

Staff:

Lee Domanico, CEO

Louis Weiner, Executive Assistant

Colin Coffey, District Counsel

Tab #

AGENDA

CLOSED SESSION, 6:00 PM

- | | |
|---|----------------------|
| 1. Call to Order | Simmonds |
| 2. Roll Call | Simmonds |
| 3. General Public Comment | Simmonds |
| <i>Any member of the audience may make statements regarding any items on the agenda. Statements are limited to a Maximum of three (3) minutes. Please state and spell your name if you wish it to be recorded in the minutes.</i> | |
| 4. Closed Session | Simmonds |
| a. Conference with real estate negotiators, Government Code Section 54956.8 regarding negotiations with Marin County re terms of location of new Hillside Garage lot boundary. Negotiators: Domanico, Friedenber | Domanico/Friedenberg |
| b. Potential Litigation pursuant to Gov. Code Section 54956.9(d)(2) | Coffey |
| c. Pending Litigation, Marin Superior Court, case number 14-035 | Coffey |
| d. Quality Assurance Report pursuant to H&S Code Section 32155 | Coffey |
| 5. Adjournment of Closed Session | |

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AGENDA

REGULAR MEETING, 7:00 PM

- | | | |
|---|---------------|----|
| 6. Call to Order | Simmonds | |
| 7. Roll Call | Simmonds | |
| 8. General Public Comment | Simmonds | |
| <i>Any member of the audience may make statements regarding any items NOT on the agenda. Statements are limited to a Maximum of three (3) minutes. Please state and spell your name if you wish it to be recorded in the minutes.</i> | | |
| 9. Safety Update | Domanico | |
| 10. Approval of Agenda (action) | Simmonds | |
| 11. Approval of Consent Agenda | | |
| a. Minutes of the Regular Meeting of January 13, 2014 (action) | Simmonds | #1 |
| 12. Nomination of Andrea Schultz for MGH Board of Directors Membership (action) | Domanico | #2 |
| 13. Community Member Appointment to Board Committees | Simmonds | |
| a. Bylaw Revision and Conflict of Interest Questionnaire (action) | Coffey | #3 |
| b. Approval of Committee Appointments (action) | | |
| 14. Review and approve Vascular Coverage Services Agreement with Stanford (action) | Domanico | #4 |
| 15. Consider MHD Board Regular Meetings, change to 6:00 pm call to order (action) | Simmonds | |
| 16. Discuss MHD Board Retreat, March 20, 2015 | Simmonds | |
| 17. Update on the Planning Commission/Parking Structure | Domanico/Coss | |
| 18. Discuss Charitable Contribution Ad Hoc Committee | Simmonds | |
| 19. Discussion of Bad Debt Trends | Domanico | |
| 20. Committee Meeting Reports | | |
| a. MHD Finance and Audit Committee (to meet on 3/24/15) | Bedard | |
| b. MHD Lease and Building Committee (met on 2/4/15) | Sparkman | |
| 21. Reports | | |
| a. District CEO's Report | Domanico | |
| b. Hospital CEO's Report | Domanico | |
| c. Chair's Report | Simmonds | |
| d. Board Members' Reports | All | |
| 22. Adjournment of Regular Meeting | | |
- Next Regular Meeting: Tuesday, March 10, 2015 @ 7:00 p.m.

Tab 1



MARIN HEALTHCARE DISTRICT

100B Drakes Landing Road, Suite 250
Greenbrae, CA 94904

January 13, 2015

Marin General Hospital, Conference Center

1. Call to Order

Chair Simmonds called the meeting to order at 6:58 pm

2. Roll Call

BOARD MEMBERS PRESENT: Chair Harris Simmonds, MD; Vice Chair Ann Sparkman; Secretary Jennifer Rienks; Director Larry Bedard, MD, Director Jennifer Hershon

ALSO PRESENT: Lee Domanico, Chief Executive Officer; Colin Coffey, District Counsel; Louis Weiner, Executive Assistant to the Boards

3. General Public Comment

No public comments.

4. Approval of Agenda

Vice Chair Sparkman moved to approve the agenda as presented; Director Hershon seconded. Vote: all ayes.

5. Approval of Consent Agenda

a. Minutes of the Regular Meeting of December 9, 2014

Director Bedard moved to approve the minutes as presented; Vice Chair Sparkman seconded. Vote: all ayes.

