

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

TUESDAY, DECEMBER 8, 2015

5:30 PM ~~6:00 PM~~: CLOSED SESSION

6:30 PM: SPECIAL OPEN MEETING / BOARD STUDY SESSION

Board of Directors

Chair: Harris Simmonds, MD

Vice Chair: Ann Sparkman, JD

Secretary: Jennifer Rienks, PhD

Directors: Larry Bedard, MD
Jennifer Hershon, RN, MSN

Location

Marin General Hospital, LIBRARY
250 Bon Air Rd, Greenbrae, CA

Staff

Lee Domanico, CEO
Noel Caughman, District Counsel
Louis Weiner, Executive Assistant

REVISED AGENDA

Tab #

5:30 PM ~~6:00 PM~~: CLOSED SESSION

- | | |
|--|----------|
| 1. Call to Order and Roll Call | Simmonds |
| 2. General Public Comment
<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> | Simmonds |
| 3. Closed Session | |
| a. Discussion involving trade secrets pursuant to Health and Safety Code Section 32106, concerning new programs, services or facilities (Public discussion to follow in Open Session) | Domanico |
| 4. Adjournment of Closed Session | Simmonds |

6:30 PM: SPECIAL OPEN MEETING / BOARD STUDY SESSION

- | | | |
|--|------------|----|
| 1. Call to Order and Roll Call | Simmonds | |
| 2. General Public Comment
<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> | Simmonds | |
| 3. Update on MGH 2.0 | Kevin Coss | #1 |
| 4. Adjournment of Special Open Meeting / Board Study Session | Simmonds | |

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TUESDAY, DECEMBER 8, 2015

7:00 PM: REGULAR OPEN MEETING

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AGENDA

Tab #

7:00 PM: REGULAR MEETING

- | | | |
|--|----------|----|
| 1. Call to Order and Roll Call | Simmonds | |
| 2. General Public Comment
<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> | Simmonds | |
| 3. Approval of Agenda (action) | Simmonds | |
| 4. Approval of Minutes of the Regular Meeting of November 10, 2015 (action) | Simmonds | #2 |
| 5. Safety Update | Domanico | |
| 6. MHD Resolution No. 2015-07: Approval of New Hospital and Work Site Construction Agreement with McCarthy Building Companies (action) | Coss | #3 |
| 7. Committee Meeting Reports | | |
| a. MHD Finance and Audit Committee (met November 24) | | |
| (1) Review and Approve MHD FY2016 Budget (action) | McManus | #4 |
| (2) Review and Approve Philips Partnership Agreement (action) | McManus | #5 |
| (3) Review and Approve Agreement with PhD Urology, Inc. (action) | McManus | #6 |
| b. MHD Lease and Building Committee (met November 23) | | |
| (1) Review and Approve Agreement with MGH Regarding Ownership of New Improvements (action) | Sparkman | #7 |

A copy of the agenda for the Regular Meeting will be posted and distributed at least seventy-two (72) hours prior to the meeting.

American Sign Language Interpreters may be requested by calling (415) 464-2090 (voice) or (415) 464-2094 (fax) at least 48 hours in advance of this meeting.

Meetings open to the public are audio-recorded. Recordings are posted on the District web site and retained for one (1) year.

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TUESDAY, DECEMBER 8, 2015

7:00 PM: REGULAR OPEN MEETING

8. Reports

- | | | |
|--|----------|----|
| a. District CEO's Report | Domanico | |
| b. Hospital CEO's Report | Domanico | |
| (1) Request Reimbursement of Make Ready and Garage Project Expenses to Date (action) | Domanico | #8 |
| c. Chair's Report | Simmonds | |
| d. Board Members' Reports | All | |

9. Items Suggested for Future Meetings

Simmonds

10. Adjournment of Regular Meeting

Simmonds

Next Regular Meeting: Tuesday, January 12, 2016 @ 7:00 p.m.

Tab 1



MARIN GENERAL HOSPITAL



MGH 2.0

District Board Quarterly Report

Q4 2015



MARIN GENERAL HOSPITAL

- **Safety**
- **Parking Structure**
- **West Wing Make Ready**
- **Hospital**
- **Questions**

Safety



MGH 2.0 Safety Record

Project	Total Work Hours	Safety Incidents
Parking Structure	13,803	0
West Wing Make Ready	9,902	0
Hospital	0	0

Total: 23,705 Hours 0 Incidents



Parking Structure



Slab on Grade Pour #2



Finish Slab on Grade Pour #2



Swirl Finish at Ramp #2



Level 2



Colored Concrete Board Form Finish



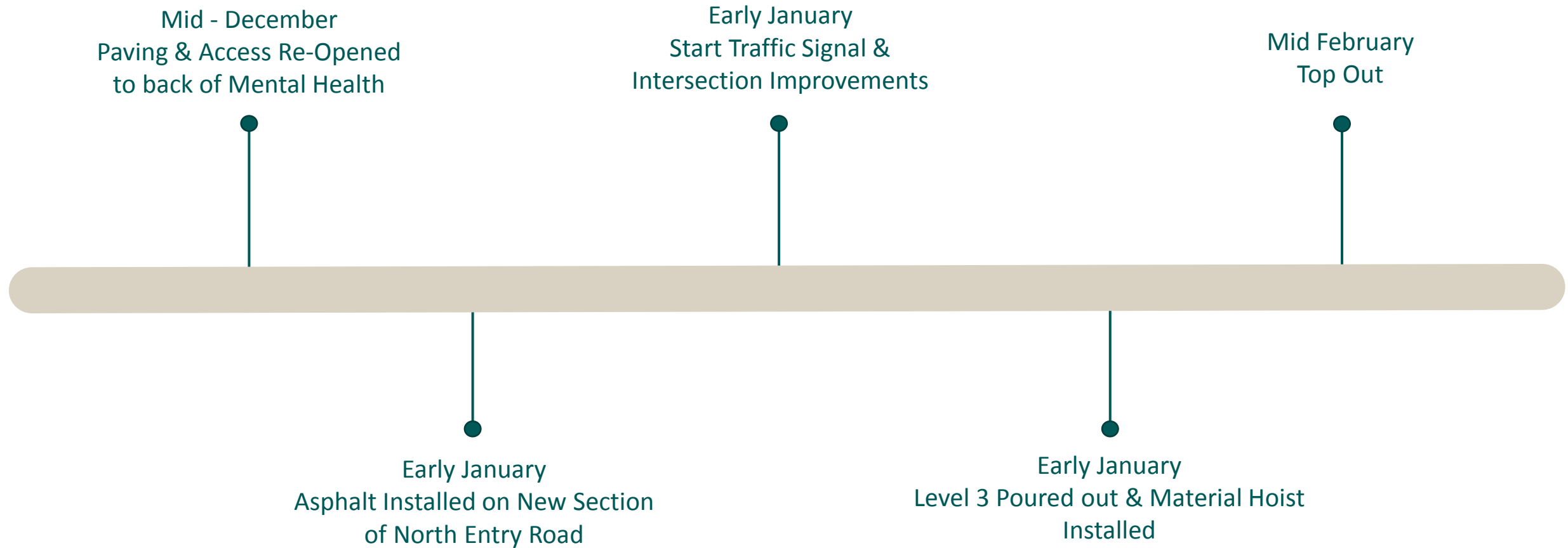
Boulderscape Finish at North Entry Road Expansion



