MARIN HEALTHCARE DISTRICT

100-B Drake's Landing Road, Suite 250, Greenbrae, CA 94904 **Telephone: 415-464-2090** **Fax: 415-464-2094**
www.marinhealthcare.org info@marinhealthcare.org

TUESDAY, FEBRUARY 9, 2016

CLOSED SESSION @ 6:30 PM
REGULAR OPEN MEETING @ 7:00 PM

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, Conference Center
250 Bon Air Road
Greenbrae, CA 94904
Vice Chair Sparkman will teleconference from her home, 6 Endeavor Dr, Corte Madera

Staff:
Lee Domanico, CEO
Colin Coffey, District Counsel
Louis Weiner, Executive Assistant

AGENDA Tab #

CLOSED MEETING, 6:30 pm

1. Call to Order and Roll Call — Simmonds
2. General Public Comment — Simmonds
   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.
3. Closed Session
   a. Approval of previous minutes of Closed Session (action) — Simmonds
   b. Discussion involving trade secrets pursuant to Health and Safety Code Section 32106 (Public discussion to follow in open session) — Domanico
4. Adjournment of Closed Session — Simmonds

A copy of the agenda for the Regular Meeting will be posted and distributed at least 72 hours prior to the meeting.
In compliance with the Americans with Disabilities Act, if you require accommodations to participate in a District meeting please contact the District office at 415-464-2090 (voice) or 415-464-2094 (fax) at least 48 hours prior to the meeting.
Meetings open to the public are audio-recorded; the recordings are posted on the District web site and retained for 1 year.

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AGENDA

Tab #

REGULAR MEETING, 7:00 PM

1.	Call to Order and Roll Call	Simmonds	
2.	General Public Comment *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.*	Simmonds	
3.	Approval of Agenda (action)	Simmonds	
4.	Approval of Minutes of the Regular Meeting of January 12, 2016 (action)	Simmonds	#1
5.	Safety Update	Friedenberg	
6.	Q3 2015 MGH Performance Metrics & Core Services Report (action)	Domanico	#2
7.	Appointment and Approval of District Board Committee Members a. MHD Finance and Audit Committee (action) b. MHD Lease and Building Committee (action) c. MHD/MGH Joint Nominating Committee (action)	Simmonds	
8.	Update: Behavioral Health Services	Sklar	
9.	Committee Meeting Reports a. MHD Finance and Audit Committee (met Jan. 26) (1) Review and Approve the MHD Statement of Investment Policy for the Corporate Portfolio (action) (2) Review and Approve the MHD Statement of Investment Policy for the Bond Proceeds (action) (3) Review and Approve Terms of Professional Services Agreement and MHD Recruitment Arrangement for Palliative Care Physician for 1206(b) Clinic (Matt Katics, D.O.), as recommended by the Finance and Audit Committee at a Special Meeting on February 8, 2016 (action)	Bedard	#3 #4 #5

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REGULAR OPEN MEETING @ 7:00 PM

b. MHD Lease and Building Committee (met Feb. 3) Sparkman
(1) Review and Approve "MHD Annual Report 2015" Newsletter (action) #6
(2) Status of ACHD Certification Application

10. MHD Board Annual Retreat Simmonds

11. Reports
a. District CEO's Report Domanico
b. Hospital CEO's Report Domanico
c. Chair's Report Simmonds
d. Board Members' Reports All

12. Agenda Items Suggested for Future Meetings All

13. Adjournment of Regular Meeting Simmonds

Next Regular Meeting: Tuesday, March 8, 2016, 7:00 p.m.

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Tab 1

BOARD OF DIRECTORS
REGULAR MEETING

MINUTES
Tuesday, January 12, 2016 @ 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; Secretary Jennifer Rienks; Director Larry Bedard, MD; Director Jennifer Hershon. Vice Chair Ann Sparkman joined the meeting via telephone conference call from her home at 6 Endeavor Dr., Corte Madera (site notice and posting are compliant with the Brown Act)

   Staff present: Lee Domanico, CEO; Jon Friedenberg, CAO; Joel Sklar, MD, CMO; Linda Lang, CHRO; Mark Zielazinski, CITIO; Colin Coffey, District Counsel

3. **Approval of Agenda**
   Secretary Rienks requested moving "Election of Marin Healthcare District Board Officers for 2016" to be the first agenda item. Counsel Coffey supported this, citing the MHD Bylaws Article IV.1: "The officers shall be elected by the Board annually as the first order of business at the January Regular Meeting of the Board."

   Vice Chair Sparkman moved to approve the agenda with the requested change. Director Hershon seconded. Vote by roll call: All ayes.