6. Safety Update

CEO Domanico reported that the Operation Safety initiative begun a year ago continues to successfully develop a culture of patient safety. He shared a safety story relayed to him and has received many other anecdotes of putting patient safety first.

Public comment: none.

7. Update on the Planning Commission / Parking Structure

Kevin Coss, Project Manager for the Hospital Replacement Project, reported. The first phase of the project is the construction of the new parking structure. He and the project work group met with the Marin County Planning Commission on December 8, 2014. The Commission had questions and comments; the team agreed with most of them. They want a more detailed design of sections of the site, and proposed changes. The budget includes \$400,000 for changes, and the Commission's changes would cost \$350,000. (He had two illustrations that will be sent to the Board Directors and posted on the web site.)



The Commission wants to reduce the daily work traffic during construction from 8 hours to 5 hours per day which would add an unbudgeted \$900,000 cost; this issue must be resolved.

A solar panel field is being considered for the garage roof, and a donor is being sought to fund its \$200,000 cost.

Kevin and the work group meet regularly, and they will ask Commissioners to meet with them. They will formally present at the next regular meeting of the Planning Commission on February 9. Kevin will present again to the MHD Board at the February 10 Regular Meeting.

The goal is to begin construction on the parking structure in April.

Public comment: Cindy Winter, Greenbrae, suggests that construction traffic avoid both the Bon Air Bridge and a route through Larkspur, and should only use Sir Francis Drake Blvd.

8. Appointment and Approval of District Board Committee Members

a. MHD Finance and Audit Committee

Chair Simmonds announced that Larry Bedard will chair the Finance and Audit Committee, and Jennifer Hershon will be a member. Vice Chair Sparkman moved to approve; Secretary Rienks seconded. Vote: all ayes.

b. MHD Lease and Building Committee

Chair Simmonds announced that Ann Sparkman will chair the Lease and Building Committee, and Jennifer Rienks will be a member. Jud Goldsmith will be a non-voting community member. Director Hershon moved to approve; Director Bedard seconded. Vote: all ayes.

c. MHD/MGH Joint Nominating Committee

Chair Simmonds announced that he and Larry Bedard will be the MHD members of the Joint Nominating Committee. Vice Chair Sparkman moved to approve; Secretary Rienks seconded. Vote: all ayes.

This Committee will serve to review the MHD Board's recommendations for nominees to the MHD and MGH Boards. It will make recommendations rather than binding decisions. Secretary Rienks added that diversity be considered in the process for MGH Board membership.

Public comment: none.



9. Process for Appointment of Community Members to Board Committees

a. Discussion of “Community Member” appointment process

Chair Simmonds stated that adding members of the community at large to Board committees would enhance their effectiveness. Nominees would be welcome from any source, would submit CV, would meet with the Board Chair, would meet with the Committee Chair, and then be approved by the Board. Though Form 700 filing is not a requirement, it was agreed to be good policy to do so. Colin Coffey suggest a Bylaws amendment for this process, and will submit a draft amendment at the next Board Regular Meeting. Director Bedard urged further discussion on methods of finding out who might be interested for consideration.

b. Approval of Committee Appointments

This agenda item was listed in error and should be “Approval of Community Member Appointment Process” as discussed above. Secretary Rienks moved to approve; Vice Chair Sparkman seconded. Vote: all ayes.

Public comment: none.

10. Committee Meeting Reports

a. MHD Finance and Audit Committee (December 16, 2014)

Vice Chair Sparkman reported that the Committee met on December 16. The budget for the 1206(b) clinics has been revised and operations are now closer to budget. The District remains in excellent financial health, with \$3.3M in the operating account. For Jan.-Nov., revenues were on budget and expenses favorable by \$166,000. The Financial Controls Policy was discussed; it would allow the CFO to approve expenditures when the CEO is absent, and Counsels Colin Coffey and Don Bouey determined there is no conflict with the Bylaws. After the next meeting of the Finance & Audit Committee, this Policy will be forwarded to the Board for approval.

The formation of an MGH Investment Committee was discussed. This Committee would invest proceeds from the General Obligation Bonds while the new hospital is under construction. Jeremy Fair of the MGH Board led discussion in support of an Investment Committee. Canterbury Consulting also presented.