Elevated Deck Formwork



Parking Structure Upcoming Activities



West Wing Make Ready



South Entrance Retaining Wall



Round-A-Bout Light Weight Fill





Temporary Lobby





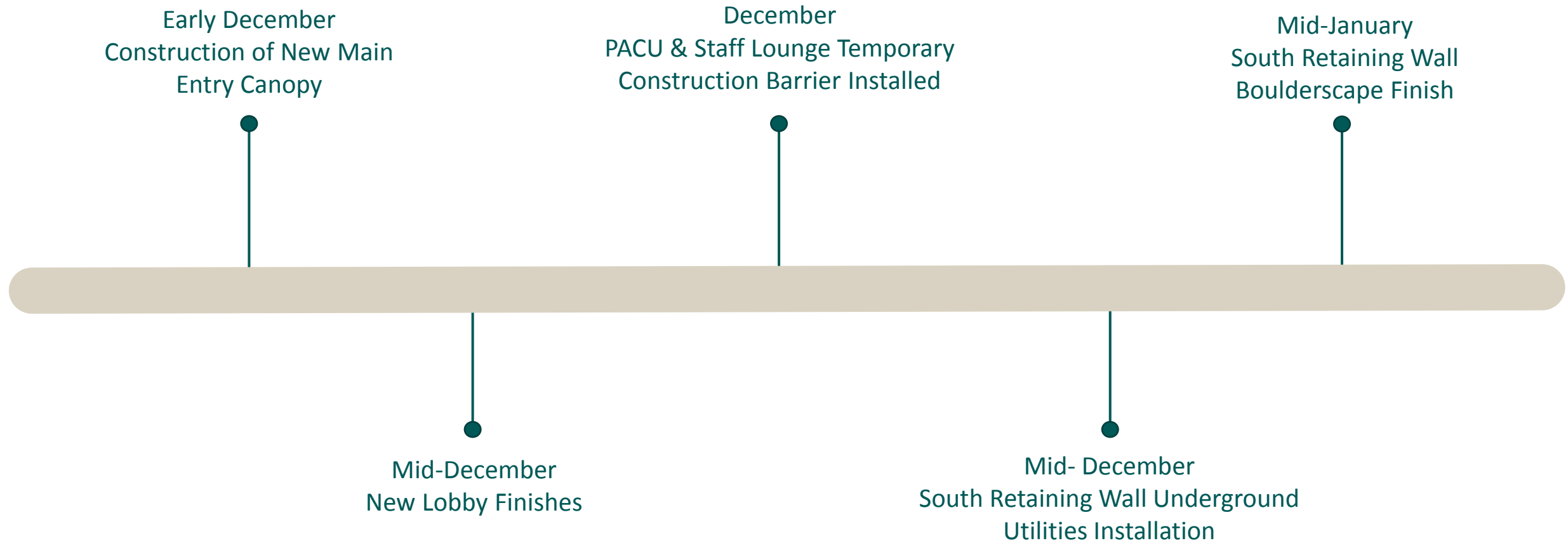
Level 1 Hallway



PACU



Make Ready Upcoming Activities

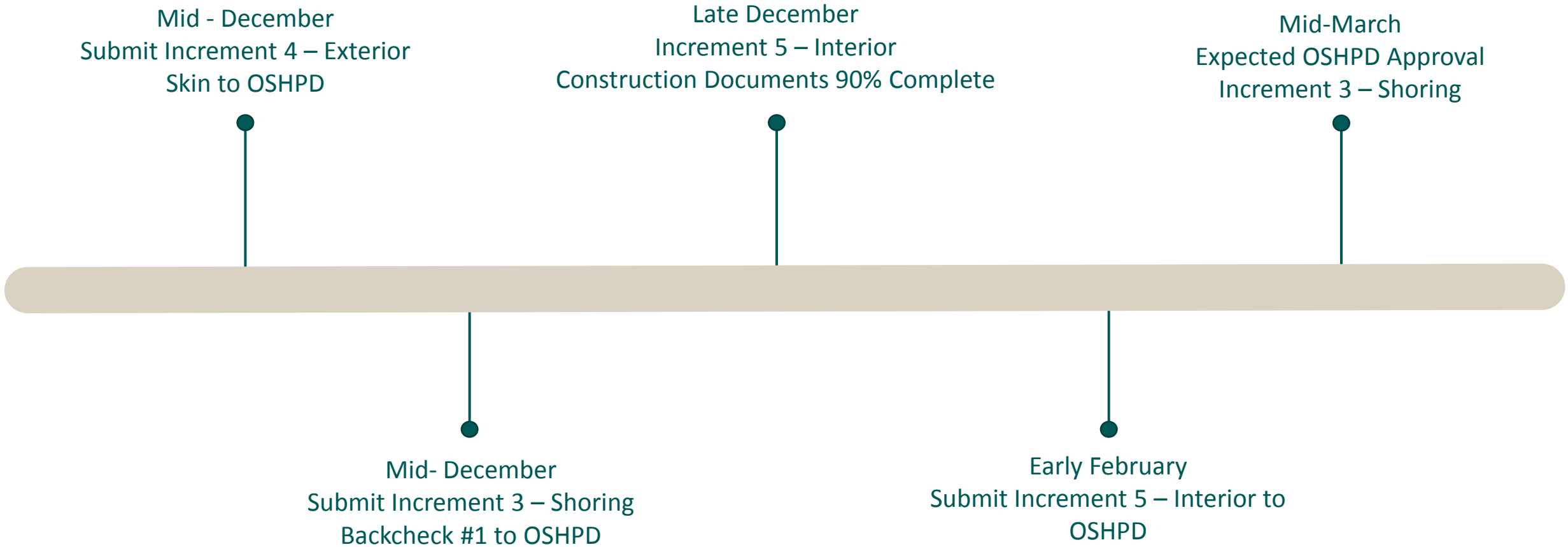




Hospital



Hospital Upcoming Activities



Critical Milestones Required to Start Hospital

Early March

- Hillside Surface Lot Ready for Valet
- East Lobby Closed to Patients
- Quality Trailer Move Plan

Mid-March

- OSHPD Approval of Increment 3 – Shoring
- West Wing Temporary Lobby Canopy Complete
- Hospital County Permit for Tree Removal & Hauling Issued
- Parking Count Neutral

Late March

- Open West Wing Temporary Lobby
- Construction Start

Request for Approval – MGH2.0 + Site Budget

Phase I Projects		October 2015
Request for Approval		
	MGH 2.0 (Hospital Replacement Building)	\$427,736,000
	Site Work	\$26,361,000
Request for Approval Total		\$454,097,000
Previously Approved		
	West Wing Make Ready	\$15,600,000
	Parking Garage – Bon Air	\$217,000
	Parking Garage Hillside	\$25,962,000
Total Project Cost Phase IA		\$495,876,000
To be Approved in the Future		
	West Wing – Addition, Ground Floor Renovation, Surgery Support Renovation	\$38,988,000
Phase I Project Total		\$534,864,000



MARIN GENERAL HOSPITAL

Questions



Q4 2015

Tab 2



MARIN HEALTHCARE DISTRICT
100-B Drakes Landing Road, Suite 250
Greenbrae, CA 94904

**BOARD OF DIRECTORS
REGULAR MEETING**

MINUTES

Tuesday, November 10, 2015 @ 7:00 pm
Marin General Hospital, Conference Center

1. Call to Order

Chair Simmonds called the Regular Meeting to order at 7:00 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

Staff present: Lee Domanico, Chief Executive Officer; Colin Coffey, District Counsel; Jon Friedenbergh, CAO; Linda Lang, CHRO; Jim McManus, CFO; Joan McCready

Guests present: Kevin Coss, Ron Peluso, Darren Graves, Kevin Lew

3. General Public Comment

Susan Windman commented on the local state of diagnosis and treatment of geriatric behavioral health and dementia. Dr. Bedard commented that the needs are identified and are being addressed by the medical community.

No other comments.

4. Approval of Agenda

Chair Simmonds wished to move Item 8, "Update: MGH 2.0" to be before Item 7, "Approval of Agreement with MGH Regarding Ownership of New Improvements." Secretary Rienks moved to approve the agenda with this change. Vice Chair Sparkman seconded. Vote: all ayes.

5. Approval of Minutes of the Regular Meeting of October 13, 2015

Director Hershon moved to approve the minutes of the Regular Meeting of October 13, 2015. Vice Chair Sparkman seconded. Vote: all ayes.

6. Q2 2015 MGH Performance Metrics & Core Services Report

CEO Domanico noted that all performance metrics are in compliance. Remarks and discussion ensued:



Schedule 1: HCAHPS: Unanticipated high patient census had an adverse impact on patient satisfaction scores during this period. Secretary Rienks noted that previous reports included details within the composite metrics; Mr. Weiner assured those details would be restored in future reports.

Schedule 2: Finances: All figures are within normal trends, and EBIDA is strong.

Schedule 3: Clinical Quality Reporting Metrics: Discharge metrics are slightly below CMS objective; a recent new computer-assisted process will now make discharges quicker and more efficient. Healthcare Acquired Infections increased, but newly established protocols will show major decreases in future reports. Discussion on MRSA and C.diff screenings on admission, particularly on transfers from other healthcare facilities; new data is forthcoming.

Schedule 4: Community Benefit Summary: All normal within budget and planning.

Schedule 5: Nursing Turnover, Vacancies, Net Changes: Vacancy rate has increased due to new positions added and a larger float pool. Turnover rate remains constant.

Schedule 6: Ambulance Diversion: New protocol recently put in place to determine Emergency Department diversion, being a series of levels that trigger actions to reduce the change of going on diversion. The decision is made not in ED but by the Nursing Supervisor who has a broader view of patient flow.

No further public or Board comments.

7. Update: MGH 2.0

Mr. Kevin Coss, Vertran Associates, presented the update on the project's budget, schedule and changes (Tab #4). In December the MGH Board will be asked to authorize the start of construction of MGH 2.0 and, pending their approval, will then be presented to the MHD Board for final approval. Approvals at that time will be needed to stay on schedule.

Mr. Darren Graves, Perkins Eastman, presented changes and improvements in design which are within construction budget. A garden roof is now atop the loading dock. 38 additional patient lifts are added in patient rooms and certain ancillary rooms. The emergency generator is moved from the roof to beneath the loading dock, thereby eliminating noise and vibration in patient areas. New PBX central communications room is located in Emergency Department. Code-required changes are made in Sterile Processing. Demonstration kitchen is included in Phase II.

Mr. Coss explained Incremental Contracting Approach. OSHPD separates construction activities into increments (shoring and excavation, foundation and structure, exterior, seismic bracing, and balance of work) to which the project team have assigned risk levels, due dates and cost estimates planned toward Guaranteed Maximum Price. Risk exposure includes price fluctuations in materials costs. In this Design/Build project, 70% of sub-contractors have now been engaged. Current cost contingency strives toward a goal of 5% balanced between MGH (owner) and McCarthy (builder). The Master Project Schedule has been adjusted since June 2014 through the design processes to a current schedule set last month which ultimately shows Substantial/OSHPD Completion in January 2020, after which the facilities licensing process is done. In sum, the project is on schedule and on budget.



The Project Cost Estimate has been maintained at \$534M from June 2014 to the present. In December, the MGH and MHD Boards will be requested to approve \$454M for MGH 2.0 (Hospital Replacement Building) and Site Work. Previously approved were the West Wing Make Ready and Parking Garage. To be approved in the future will be West Wing Addition.

No further public or Board comments.

8. Approval of Agreement with MGH Regarding Ownership of New Improvements

This agreement was presented to and approved by the MGH Board of Directors at their Regular Meeting on November 3, 2015.

Vice Chair Sparkman explained that this agreement is necessary to provide use by MHD of GO Bonds to reimburse MGH for construction costs, and to clarify details for determination of MHD's ownership of the improvements to the Hospital resulting from the MGH 2.0 project, in accordance with the Lease between MHD and MGH.

She perceives some lack of clarity in the agreement, and has consulted with Mr. Donald Bouey, counsel to MHD for the Lease. She stated this should have been presented to the MHD Lease & Building Committee before presenting to MHD Board. The agreement document presented in this meeting's packet is not the final version arrived at by respective counsels, and thus no action can be taken at this time. Chair Simmonds urged that the Lease & Building Committee meet as soon as possible, in Special Study Session with the full Board, with Counsel Bouey, for final review and recommendation of the agreement for approval at the Board's Regular Meeting on December 8.

Director Bedard moved to table this until the December 8 Regular Meeting of the MHD Board. Vice Chair Sparks seconded. There was no further discussion. Vote: all ayes.

Counsel Coffey added that when the Parking Garage is completed, a similar agreement will be necessary for determining MHD ownership of that asset.

9. Committee Meeting Reports

Finance and Audit Committee: Director Bedard stated that the committee did not meet in October, and there is no report.

Lease and Building Committee: Vice Chair Sparkman stated that the committee did not meet in October, and there is no report.

10. Reports

District CEO: CEO Domanico had nothing to report.

MGH CEO: Project MGH 2.0 is on schedule and on budget. Awards for clinical excellence include: Third year in a row both for Healthgrades top 5% nationwide and Leapfrog highest "A" rating, and Joint Commission Top Performer. The hospital's financial performance is



well ahead of budget and ahead of schedule on cash flow. The MGH Foundation is successfully appealing to a very responsive donor community.

Management has had 36 meetings with representatives from California Nurses Association (CNA), with no progress. They refused a request for a mediator, but a mediator did join one meeting session just before CNA nurses went on strike. The MGH nurses' 5-day strike ended this morning. During that time there were no patient incidents and substitute staffers were excellent. The surgical schedule was affected the first day only. Management has offered CNA dates for the next negotiating session.

The first meeting of the Bond Oversight Committee will be on November 17.

There were no further Board or public comments.

Chair's Report: Chair Simmonds had nothing to report.

Board Members' Reports: Director Hershon had no report. Director Bedard attended annual meeting of Marin SafeRx. He will be one of the signers of the California Cannabis Act of 2016 initiative. Vice Chair Sparkman attended a recent California Society for Healthcare Attorneys meeting. Secretary Rienks reported that work continues on MHD's achieving of Certification status with Association of California Healthcare Districts (ACHD), with a filing target of January.

17. Agenda Suggestions for Future Meetings

No suggestions made.

18. Adjournment

Chair Simmonds adjourned the meeting at 8:25 pm.

Tab 3

RESOLUTION NO. 2015-07

APPROVAL OF NEW HOSPITAL AND SITE WORK CONSTRUCTION AGREEMENT
WITH McCARTHY BUILDING COMPANIES.

WHEREAS, the Marin Healthcare District Board of Directors (the “Governing Board”) previously directed staff to prepare a plan to develop new medical and ancillary facilities at Marin General Hospital (the “Hospital”), in order to satisfy State seismic safety requirements, modernize and improve medical care, provide additional parking, and achieve other goals and objectives of the Marin Healthcare District (the “District”); and

WHEREAS, after extensive planning and design work by District staff and its consultants, the District identified a preferred plan consisting of a Hospital Replacement Building(s) (“HRB”), an Ambulatory Services Building (“ASB”), a multi-level garage against the hillside (“Hillside Garage”) and various site improvements, that would be developed in phases so as to facilitate financing and to ensure that the Hospital continued functioning during construction (together, the “Marin General Hospital Expansion Project”); and

WHEREAS, the initial phase of the Marin General Hospital Expansion Project requires modifications to an existing hospital buildings in order to prepare for future construction, including a partial demolition of the south side of the West Wing Hospital Entrance and Level 1 Prep/PACU area (the “West Wing Make Ready Project”).

WHEREAS, the District staff prepared and issued a Request for Qualifications (“RFQ”) and a Request for Proposals (“RFP”) (collectively, the “Proposals”) identifying the basic scope, concept drawings and needs of the Project, the expected cost range, and other information deemed necessary to inform interested parties of the public works contracting opportunity; and

WHEREAS, the Marin General Hospital Building Committee (the “Hospital Building Committee”) considered and evaluated the Proposals according to price, technical design and construction experience, life cycle costs and other objective criteria so as to measure the “best value” offered for the Project; and

WHEREAS, California Health and Safety Code section 32132.5 authorizes the Marin Healthcare District to use the Design-Build method of project delivery when contracting for the construction of a building and improvements directly related to a hospital or health facility building at Marin General Hospital; and

WHEREAS, in Resolution 2015-03 the Marin Healthcare District Board of Directors declared its intention to procure the Design-Build contract for the Marin General HRB construction project in accordance with applicable State law, guidelines, processes, and on terms and conditions set forth therein, and within the District public works policy guidelines, with the Design-Build Team; and

WHEREAS, the District Board finds that use of the Design-Build delivery method for public works will likely (1) reduce comparable costs of the Marin General Hospital Expansion Project, (2) expedite completion of the Marin General Hospital Expansion Project, and (3) provide features and benefits unavailable through the traditional Design-Bid-Build process; and

WHEREAS, the Hospital Building Committee and the District Project Director have prepared a recommendation as to the apparent best value and requests the approval of the Board to enter into agreements awarding the New Hospital and Site Work Agreement to McCarthy Building Company, Inc. as described in the Term Sheet attached hereto as Exhibit A; and

WHEREAS, the Board has considered the Hospital Building Committee's recommendations and reviewed the Term Sheet describing the key terms of the New Hospital and Site Work Agreement as set forth in Exhibit A.

NOW, THEREFORE, BE IT RESOLVED, that the Project Director is hereby authorized and directed to complete the transactions, documents, and agreements contemplated by the attached Term Sheet for the New Hospital and Site Work Agreement and to take such other steps and perform such acts, including additions or omissions to the documents and agreements, all as in his judgment may be necessary, appropriate or desirable on behalf of and in the name of the District, consistent with and to effectuate the intent of this Resolution, and the Chief Executive Officer, or his designee, is authorized to execute finalized agreements or other documents appropriate to complete the transactions and intent of this Resolution.

PASSED AND ADOPTED, by the Board of Directors of the Marin Healthcare District, Marin County, State of California, on December 8, 2015, by the following vote, to wit:

AYES:

NOES:

ABSENT:

Harris Simmonds M.D., Chair

ATTEST: _____
Jennifer Rienks, Secretary

EXHIBIT A

Project Description – MGH 2.0

New Hospital and Site

December 2015

To: District Board of Directors

From: Kevin Coss, Project Director

Re: Summary and Recommendation on Resolution 2015-07

Marin General Hospital has been serving patients from the San Francisco/ Bay Area region for over 60 years, and the facility has been modified countless times to keep up with modern medical practice. As a result of Senate Bill 1953, the Central Wing and East Wing will no longer house clinical spaces beyond the year 2030. Perkins Eastman has been tasked with re-programming and relocating the clinical spaces housed in these buildings into new, seismically sound edifices.

Structurally speaking, the Hospital Replacement Building at the center of MGH2.0 is a four-story, structural steel building over a one-story partial concrete basement. The overall building height is 85 feet. At the base, the building is rectangular in plan and measures approximately 175'-0" in width by 350'-0" in length. The floor levels at the central portion of the building step back from the west wall, so that at roof level the building consists of two towers that each measure approximately 150 feet by 150 feet. The towers are connected by the elevator core that measures 60 feet by 70 feet. There is a green roof at the 2nd and 4th floors that covers roughly 4,200 square feet per level. The building has three roof penthouses; two that house MEP equipment and one at the stair/elevator core.