The F&A Committee suggested that one member of the District Board be included on the MGH Investment Committee, and that Canterbury Consulting be engaged. This will be on the agenda of the next F&A Committee meeting for their recommendation. Secretary Rienks suggested that the MGH Investment Committee include two members of the District Board, rather than one.

Public comment: none.

b. MHD Lease and Building Committee

No report, as the Lease and Building Committee did not meet in the previous month.



10. Reports

a. District CEO's Report

CEO Domanico stated that his District focus is on financing and building the new hospital. The charitable donation grant process has received applications from six groups; the grant applications will be presented to an ad hoc committee to be formed. This will be on the agenda at the next District Board Regular Meeting.

b. Hospital CEO's Report

CEO Domanico reported that the hospital will finish the year 2014 with operating income at or above budget and the year should close positive. The hospital has consistently experienced unusually high census figures and ER activity starting in early December and continuing through the holidays; the reason is not yet clear. Occasional nurse staffing shortages have contributed to the situation.

“Marin University” is underway, a series of 8 management education courses for 80 MGH directors, managers, supervisors and charge nurses. It is held at, and in conjunction with, Dominican University. The classes are co-taught by members of the MGH Executive Team with a Dominican professor.

Lee introduced James McManus, CFO, who joined the staff on January 1.

An initiative for Patient Experience is being formed, focusing on Safety, Quality, and Satisfaction.

Employee Engagement scores show averages favorably increased between 20% and 60%. Issues of Safety show the most favor, indicating that the “Operation Safety” initiative is effective.

Public comment: none.

c. Chair's Report

The MHD Board Retreat is being planned for February or March. Louis Weiner will schedule it, and it will be discussed at the next Board Regular Meeting.

Chair Simmonds proposes that Board Regular Meetings commence at 6:00 pm rather than 7:00 pm. This will be discussed at the next meeting.

d. Board members' reports

Director Bedard announced that he has been attending meetings of Rx Safe Marin, the Marin prescription drug misuse and abuse initiative. A California law was recently passed whereby pharmacists can dispense Narcan rescue kits to anyone. Federal law now allows an increase of drug take-back programs in hospitals. He recommends that MGH explore dispensing Narcan and setting up a take-back program here, for which certain liability issues would need to be addressed.



14. Adjournment of Regular Meeting

Vice Chair Sparkman moved to adjourn the regular meeting. Vote: all ayes.
Adjourned at 8:05 pm.

Next Regular Meeting: Tuesday, February 10, 2015 @ 7:00 pm.

DRAFT

Tab 2

Andrea Schultz

RECEIVED

JAN 14 2015

MARIN HEALTHCARE
DISTRICT

MGH Board of Directors Candidate Application Form

Marin General Hospital

Board of Directors Candidate Application

(PLEASE ATTACH A COPY OF YOUR RESUME TO THIS APPLICATION)

Date January 14, 2015

Name Andrea Schultz Andrea
First MI Last Familiar name

Residence

Address 50 Bon Air Center, Suite 200, Greenbrae, CA 94904
Phone (415) 461.0200 E-mail as@bonair.com

Employer

Name Greenbrae Management, Inc.
Your title President & CEO
Address 50 Bon Air Center, Suite 200, Greenbrae, CA 94904
Phone (work) (415) 461.0200
E-mail as@bonair.com

Type of business or organization Commercial, Office and Multi-Residential Property Management
Primary service(s) and area/population served Marin County

Preferred method of telephonic contact: (X) Work () Residence

ATTACH ADDITIONAL INFORMATION IF NECESSARY.

Please list Boards and committees that you serve on, or have served on (business, civic, community, fraternal, political, professional, recreational, religious, social).

Organization	Role/Title	Dates of Service
1. Marin General Hospital Foundation	Chair	2012 - Present
2. The Schultz Foundation	Chair/President	2004 - Present
3. Bank of Marin – Marin	Advisory Committee	2010 - Present
4. Marin Row Association	Junior Fundraising Chair	1998 - 2002
5. Marin Council – Boy Scouts of America	Board	1996 - 1997
6. Dominican College	Advisory Board	1995 - 1997
7. Boy Scouts of America – Troup 59	Exec Officer-Charter Org. Committee Chair	2004 - Present 1995 - 1998
8. Kentfield School District	Various	

Education/Training/Certificates

BA – Business Administration - WSU
- Various Enrichment Courses

Why would you like to serve on the Board of Marin General Hospital?

My current role as Chair on the MGHF Board highlights my desire to serve on the Board of MGH in a capacity that allows me to bring the best of my skills, knowledge and experience to enrich discussions of the Operating Board. By adding an au courant voice with grass-roots community views and perceptions to the Board, I hope to provide constructive and productive input. In a county rich with opportunities, the wellspring of life is good health and excellent healthcare services. Joining the Board at this time in its history, with the Capital Campaign underway will hopefully allow me to participate in making the vision for MGH a reality.

Skills, experience/expertise (Please circle all that apply)

- | | |
|----------------------------------|--------------------------|
| Healthcare | Education, instruction |
| Finance, accounting | Special events |
| Personnel, human resources | Philanthropy/Fundraising |
| Administration, management | Outreach, advocacy |
| Nonprofit experience | Other _____ |
| Community service | Other _____ |
| Legal | Other _____ |
| Policy development | |
| Public relations, communications | |

Provide one or two examples of the skills, experience and expertise that you mentioned above. For example, in what capacity did you acquire and/or apply those skills:

As President and CEO of Greenbrae Management, Inc., I deal on a daily basis with HR / Personnel, Public Relations, Management and finance issues while overseeing all aspects of a Commercial Shopping Center, along with other Properties in our portfolio. Within the Family Foundation, I work in concert with a Board for the purposes of identifying philanthropic opportunities and events to participate in and support within our community.

Please list other information relative to your interest in applying for a Board position with Marin General Hospital.

My family has a long-standing connection with Marin General Hospital which I hope will continue.

Optional- Have you received any awards or honors that you'd like to mention?

ANDREA SCHULTZ

Andrea Schultz is the President and CEO of GREENBRAE MANAGEMENT, INC., headquartered in Greenbrae, California. Greenbrae Management, Inc. is a commercial, office and multi-residential property management firm. Established in 1990, the company is privately held.

Ms. Schultz has served as President and CEO of Greenbrae Management, Inc., since 2006. Prior to her role as President and CEO at Greenbrae Management, Ms. Schultz served as their Vice President and Senior Manager, rounding out her over 25 years with the firm.

She joined the Marin General Hospital Foundation Board as Vice Chair in February 2010. Since 2012, she serves as Chair raising funds for programs, generating awareness and promoting its mission of inspiring philanthropy for the benefit of Marin General Hospital. The MGHF was established in 1961 and is continuing to flourish today.

In addition to her business activities, since 2004, Ms. Schultz has directed The Schultz Foundation as its Chair and President. The Schultz Foundation is an active foundation dedicated to enriching the surrounding community through its philanthropy and participation in local events.

Before beginning her family, Ms. Schultz gained experience working with a management consulting firm, advertising agency and franchise consulting firm, which allowed her to further broaden her business foundation.

Ms. Schultz currently sits on the Community Advisory Committee of the Bank of Marin and has done so since 2010. The Bank of Marin is a leading business and community bank in the San Francisco Bay Area, founded in 1989.

Other previous community-focused work for Ms. Schultz includes sitting on the Board of the Marin Council of the Boy Scouts of America, the Advisory Board of Dominican College, as a Fundraising Chair of the Marin Row Association Junior Program and various roles within the Kentfield School District.

Ms. Schultz holds a BA in Business Administration from WSU. She has studied and immersed herself in a wide variety of other enrichment courses both locally and internationally. She has a voracious appetite for learning, travel, and is dedicated to her thriving family, to her community and to partnering to bring excellent healthcare to her township.

Tab 3

Proposed Amendment To District Bylaws

ARTICLE V

BOARD COMMITTEES

Section 1. General Provisions.

Existing:

(c). Each Committee, Standing or Ad Hoc, shall be assigned two (2) District Directors, one of whom shall be the committee chair. Up to three non-District Board Directors, (“Community Members”) may be appointed as advisory members of the committee, and they will serve without a vote. Community Members may be recommended to the District Board Chair by the Committee Chair. The Board Chair shall be an ex officio member of Standing Committees, but may vote only if an actual member of the committee.