Around the Hospital Replacement Building, the campus of Marin General Hospital is being redesigned to fully complement the new edifice. Marin County is a wonderland of open space; the residents of Marin hold nature close to their hearts, and the design of MGH 2.0 reflects the beauty of Marin by bringing natural elements into the healthcare environment.

New parking pavilions at the northeast limit of the site will provide ample parking for staff use, while the surface level parking will support all parking needs of the visiting public and patients. This arrangement is an improvement to the previously discussed "Bon Air Parking Structure", which was in conflict with community wishes to keep the site as environmentally low-impact as possible. The new structure is visually removed from Bon Air Road, but is directly adjacent to

the existing Central Wing and will be connected to the West Wing and HRBs with a series of landscaped pathways. A pedestrian commute from the parking structure will allow Marin General Hospital staff to reflect on their upcoming day prior to entering the medical facility, and tune down from a busy day on a slow walk to their cars for a comfortable trip home.

The public spaces of the campus are to be defined by gardens, both on grade-level and terracing up around the patient pavilions. The importance of this connection to the landscape is two-fold: patients recover more expeditiously when in tune with the environment, and the green space will serve to scale down the mass of the building elements. MGH 2.0 consists of 260,000 BGSF of relocated clinical space, contained in four above grade levels and one subgrade level. Marin General Hospital is surrounded by tall trees, rolling hills and a beautiful river. The site design will bring all these elements up to and over the building facades: on green roofs, green screens and in a sunken garden east of the Hospital Replacement Buildings, in the center of the campus. The 'greenscaping' of the campus is intended to minimize the impact of building such a large complex within a restrictive site.

In May, on behalf of the District, the Marin General Hospital Board Building Committee considered and evaluated the contractor proposals for the second time, according to price, technical design and construction experience, life cycle costs and other objective criteria so as to measure the "best value" offered for MGH 2.0 in terms of awarding a construction contract. McCarthy Construction was again judged the best respondent. The first step in implementing the design/build construction project was approved by the District Board in June of this year with the "Make Ready" agreement with McCarthy and the assignment of the District's Architect's Agreement to McCarthy as McCarthy assumed the design oversight role, all according to District Board Resolution 2015-3.

The terms of the construction agreement for the main hospital replacement and expansion project, MGH 2.0, is now being brought to the District Board upon the conclusion of negotiations of the terms of the construction agreement. Based on the process followed, as authorized by SB 785 and the District's Public Works Contracting Policy, it is the recommendation of the Hospital Board Building Committee, the MGH Board of Directors, and your Project Director, that the District Board approve Resolution 2015 – 0_ authorizing the adoption and implementation of the New Hospital Site Work construction agreement with McCarthy Building Companies. The Resolution also authorizes your CEO to execute all appropriate documents when finalized based on the Term Sheet attached to the Resolution.

TERM SHEET FOR DESIGN BUILD AGREEMENT BETWEEN MARIN HEALTHCARE DISTRICT AND McCARTHY BUILDING COMPANIES FOR THE MGH 2.0/ New Hospital and Site Work AGREEMENT

Introduction: The key terms of the Design Build Agreement for the New Hospital and Site work agreement are as follow:

1. New Hospital and Site:

a. Parties:

- i. Owner: Marin Healthcare District (“MHD”).
- ii. Contractor: McCarthy Building Companies, Inc. (“McCarthy”).

b. Scope: This project is for the construction of the New Hospital and site work which includes a replacement building of approximately 259,000 GSF consisting primarily of Acute Care Nursing Units (patient Beds) and Diagnostic and Treatment departments. The services in the Hospital Replacement Building will be as follows: Basement – Central Plant, Information Systems, Materials Management, Sterile Processing – Ground Floor – Emergency Department and Imaging Department – First Floor Surgery Department, ICU Patient Unit and Loading Dock – Second Floor- Woman’s Center: Labor Delivery Recovery Postpartum patient units and NBICU, Medical Patient Unit – Third Floor- Medical / Surgical patient units. All site work around the new Hospital will include: landscaping, parking, signage and hard scape. All construction will be performed per the approved OSHPD construction documents.

c. Key Terms:

- i. The contract utilizes a “design-build” process where McCarthy will be responsible for implementing the design documentation and retaining all subcontractors to complete the project. The design-build process allows MHD to make all inquiries, receive all progress and status reports, and communicate all issues, concerns and directives to a single responsible party (McCarthy).
- ii. The project will utilize an approach (a hybrid CPM and LEAN approach) to give MHD sufficient control over the project schedule so that delivery of the work product is done on a timely basis.
- iii. The project will also utilize a design-build team including the Architect, Engineers and project management team that will meet on a regular basis to discuss and facilitate project progress, develop benchmarks and standards for progress evaluation, and to issue directives, as necessary to McCarthy and any subcontractors

working on the project in order to ensure proper construction and timely completion of the project.

- d. Duration: 47 months.
- e. Cost: \$289,400,000 million (construction budget approved) to be amended to include Medical Equipment and Information Systems Infrastructure
- f. Assignment of Architect Agreement: The design build agreement includes the Architect Assignment and design contingency.
- g. Other Conditions/Contingencies:
 - i. Five percent (5%) of the cost of the work is included within the Contract Price.

Marin General Hospital Board Actions

November, 2015

The Marin General Hospital Board recommends the Marin Healthcare District Board approve the MGH 2.0 Building Project plan and budget of \$534,864,000.

The Marin Hospital Board recommends the District Board approve MGH 2.0 Hospital and Site budget of \$454,097,000.

The Marin Hospital Board recommends the District Board approve McCarthy Design Build contract for MGH 2.0 Hospital and Site Construction Project at the start of construction in the amount of \$289,400,000.

The Marin Hospital Board approves the Project Director's Summary and Recommendation for submittal to the District Board December 8, 2015.

Tab 4

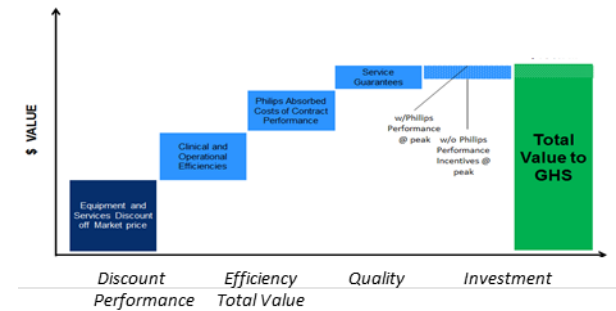
	Marin Healthcare District					
	FYE: December 31, 2016					
	Operating Budget					
			7/1/15 through 10/31/15 (4 months)			
		Jul - Dec 2015 Budget	To Date - Budget	To Date - Actual	Variance	Proposed FY 2016 Budget
1	Receipts					
2	MGHC Cash Rental Income - Lease	236,116	194,450	194,500	50	500,000
3	MGHC Support Payments	85,141	85,141	51,085	(34,056)	-
4	Interest Income	1,500	1,000	796	(204)	3,000
5	Total Receipts	322,757	280,591	246,381	(34,210)	503,000
6						
7	Disbursements					
8	Legal Fees - Counsel - General	30,000	20,000	15,842	4,158	60,000
9	Auditor Expenses	15,000	10,000	14,628	(4,628)	20,000
10	Board Compensation	6,100	4,000	3,400	600	12,200
11	Board Expenses - Meetings & Travel	15,000	10,000	1,740	8,260	10,000
12	ACHD	12,000	12,000	4,000	8,000	12,000
13	Charitable Contributions	74,516	55,000	55,000	-	7,000
14	Consulting	2,000	1,332	-	1,332	2,000
15	Community Communications & Education	40,000	26,668	-	26,668	66,000
16	Clinic Marketing Communications	40,000	26,668	-	26,668	-
17	Lafco Allocation	3,000	-	-	-	3,000
18	Election	-	-	-	-	-
19	Depreciation	180,888	120,592	120,593	(1)	361,776
20	1206b Mental Health Clinic Support	-	-	-	-	193,152
21						
22	MGH Approved Program Support	85,141	-	-	-	-
23	Total Disbursements	503,645	286,260	215,203	71,057	747,128
24						
25	Net Income/(Loss)	\$ (180,888)	\$ (5,669)	\$ 31,178	\$ 36,847	\$ (244,128)
26						
27	Cash Flow					
28	Net Income/(Loss)	(180,888)				(244,128)
29	Add Back:					
30	Depreciation	180,888				361,776
31	Subtract:					
32	Election Expense Previously Accrued	-				(65,600)
33						
34	Net Cash Flow	-				52,048
	Notes					
	1. Bond Issuance - The current budget reflects operating activities of the District and does not include any impact from bond-related transactions.					
	2. 1206b Clinic Operations - Other than the District's "1206b Mental Health Clinic Support" budgeted above, all losses from the 1206b Clinics are reimbursed by MGH and are not included in this operating budget of the District.					