Amend as underlined as follows:

Each Committee, Standing or Ad Hoc, shall be assigned two (2) District Directors, one of whom shall be the committee chair. Up to three non-District Board Directors, (“Community Members”) may be appointed as advisory members of the committee, and they will serve without a vote. Community Members may be recommended to the District Board Chair by the Committee Chair, or any other source within the District or MGH organizations, or the community. Proposed Community Members shall be interviewed by the Board or Committee Chair, or both, and shall submit a curriculum vitae for Board review. The Board will act upon the recommendation for appointment coming from the Board Chair for a term subject to annual renewal when Committee appointments are approved as provided in Section 1 (a) above. Upon appointment and upon any annual renewal of appointment, Community Members shall submit a Conflict of Interest Disclosure Statement to the District. The Board Chair shall be an ex officio member of Standing Committees, but may vote only if an actual member of the committee.

**CONFLICT OF INTEREST QUESTIONNAIRE
AND
DISCLOSURE OF CERTAIN INTERESTS**

To: Committee Community Member

The questions set forth below are intended to solicit any information which could conceivably constitute a conflict of interest pursuant to the Conflicts of Interest Policy of the Marin Healthcare District (the “**Conflicts Policy**”). I hereby represent that the following answers are, to the best of my knowledge, true and correct.

1. Outside Interests and Investments

Identify and describe the nature of any outside interests and investments in any business or organization with which the District or the Hospital does or may have any lease, service arrangement or any financial relationship, and specify the nature of your involvement and the extent of compensation (of any kind) received as a result of such interest or investment.*

() None

2. Outside Compensation Arrangements

Identify and describe any outside employment, contractual or other arrangements with any business or organization pursuant to which you receive compensation (of any kind), and specify the nature of your involvement with the business or organization and the extent of compensation (of any kind) received from such business or organization.*

() None

*Please attach additional sheets of paper if necessary.

3. Gifts

Identify and describe any gifts, gratuities, entertainment or other favors which you have accepted from any business or organization which to your knowledge does, or is seeking to do, business with, or is a competitor of, the District or MGH.*

() None

4. Activities With Other Healthcare Providers or Research Enterprises

List and describe the nature of any directorship, membership on a governing board, administrative, managerial, professional, supervisorial, leadership or consulting position held at any Marin County healthcare provider, research enterprise or other business or organization which is a competitor or may have conflicting interests with the District or MGH. Members of the Medical Staff should disclose membership on other hospital staffs and any committee or administrative positions held.*

() None

5. Influence Regarding County of Marin Contracts

State whether you are a spouse or economic dependent of any County employee whose position enables the County employee to influence the awarding of any County of Marin Contract relating to health care.

() Yes () No

If yes, please describe.*

6. Nepotism

State whether you have any relatives employed by the District or the Hospital.

() Yes () No

If yes, please describe.*

7. Contracts or Transactions

State whether you have entered into any contract or engaged in any other transaction with the District or MGH in which you received or currently receive any goods, services, payment, compensation or other economic benefit from the District or MGH.

() Yes () No

If yes, please describe.*

8. Other

List and describe any other activities, arrangements that might be regarded as constituting or may potentially give rise to a conflict of interest.*

() None

Please report to the Chief Executive Officer of the District, promptly and in writing, any further activity or interest which may constitute a conflict of interest which arises before next year's Conflict of Interest Questionnaire is circulated.

*Please attach additional sheets of paper if necessary.

(Signature)

(Print Name)

(Position)

(Date)

Tab 4



Date: February 9, 2015
To: MHD Board of Directors
From: Lee Domanico, CEO
Re: Recommendation for Approval of Professional Services Agreement (Stanford)

Management recommends to the Board of Directors approval of the proposed Professional Services Agreement with Stanford Hospital and Clinics (the "Agreement"). The District owns and operates 1206(b) clinics located at 165 Rowland Way, Suite 201, Novato, California and 1100 South Eliseo, Suite 2A, Greenbrae, California (collectively the "Clinic"), and 651 First Street West, Suite H, Sonoma, California, which provide primary and specialty care.

MHD is in need of experienced and qualified physicians who are duly licensed and certified in the subspecialty of vascular surgery, to provide regular and on-call availability to Clinic patients. MHD wishes to contract with Stanford Hospital and Clinics ("SHC") to allow SHC physicians to be available to provide vascular surgery services to Clinic patients on an as-needed basis. This fulfills an effort to recruit an additional vascular surgeon and clinician to Marin to augment the practice of Dr. Pak. MGH will concurrently enter into an ER coverage agreement with Stanford for the on call services of the same Stanford physicians. In both efforts, ER coverage and Clinic staffing, the goal is to improve needed access in the community to these specialty services.