Tab 5

MGH / Philips Strategic Partnership

Presentation to MGH Finance Committee
11/19/2015

Philips Strategic Partnerships



Strategic Business Agreement

Managed Services Alliance

Offering

- Partnership focused on optimizing technology management and reducing total cost of ownership over 5 year agreement.
- Provides access to latest Philips technology, knowledge resources, and transformational services

- A comprehensive end-to-end service solution structured around the Managed Services business model and shared commitment to efficiency, quality and value creation
- Can be expanded to align to strategic initiatives and operational objectives

Benefits

- Provides a strong operating model for effective management of technology and coordination of activities

5-10% economic value

- Integrated operational resources working to deliver value through a highly flexible business model

20%+ economic value

Proven experience with innovative business models and partnerships

From optimizing medical technology to optimizing care



Royal Hospitals
Belfast
15 years



Rijnstate
The Netherlands
10 years



Georgia Regents
USA
15 years

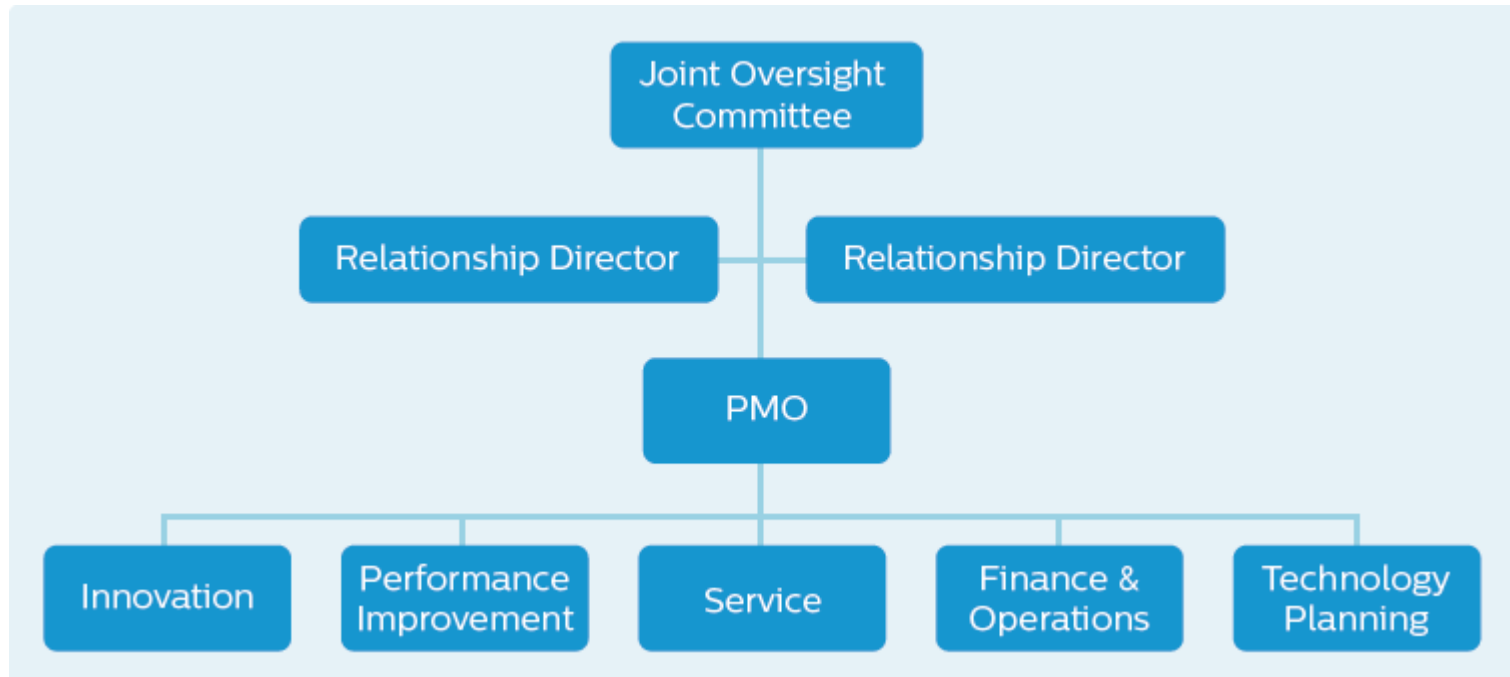


Karolinska
Sweden
15 years



Westchester Medical Center
New York
15 years

3. Governance Structure and Joint Accountability



Joint management, operational and clinical participants grouped within technology, performance improvement and operations areas.
Executive Committee of 1-2 execs from Philips and the Marin who ensure continued strategic intent of both organizations

- 1. Joint Oversight Committee** of senior leaders from both Philips and MGH to ensure both organizations are performing according to goals and terms of the agreement
- 2. Working Groups:** provide subject matter expertise and guidance to execute operational aspects of agreement. (e.g. Technology Management, Consulting/Performance Improvement, Finance)
- 3. Additional Resources and onsite FTE from Philips:**
A . Dedicated Service Personnel B. Access to Project Management Resource C. Relationship Manager
- 4. Quarterly and Semi Annual Reviews** at the executive level with MGH's executive team

Bridge Plan to 2020

Addressing Immediate Needs & Foundation for Growth



- Aimed at focusing on High Priority items :
 - 2nd CT @hospital
 - Outpatient investments (MRI/Xray/Mammo/Ultrasound)
 - Upgrade & move X-Ray rooms
 - Minimize equipment moves
 - Extended lifecycle through mid-cycle equipment upgrades
 - Contain Spending during Construction
- Flex Fund maintained in model to allow for technology adoption & clinical transformation
- Philips value added design assistance
 - Improve Workflow
 - Reduce Change Orders

Description of Agreement Structure

Spending Areas	Description and key terms
Capital Equipment	<ul style="list-style-type: none">• Agreement will cover major capital spending areas of imaging, monitoring and tele-health technologies. Option to expand scope of equipment included over term• Model assumes a 8-10 year replacement cycle for all equipment• Actual replacement cycles and scope can be changed at any point in term of contract; Managed through defined change management process• Not a sole-source agreement; pricing based on 85% target for Philips purchase.
Equipment Maintenance Services	<ul style="list-style-type: none">• Agreement consolidates management and delivery of all Imaging System engineering and OEM service contracts under one MVS agreement• Includes operating funds related to parts, labor and supplies
Upgrades/Updates	<ul style="list-style-type: none">• Funding included for Medical technology to be maintained with all current upgrades and updates based on clinical specifications• Funding available to support additional clinical application enhancement to ensure MGH remains clinical leader in key areas
Optional Services	<ul style="list-style-type: none">• Funding available for Room Build-outs, design and workflow optimization, clinical education

MGH retains full flexibility to adjust timing and total amount of capital purchases and spending over term of agreement

Summary: Rationale for an expanded partnership

Innovative relationship with mutually beneficial goals and constructed around deep clinical and strategic partnership

Financial rationale

- Additional technology and services **savings of \$9M** over the life of the agreement
- **Predictability** from a capital budgeting standpoint
- **Flexibility to safeguard** against economic or market changes - options to change payment model; market based pricing structure, ability to shift spending
- **Performance requirements to create accountability**, financially and operationally....for Philips in partnership

Clinical Rationale

- Supports Marin strategy of proving premier clinical services in community by establishing a **high standard of care** that can be sustained long-term through best of class medical technology
- **Integrated clinical planning, education and technology strategy** to ensure full optimization of resources and investments
- **Access to newly released technology and research** insight to support major equipment and service decisions
- Leverage Philips' **global footprint** to bring healthcare innovations to MGH

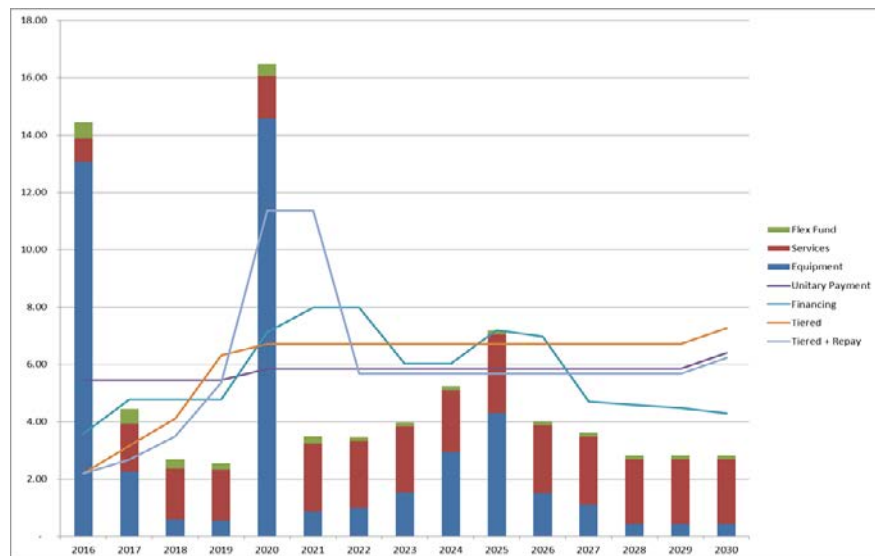
-
- **Embedded cross-functional Philips team** with expertise and industry insights, dedicated to delivering on MGH's long-term objectives
 - Continued **commitment from Philips** as a partner through the strategic work (Clinical Service Line Growth, Population Health, Design) and direct involvement of global Philips technology teams
-

Summary of capital purchases, expenses and financial terms

Year over year Capital Purchases and Expenses

[illegible]

Highlights



1. The Annual Unitary Payment for the initial Financial Agreement Year of the Agreement shall be \$2,200,000.
2. Philips and Marin have agreed to a partial deferral of the Annual Unitary Payment in the second and third Agreement Years. For the second Agreement Year, Marin will be required to pay only XX% of the calculated Annual Unitary Payment as calculated. For the third Agreement Year, Marin will need to pay XX% of the calculated Annual Unitary Payment.
3. Accelerated Payment Options
 1. Marin will have the right in any year to make an Accelerated Payment in addition to the Annual Unitary Payment to decrease the Principal Outstanding. However, the payment will only be in tranches of \$ 2,000,000.
 2. The amount of the Accelerated Payment, will be deducted from the Principal Outstanding in the month the payment is received.
 3. If Marin intends to make an Accelerated Payment in any Agreement Year, it will be required to notify Philips 60 days in advance.

Financial Models

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
	Fixed Unitary Payment	Capital Financing	Tiered Payment	Tiered Pay with Accelerated payment
Total Alliance Value	\$86.8	\$88.2	\$90.1	\$88.1
Equipment	\$45.6	\$45.6	\$45.6	\$45.6
Services	\$31.0	\$31.0	\$31.0	\$31.0
Flex Fund	\$3.5	\$3.5	\$3.5	\$3.5
Interest	\$6.7	\$8.1	\$10.1	\$8.0
15 Year Payment	\$86.8	\$85.3	\$90.1	\$88.1
Principal Outstanding		\$2.8		
Total	\$86.8	\$88.2	\$90.1	\$88.1

Note:

1) Accelerated payment option can be further adjusted to bring total value in-line with the Fixed Unitary Payment by increasing repayment in years 4-6

Tab 6

**TRANSACTION SUMMARY
PHYSICIAN TRANSACTIONS AND ARRANGEMENTS**

UROLOGY SERVICES

PhD UROLOGY, INC.

A. Parties

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

PhD Urology, Inc.

Urology Services – Professional Services Agreement

B. Purpose/Reasons to Pursue the Arrangement

Describe how the arrangement meets a community need.

MHD desires to have experienced, qualified physicians to provide professional healthcare services to its 1206(b) clinic patients, to acquire the necessary assets to support said services, and to acquire the lease rights with respect to the sites where the urologists will see clinic patients. PhD Urology will, concurrently with this agreement with MHD, enter into a Call Coverage Agreement and a Medical Director Agreement with Marin General Hospital.

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

- **The three urologists employed by PhD Urology will continue these services that are currently provided by the same three urologists under a Professional Services Agreement with Marin Specialty Care – the urologist are leaving MSC and have formed their own corporation. The District will acquire, via an Asset Purchase Agreement with MSC, the assets needed to support the three urologists' services to clinic patients, and shall obtain assignment or sublease of three (3) sites where the urologist currently treat patients: 1000 South Eliseo Drive, Suite 201, Greenbrae; 1496 Professional Drive, Suite #6, Petaluma, and 651 1st Street West, Sonoma. The Marin Healthcare District ("MHD") has been presented an opportunity to expand its services closer to patients its B Clinic already serves in the City of Sonoma and the City of Petaluma. Marin General Hospital ("MGH") and the MHD Clinic specialty physicians serve Sonoma County residents not presently served by Sonoma Valley Hospital and its medical staff. The extension of Clinic urology services Sonoma and Petaluma will be a natural expansion of Clinic services and serves the interests of MHD residents by enhancing the overall patient base and overall efficiency of the MHD's B Clinic services.**

C. Services to be Provided

Describe the services to be provided by the physician.

PhD Urology will provide the services of three physicians to provide professional medical services to MHD's 1206(b) clinic patients.

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

PhD Urology will provide at least one (1) physician to see patients at MHD's 1206(b) clinic Monday-Friday, 9:00 am through 5:00 pm, fifty-two (52) weeks per year, and at least one (1) physician to provide on-call coverage services for clinic patients at all times outside of clinic business hours.

D. Financial Terms

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

During the first two (2) Years of the five (5) year term of the agreement, MHD shall pay PhD Urology for the professional services provided to Clinic patients, regardless of payor source, the sum of \$55 per wRVU by each such physician up to 6,000 RVUs by each such physician annually, and \$66 per wRVU for each wRVU by each such physician above 6,000 annually. During the remainder of the five (5) year term of the agreement, MHD shall pay to PhD Urology for the professional services provided to clinic patients, regardless of payor source, the sum of \$56 per wRVU by each such physician up to 6,000 RVUs by each such physician annually, and \$69 per wRVU for each wRVU by each such physician above 6,000 annually. In addition, MHD shall pay to PhD Urology (i) \$2,000 per year for each full-time (1.0 FTE) physician for licensures, medical staff fees, certifications and professional associations; (ii) \$1,500 per year for each full-time (1.0 FTE) physician for continuing medical education expenses; and (iii) \$20,000 per year for each full-time (1.0 FTE) physician for benefits. PhD Urology assigns to MHD the right and authority to bill for and collect all revenues related to or arising from the professional medical services provided to clinic patients.

For the acquisition of the assets from MSC required to support PhD Urology's provision of the professional services, MHD shall pay MSC \$173,068.64.

For the leasing of the sites for the clinic practice, MHD will take over the obligation to pay the rent and other amounts due under each lease or sublease as of January 1, 2016.

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

On October 14, 2015, Penny Stroud at Cattaneo & Stroud provided MGH via email with a fair market value opinion regarding the compensation to PhD Urology under the Professional Services Agreement, in which Ms. Stroud provided ranges of compensation which may be paid to physicians providing professional medical services. This analysis gave a range of between \$56.27 per wRVU (median rate) and \$68.43 per wRVU (75th percentile rate). The estimated amounts paid to PhD Urology for professional services during the term of the Professional Services Agreement, which Ms. Stroud calculated based on projected productivity of the physicians, is between \$56.77 per W RVU and \$60.93 per w RVU and thus falls within the range of this data. She also stated that: (i) physician productivity targets are between the median and 75th percentile for two of the physicians and over the 90th percentile for the third, and thus overall productivity is consistent with the projected total compensation rates; and (ii) projected total compensation is on average between the median and 75th percentile of total compensation benchmarks. Ms. Stroud also stated that \$20,000/year/physician for benefits are below the median for retirement pay alone.

For the acquisition of the assets from MSC, MHD has obtained confirmation from Walter Kopp, a fair market value consultant for medical equipment and supplies, that the prices paid for the various assets are fair market value.

For the leases that MHD will assume, MHD's real estate broker, Jones Lang LaSalle, has confirmed that the rental payments or sublease rental payments thereunder are fair market value.

E. Other Terms

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

PhD Urology is an independent contractor of MHD.

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

The term of the agreement is for five (5) years, from January 1, 2016 to December 31, 2020.

The agreement is terminable in cases of breach, by mutual agreement of the parties, by either party unilaterally without cause upon one hundred twenty (120) days prior written notice to other party after the first anniversary of the Effective Date, by PhD Urology unilaterally without cause upon one hundred twenty (120) days prior written notice to MHD at any time after the Effective Date, and for legal jeopardy.

Indicate insurance coverage arrangements.

PhD Urology must maintain for each physician professional liability insurance in the minimum amounts of One Million Dollars (\$1,000,000) per occurrence/Three Million Dollars (\$3,000,000) annual aggregate through Beta Healthcare Group.

MHD must maintain comprehensive general liability insurance, including property insurance, in amounts that the parties agree, from time to time, is adequate to cover the risks arising from the activities of PhD Urology for MHD and the clinic, which shall include all insurance required by the leases for the clinic space. The minimum liability limit for such insurance shall be One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) aggregate.

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
Urology 1206(b) Clinic Service**

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.
 - ☐ 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 as set forth in the Transaction Summary
- ☒ 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

Tab 7

REDLINE DOCUMENT

AGREEMENT REGARDING OWNERSHIP OF NEW IMPROVEMENTS

This Agreement Regarding Ownership of New Improvements (“**Agreement**”) is entered into as of December 2, 2015 (the “**Effective Date**”), by and between Marin Healthcare District, a political subdivision of the State of California and a public district (“**MHD**” or “**Lessor**”), and Marin General Hospital, a California nonprofit public benefit corporation (“**MGH**” or “**Lessee**”). MHD and Hospital are sometimes referred to in this Agreement as a “**Party**” or collectively, as the “**Parties**.”