Management believes that high standards of patient care can be achieved if SHC assumes the responsibilities set forth in the Agreement and SHC desires to furnish such services upon the terms set forth therein.

Documentation

The following documentation is provided to the Board to support this requested action:

Transaction Summary of Key Terms of the Agreement

Requested Action by the Board

Motion based on management's recommendation: "To approve the Professional Services Agreement with Stanford Hospital and Clinics, as presented."

**TRANSACTION SUMMARY
PHYSICIAN TRANSACTIONS AND ARRANGEMENTS
MARIN HEALTHCARE DISTRICT
PROFESSIONAL SERVICES AGREEMENT
STANFORD HOSPITAL AND CLINICS**

A. Parties

Identify the contractor and indicate his or her specialty/practice area and administrative expertise.

Stanford Hospital and Clinics (“SHC”), through its arrangement with Stanford University School of Medicine and its physicians who are experienced and board certified in the specialty of vascular surgery and licensed to practice medicine in the State of California.

B. Purpose/Reasons to Pursue the Arrangement

Describe how the arrangement meets a community need.

Marin Healthcare District (“MHD”) owns and operates 1206(b) clinics providing primary and specialty care. MHD desires to maintain its outpatient vascular service clinics located at 1100 South Eliseo, Suite 2A in Greenbrae, 75 Rowland Way, Suite 101 in Novato (the “Clinic”), and 651 First Street West, Suite H in Sonoma, California. In order to do so it is necessary for MHD to secure additional availability of physicians who are duly licensed to practice in this subspecialty. High standards of patient care can be achieved if SHC furnishes vascular services to the patients of the Clinic. Concurrently, with the Parties’ execution of this Agreement, SHC is entering into an agreement with Marin General Hospital (“MGH”) for SHC to provide vascular surgery services to MGH at its hospital (the “MGH Agreement”), pursuant to which SHC shall provide call coverage services.

Indicate whether the arrangement is new or is a renewal of an existing arrangement.

This is a new arrangement.

C. Services to be Provided

Describe the services to be provided by the physician.

SHC shall provide all the following services consistent with the policies and procedures of the Clinic, to the Clinic and patients of the Clinic: call coverage for Clinic patients, professional health care services to patients of the Clinic in the subspecialty of vascular surgery, professional supervision of allied health professionals engaged by MHD in the Clinic, and inpatient physician services to patients of the Clinic either personally or through an arrangement with hospitalists or other appropriately qualified physicians approved by MHD.

Describe the time commitment of physician (e.g., FTE, part-time, # of hours)

SHC shall provide on-call availability during Clinic hours and according to the call schedule established by MHD and agreed to by SHC.

D. Financial Terms

Describe the compensation methodology (hourly fee, monthly or annual salary, etc.). Indicate the aggregate compensation to be paid.

In the first year of the agreement MHD shall pay SHC an annual fee of Six Hundred Six Thousand One Hundred and Fifty Eight Dollars (\$606,158) (the “Base Fee Year 1”), less any amount paid to SHC by MGH under the MGH Agreement for call coverage services provided by the primary physician that exceeds Eighty Two Thousand Five Hundred Dollars (\$82,500.) In the second year of the agreement MHD shall pay SHC an annual fee of Five Hundred Sixty Two Thousand Three Hundred and Fifty Four Dollars (\$562,354) (the “Base Fee Year 2”) subject to the same reduction for excess fees paid by MGH to SHC under the MGH Agreement. In the third year of the agreement MHD shall pay SHC an annual fee of Five Hundred Fifty Nine Thousand Seven Hundred and Fifty Four Dollars (\$559,750) (the “Base Fee Year 3”) subject to the same reduction for excess fees paid by MGH to SHC under the MGH Agreement. MHD shall pay Base Fee Year 1, Base Fee Year 2, and Base Fee Year 3 in equal monthly installments, the first of which is due and payable on the effective date of the agreement and each subsequent payment of which shall be due and payable on the first day of each calendar month for the remainder of the term.