Recitals

A. The Parties have entered into that certain Hospital Lease (the “**Lease**”), with an effective date of December 2, 2015 (the “**Lease Effective Date**”). The Lease succeeds another lease for the Hospital between the Parties that expired on December 1, 2015 (the “**Prior Lease**”). Capitalized terms that are not defined in this Agreement shall have the meaning set forth in the Lease.

B. Lease Section 10.8 provides that, notwithstanding any provision of the Prior Lease, title to all of the New Improvements constructed and funded by Lessee prior to the Lease Effective Date shall remain with Lessee and not vest in Lessor at the termination of the Prior Lease.

C. Lease Section 10.8 also provides that Lessor and Lessee have agreed that Lessee will perform, at its own cost and expense (other than any General Obligation Bond funding provided by Lessor) all tasks/work required for the New Improvements, but that the Parties may tailor Lessee’s obligations and the scope of Lessee’s tasks/work with respect to the New Improvements to meet the requirements of any financing obtained by either Party for the New Improvements.

D. Prior to the Lease Effective Date, (i) Lessee has obtained financing for, has entered into a contract for, and has begun construction of Phase I of the parking structure that is a part of the New Improvements (the “**Parking Garage Construction**”), (ii) in November 2015, Lessor issued the first portion of the General Obligation Bonds and has obtained the funds therefrom (collectively with any subsequent issuance of the General Obligation Bonds and the funds therefrom, the “**GO Bond Funds**”), and (iii) Lessor has entered into that certain Design Build Agreement – West Wing Make Ready Agreement (the “**Make Ready Agreement**”) with McCarthy Building Companies, Inc., (“**McCarthy**”) related to the planning and construction of additional New Improvements, all of the invoices/costs of which prior to the Lease Effective Date Lessee has paid.

E. In light of the above, the Parties now desire to clarify and confirm the ownership of the New Improvements and to clarify their respective roles with respect to the New Improvements going forward from the Lease Effective Date, as allowed under the Lease.

In consideration of the foregoing recitals and the mutual covenants and agreements set forth in this Agreement, the Parties agree as follows:

Agreement

1. Ownership of Parking Garage Improvements. Nothing in this Agreement shall modify, amend or alter the provisions of Lease Section 10.8 regarding the ownership of/title to the portion of the New Improvements comprised of the Parking Garage Construction. MGH represents and warrants to MHD that, as of the date of this Agreement, MGH has paid all of the costs and expenses associated with the Parking Garage Construction and that it has not directed payment of any such amounts to, or requested reimbursement of any such amounts from, MHD. MGH and MHD anticipate that MGH will request that MHD reimburse MGH from the GO Bond Funds for the costs and expenses associated with the Parking Garage Construction and that upon such reimbursement, title to and ownership of the Parking Garage Construction shall transfer to and vest solely in MHD and, in accordance with Lease Section 10.8, shall become part of the Premises leased to MGH under the Lease.

2. Ownership of Other New Improvements. The Parties agree that:

(a) Within thirty (30) days after the Effective Date, MHD shall reimburse MGH from the GO Bond Funds the full amount that MGH has paid to McCarthy under the Make Ready Agreement, and to any other contractor or vendor with respect to the Other New Improvements (as defined herein), as of the date of such reimbursement, a detailed listing of which payments is attached to this Agreement as Schedule 1. MGH represents and warrants to MHD that all such payments reflected in Schedule 1 are (i) amounts paid by MGH with respect to the Other New Improvements and not the Parking Garage Construction, and (ii) costs and expenses for which the GO Bond Funds may be expended. Upon MHD's payment of such reimbursement amount to MGH, title to and ownership of all real property assets (including all costs that are capitalized into real property assets) that comprise or relate to any of the New Improvements other than the Parking Garage Construction (collectively, the "**Other New Improvements**") generated or acquired pursuant to or under the Make Ready Agreement or any other contractor/vendor agreement with respect to the Other New Improvements, shall transfer to and vest solely in MHD and, in accordance with Lease Section 10.8, shall become part of the Premises leased to MGH under the Lease.

(b) From and after the date of MHD's reimbursement to MGH under Section 2(a) above, title to any and all Other New Improvements, the costs of which MHD pays directly to the vendor or contractor therefore from the GO Bond Funds (including, without limitation, payments directly to McCarthy under the Make Ready Agreement), shall vest solely in MHD and shall when paid for by MHD become part of the Premises leased to MGH under the Lease. Title to any and all Other New Improvements, the costs of which MGH pays directly to the vendor or contractor therefore and for which MGH is not reimbursed by MHD, shall vest solely in MGH and shall be subject to and governed by the provisions of Lease Section 10.8 regarding ownership of New Improvements.

3. Clarification of Tasks/Work/Roles. The Parties hereby clarify that, until MHD otherwise informs MGH in writing, MHD shall pay directly to McCarthy from the GO Bond Funds all amounts invoiced by McCarthy under the Make Ready Agreement and invoiced by any other contractor/vendor with which MHD contracts for the planning and construction of the New Improvements. MGH covenants that all amounts to be paid by MHD hereunder shall be (a) due and

payable for work performed in connection with the Other New Improvements and not the Parking Garage Construction, and (b) costs and expenses for which the GO Bond Funds may be expended. Notwithstanding the foregoing, MGH shall, at its own cost and expense and as additional Rent under the Lease, continue to manage, with its staff/employees, the planning and construction of all of the Other New Improvements, whether or not MHD pays the hard and/or soft costs of the Other New Improvements from the GO Bond Funds directly to the contractor/vendor thereof.

4. No Effect on Lease. This Agreement is intended by the Parties only to clarify and confirm certain matters with respect to the New Improvements as allowed under the Lease. Nothing in this Agreement is intended to amend, modify or amend the Lease in any manner.

5. Miscellaneous.

(a) Notices. Any notices required or desired to be sent pursuant to this Agreement shall be made in accordance with the notice provisions of the Lease.

(b) Applicable Law/Attorney's Fees. This Agreement is governed by California law. If any action is commenced to enforce or interpret any term or condition of this Agreement, in addition to costs and any other relief, the prevailing party shall be entitled to reasonable attorney's fees. Jurisdiction and venue in the event of any legal action shall be in Marin County, California.

(c) Entire Agreement. Except as expressly provided herein, this Agreement contains the entire agreement of the parties hereto with respect to the matters contained herein.

(d) Assignment. No Party to this Agreement may assign this Agreement or such Party's rights and obligations hereunder without the prior written consent of the other Parties, which consent the other Parties may withhold or condition in their sole discretion, and any assignment without such written consent shall be void and ineffective.

(e) Time of Essence. Time is of the essence for this Agreement.

(f) Recitals. All of the Recitals are incorporated into this Agreement and constitute a part hereof.

(g) Representation by Counsel. MGH and MHD agree that, in connection with this Agreement and the matters contemplated hereby, each has either been represented by legal counsel of that party's own choice and/or has elected not to be represented by separate legal counsel in such matter.

(h) Counterparts. This Agreement may be executed in counterparts and by facsimile signatures, which will be effective as if original signatures. Each person signing this Agreement on behalf of a Party represents and warrants that he or she has the necessary authority to bind such Party and that this Agreement is binding on and enforceable against such Party.

(i) Indemnification by MGH. MGH shall defend, indemnify and hold MHD and MHD's directors, officers, employees, agents, counsel, and representatives (collectively as "**MHD Indemnified Persons**"), free and harmless from and against any and all claims, actions, causes of action, controversies, charges, obligations, damages, demands, expenses, costs, fines, penalties, fees, and/or liabilities, including, without limitation, from loss, damage, or injury to or death of persons or property in any manner (collectively, "**Claims**"), arising out of, related to, or in connection with this Agreement, regardless of the extent to which the negligent or intentional acts or omissions of MHD, or any of its directors, officers, employees, agents, counsel, and representatives, caused or contributed to the Claims. MGH's indemnity obligations hereunder shall include attorney's fees and expert, consultant and court costs.

Notwithstanding any of the foregoing, MGH shall have no obligation hereunder to indemnify or defend MHD solely with respect to the proportion of any Claim that a court determines is directly attributable to specific direction from the MHD Board of Directors that unreasonably rejects the recommendations of MGH staff providing management services to MHD hereunder. The MHD Board of Directors shall be deemed to have reasonably rejected the recommendations of MGH staff providing management services to the MHD if the Board relied on the information, opinion, reports or statements of counsel, independent accountants or other persons as to matters which the Board believes to be within such person(s)' professional or expert competence. The absence of the Board's reliance on such persons shall not create any presumption that the Board unreasonably rejected a recommendation of MGH staff.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

"MHD"

Marin Healthcare District

"MGH"

Marin General Hospital

By: _____

~~Jenifer~~Jennifer Rienks, Ph.D.
Secretary, Board of Directors

By: _____

Mara Perez, Ph.D.
Secretary, Board of Directors

FINAL DOCUMENT

AGREEMENT REGARDING OWNERSHIP OF NEW IMPROVEMENTS

This Agreement Regarding Ownership of New Improvements (“**Agreement**”) is entered into as of December 2, 2015 (the “**Effective Date**”), by and between Marin Healthcare District, a political subdivision of the State of California and a public district (“**MHD**” or “**Lessor**”), and Marin General Hospital, a California nonprofit public benefit corporation (“**MGH**” or “**Lessee**”). MHD and Hospital are sometimes referred to in this Agreement as a “**Party**” or collectively, as the “**Parties**.”

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B. Lease Section 10.8 provides that, notwithstanding any provision of the Prior Lease, title to all of the New Improvements constructed and funded by Lessee prior to the Lease Effective Date shall remain with Lessee and not vest in Lessor at the termination of the Prior Lease.

C. Lease Section 10.8 also provides that Lessor and Lessee have agreed that Lessee will perform, at its own cost and expense (other than any General Obligation Bond funding provided by Lessor) all tasks/work required for the New Improvements, but that the Parties may tailor Lessee’s obligations and the scope of Lessee’s tasks/work with respect to the New Improvements to meet the requirements of any financing obtained by either Party for the New Improvements.

D. Prior to the Lease Effective Date, (i) Lessee has obtained financing for, has entered into a contract for, and has begun construction of Phase I of the parking structure that is a part of the New Improvements (the “**Parking Garage Construction**”), (ii) in November 2015, Lessor issued the first portion of the General Obligation Bonds and has obtained the funds therefrom (collectively with any subsequent issuance of the General Obligation Bonds and the funds therefrom, the “**GO Bond Funds**”), and (iii) Lessor has entered into that certain Design Build Agreement – West Wing Make Ready Agreement (the “**Make Ready Agreement**”) with McCarthy Building Companies, Inc., (“**McCarthy**”) related to the planning and construction of additional New Improvements, all of the invoices/costs of which prior to the Lease Effective Date Lessee has paid.

E. In light of the above, the Parties now desire to clarify and confirm the ownership of the New Improvements and to clarify their respective roles with respect to the New Improvements going forward from the Lease Effective Date, as allowed under the Lease.

In consideration of the foregoing recitals and the mutual covenants and agreements set forth in this Agreement, the Parties agree as follows:

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2. Ownership of Other New Improvements. The Parties agree that:

(a) Within thirty (30) days after the Effective Date, MHD shall reimburse MGH from the GO Bond Funds the full amount that MGH has paid to McCarthy under the Make Ready Agreement, and to any other contractor or vendor with respect to the Other New Improvements (as defined herein), as of the date of such reimbursement, a detailed listing of which payments is attached to this Agreement as Schedule 1. MGH represents and warrants to MHD that all such payments reflected in Schedule 1 are (i) amounts paid by MGH with respect to the Other New Improvements and not the Parking Garage Construction, and (ii) costs and expenses for which the GO Bond Funds may be expended. Upon MHD's payment of such reimbursement amount to MGH, title to and ownership of all real property assets (including all costs that are capitalized into real property assets) that comprise or relate to any of the New Improvements other than the Parking Garage Construction (collectively, the "**Other New Improvements**") generated or acquired pursuant to or under the Make Ready Agreement or any other contractor/vendor agreement with respect to the Other New Improvements, shall transfer to and vest solely in MHD and, in accordance with Lease Section 10.8, shall become part of the Premises leased to MGH under the Lease.

(b) From and after the date of MHD's reimbursement to MGH under Section 2(a) above, title to any and all Other New Improvements, the costs of which MHD pays directly to the vendor or contractor therefore from the GO Bond Funds (including, without limitation, payments directly to McCarthy under the Make Ready Agreement), shall vest solely in MHD and shall when paid for by MHD become part of the Premises leased to MGH under the Lease. Title to any and all Other New Improvements, the costs of which MGH pays directly to the vendor or contractor therefore and for which MGH is not reimbursed by MHD, shall vest solely in MGH and shall be subject to and governed by the provisions of Lease Section 10.8 regarding ownership of New Improvements.

3. Clarification of Tasks/Work/Roles. The Parties hereby clarify that, until MHD otherwise informs MGH in writing, MHD shall pay directly to McCarthy from the GO Bond Funds all amounts invoiced by McCarthy under the Make Ready Agreement and invoiced by any other contractor/vendor with which MHD contracts for the planning and construction of the New Improvements. MGH covenants that all amounts to be paid by MHD hereunder shall be (a) due and

payable for work performed in connection with the Other New Improvements and not the Parking Garage Construction, and (b) costs and expenses for which the GO Bond Funds may be expended. Notwithstanding the foregoing, MGH shall, at its own cost and expense and as additional Rent under the Lease, continue to manage, with its staff/employees, the planning and construction of all of the Other New Improvements, whether or not MHD pays the hard and/or soft costs of the Other New Improvements from the GO Bond Funds directly to the contractor/vendor thereof.

4. No Effect on Lease. This Agreement is intended by the Parties only to clarify and confirm certain matters with respect to the New Improvements as allowed under the Lease. Nothing in this Agreement is intended to amend, modify or amend the Lease in any manner.

5. Miscellaneous.

(a) Notices. Any notices required or desired to be sent pursuant to this Agreement shall be made in accordance with the notice provisions of the Lease.

(b) Applicable Law/Attorney's Fees. This Agreement is governed by California law. If any action is commenced to enforce or interpret any term or condition of this Agreement, in addition to costs and any other relief, the prevailing party shall be entitled to reasonable attorney's fees. Jurisdiction and venue in the event of any legal action shall be in Marin County, California.

(c) Entire Agreement. Except as expressly provided herein, this Agreement contains the entire agreement of the parties hereto with respect to the matters contained herein.

(d) Assignment. No Party to this Agreement may assign this Agreement or such Party's rights and obligations hereunder without the prior written consent of the other Parties, which consent the other Parties may withhold or condition in their sole discretion, and any assignment without such written consent shall be void and ineffective.

(e) Time of Essence. Time is of the essence for this Agreement.

(f) Recitals. All of the Recitals are incorporated into this Agreement and constitute a part hereof.

(g) Representation by Counsel. MGH and MHD agree that, in connection with this Agreement and the matters contemplated hereby, each has either been represented by legal counsel of that party's own choice and/or has elected not to be represented by separate legal counsel in such matter.

(h) Counterparts. This Agreement may be executed in counterparts and by facsimile signatures, which will be effective as if original signatures. Each person signing this Agreement on behalf of a Party represents and warrants that he or she has the necessary authority to bind such Party and that this Agreement is binding on and enforceable against such Party.

(i) Indemnification by MGH. MGH shall defend, indemnify and hold MHD and MHD's directors, officers, employees, agents, counsel, and representatives (collectively as "**MHD Indemnified Persons**"), free and harmless from and against any and all claims, actions, causes of action, controversies, charges, obligations, damages, demands, expenses, costs, fines, penalties, fees, and/or liabilities, including, without limitation, from loss, damage, or injury to or death of persons or property in any manner (collectively, "**Claims**"), arising out of, related to, or in connection with this Agreement, regardless of the extent to which the negligent or intentional acts or omissions of MHD, or any of its directors, officers, employees, agents, counsel, and representatives, caused or contributed to the Claims. MGH's indemnity obligations hereunder shall include attorney's fees and expert, consultant and court costs.

Notwithstanding any of the foregoing, MGH shall have no obligation hereunder to indemnify or defend MHD solely with respect to the proportion of any Claim that a court determines is directly attributable to specific direction from the MHD Board of Directors that unreasonably rejects the recommendations of MGH staff providing management services to MHD hereunder. The MHD Board of Directors shall be deemed to have reasonably rejected the recommendations of MGH staff providing management services to the MHD if the Board relied on the information, opinion, reports or statements of counsel, independent accountants or other persons as to matters which the Board believes to be within such person(s)' professional or expert competence. The absence of the Board's reliance on such persons shall not create any presumption that the Board unreasonably rejected a recommendation of MGH staff.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

"MHD"

Marin Healthcare District

By: _____

Jennifer Rienks, Ph.D.
Secretary, Board of Directors

"MGH"

Marin General Hospital

By: _____

Mara Perez, Ph.D.
Secretary, Board of Directors

Tab 8

**Marin General Hospital
Reimbursement of MGH 2.0 Expenditures from MHD
Request of MGH Board
December 1, 2015**

Non-Parking Garage Expenditures

- | | |
|-------------------------|--------------|
| • Hospital Replacement | \$15,370,777 |
| • West-Wing Make Ready | 3,868,383 |
| • West-Wing Ground + L1 | 301,472 |
| • Sitework | 90,482 |

Total Non-Parking Garage	\$19,631,114
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Parking Garage Expenditures

- | | |
|---------------------|------------|
| • Parking Structure | 10,152,862 |
|---------------------|------------|

Total Requested Reimbursement	\$29,783,976
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