MHD shall also pay SHC an annual allowance of Forty Seven Thousand Five Hundred and Eight Dollars (\$47,508) in the first year of the agreement, Forty Six Thousand Eight Hundred and Seventy Six Dollars (\$47,876) in the second year of the agreement, and Forty Seven Thousand Four Hundred Sixty Three Dollars (\$47,463) in the third year of the agreement, in equal monthly installments, to cover SHC’s expenses for physician travel and lodging, professional meetings and education courses, professional dues and memberships, medical license fees, medical staff dues and the like. The first installment of the allowance is due and payable on the effective date of the agreement and each subsequent payment is due on the first of each calendar month. If the physician does not qualify for, or elect to use, the Housing Assistance funds, this amount will be reduced by that figure.

Describe the methodology for determining that the financial terms meet Fair Market Value requirements.

On December 17, 2014, Penny Stroud of Cattaneo & Stroud, Inc., issued a letter to Marin General Hospital in which she stated that “the proposed contracts for providing a full time vascular surgeon and the provision of vascular surgery call coverage are not in excess of fair market value, based on the scope of services to be provided and an analysis of market rates. Furthermore, the proposed terms are commercially reasonable based on our analysis of the cost of comparable services and an analysis of market data.”

E. Other Terms

Indicate whether the arrangement will be structured as an employment or independent contractor relationship.

SHC and each physician are acting as independent contractors of MHD.

Indicate the term of the arrangement (dates) and describe the termination provisions.

The term of the agreement is three (3) year commencing on the effective date.

The agreement is terminable in cases of breach, by either party upon written notice; due to a change in law that prohibits or materially restricts or limits the party’s lawful performance of the terms and conditions of the agreement or materially changes its terms and conditions; and, upon 90 days’ prior written notice to SHC, by MHD in its sole discretion after the end of the first year of the term of the agreement or in the event of closure of the Clinic.

Indicate insurance coverage arrangements.

SHC shall, at its expense, maintain policies of professional liability insurance in amounts of at least \$10,000,000 in the annual aggregate to insure it, its employees and agents, against claims and liabilities arising out of or related to the Agreement.

F. Business and Financial Risk

Identify any specific business and financial risks of the arrangement.

None.

G. Special Terms

List any special requests or conditions proposed by the physician.

None.

**MARIN HEALTH CARE DISTRICT
PHYSICIAN TRANSACTIONS AND ARRANGEMENTS POLICY
STANFORD HEALTH VASCULAR SERVICES AGREEMENT**

Due Diligence Checklist for Board Approvals

Basis for District Board review and approval: (check all that apply)

- New unbudgeted arrangement
 - Transaction not covered in approved District Clinic operations or development budget
 - Conflict of Interest Issue in Transaction
 - Transaction exceeds projected budget for physician staffing by 20%
 - Transaction compensation exceeds FMV guidelines and needs specific consideration of compensation
 - Transaction has term of more than two years without early termination
 - Transaction involves the provision of services outside District boundaries
 - Transaction involves physician recruitment component.
- Hospital CEO confirms MGH staff has completed its own due diligence and policy procedures as necessary for MGH funding of the proposed agreement and operational and capital needs associated with the transaction
- Hospital CFO has confirmed the transaction is financially viable and is consistent with Hospital's physician development plan to meet community physician access needs
- Hospital management confirms that all supporting documentation has been obtained supporting management due diligence covering legitimacy of the Physician and its business and license existence, its Medicare participation, and qualifications
- Hospital management confirms contract requirements based on its Physician Contracting Policy have been met
- The Hospital has made a fair market value determination consistent with its Physician Contracting Policy
- Agreement / transaction has been approved by:
- The Hospital Board since the matter involves a Board or senior management conflict of interest, or
 - The Board Executive Committee since the matter involves a matter with an annual value of \$500K
 - The Board Executive Committee since the matter involves more in funding or if funding exceeds an increase of 20% over the prior year

- The Board Executive Committee since the matter involves exceeds fair market guidelines
- The CEO since the matter involves routine arrangements or matters already authorized in Hospital Board approved budgets for physician development and operations

Management confirms that all supporting documentation has been obtained supporting management due diligence covering legitimacy of the Physician and its business and license existence, its Medicare participation, and qualifications

Management confirms consistency with Clinic business and strategic plan

- District Board reviewed Term Sheet
- District Board confirmed Fair Market Value determination
- District Board reviewed Conflict Findings, if any
- District Board made determinations supporting outside boundary services (if necessary)
- District Board approved material terms of agreement and authorizes execution of necessary documents concluding and supporting the arrangement

Chair, District Board

Date

CEO, Marin General Hospital

Date