4. **Election of Marin Healthcare District Board Officers for 2016**
   Vice Chair Sparkman nominated Harris Simmonds, MD, for the office of Chair, Marin Healthcare District, for 2016. There were no other nominations. Vote by roll call: All ayes. Chair Simmonds accepted the election for him to serve as Chair for 2016.

   Secretary Rienks nominated Ann Sparkman, JD, for the office of Vice Chair, Marin Healthcare District, for 2016. There were no other nominations. Vote by roll call: All ayes. Vice Chair Sparkman accepted the election for her to serve as Vice Chair for 2016.

   Director Bedard nominated Jennifer Rienks, PhD, for the office of Secretary, Marin Healthcare District, for 2016. There were no other nominations. Vote by roll call: All ayes. Secretary Rienks accepted the election for her to serve as Secretary for 2016.

5. **General Public Comment**
   There was no public comment.

6. Approval of Consent Agenda

Secretary Rienks requested the breaking out of the Consent Agenda items to allow for discussion.

(a) *Approval of the minutes of the Special Open Study Session of December 8, 2015.*
Director Bedard moved to approve the minutes. Chair Simmonds seconded. Vote by roll call: All ayes.

(b) *Approval of the minutes of the Regular Meeting of December 8, 2015.*
Secretary Rienks commented on the minutes' item "Review and Approve Agreement with MGH Regarding Ownership of New Improvements," regarding MHD's ownership of the parking garage after reimbursement to MGH. She asked if this was "in the spirit of the Lease" or if it was in fact specifically stated in the Lease. Counsel Coffey replied that the Lease covers any such options for ownership, and that the approved "Agreement with MGH Regarding Ownership of New Improvements" provides specifics regarding the parking garage asset, and that no further changes in agreements are needed.

Director Bedard moved to approve the minutes of the Regular Meeting of December 8, 2015. Secretary Rienks seconded. Vote by roll call: All ayes.

7. Safety Update

Jon Friedenberg, Chief Administrative Officer, reported. In 2014, patient serious safety events numbered 1.32 per 10,000 patient days; in 2015, that was lowered to 0.55. The other major metric tracked is PSI 90 ("Patient Safety Indicator"), a composite score of complication rates: In 2014, the number was .307 and in 2015 it was lowered to .096. These are statistically significant declines, an indicator of the steady progress of the Operation Safety program at MGH.

Mr. Domanico acknowledged the recent Marin IJ article that mentioned MGH's clinical quality metrics. He noted that the CMS data quoted is two years old, and that the current metrics to be published next year will show marked improvement. The IJ article quoted Dr. Sklar on that point.

Dr. Sklar, Chief Medical Officer of MGH, clarified the definition of "serious safety event" as being a deviation from usual standard of care or policy which causes a patient harm.

There was no further Board or public comment.

8. Update of Behavioral Health 1206(b) Clinic

Joel Sklar, MD, Chief Medical Officer of MGH, reported on behalf of MGH's development of the broader behavioral health program, including inpatient and outpatient services at MGH. Dr. Sklar noted that Ms. Friedman and Ms. Akre were handling the District Clinic based program, but were not available for this meeting. At the October meeting the MHD Board approved funding for a new Behavioral Health 1206(b) Clinic to provide hospital- and office-based psychiatric treatment. "Marin Psychiatric Group" corporation has been formed

with three physicians now on contract for Medical Director and staff. Inpatient treatment began January 1, with outpatient treatment beginning February 1 by MGH psychiatric hospitalists.

After this program is stabilized it will need further development, including better coordination with Marin County crisis services on Unit B at MGH. At Secretary Rienks' request it was agreed that there would be an update at the next regular meeting of this Board.

There was no further Board or public comment.

9. Selection of Date of MHD Board Annual Retreat

Mr. Weiner will poll the Board members on a mutually agreeable date for the annual retreat.

10. MHD Resolution No. 2016-01: Supporting Marin Strong Start

Mr. Paul Cohen, representing "Marin Strong Start" presented, and handed out a brochure (on file and online). They are requesting from the MHD Board a Resolution of support which will help them attain their fundraising, community relations, and program development goals. "Marin Strong Start" works with Marin County Board of Education and Marin County Health and Human Services, and other organizations, in this program designed to ensure that all of Marin's children have access to preschool, health and wellness services, childcare and afterschool academic support. The program already has broad support from civic, community, education and healthcare entities in Marin in a move to raise awareness in advance of a ballot measure. Marin County Board of Supervisors, Marin County Office of Education, and school districts have passed Resolutions similar to the one presented here. This is not a request for funds or for endorsement of a ballot measure, but for support on principle.

Secretary Rienks moved to approve "MHD Resolution No. 2016-01: Supporting Marin Strong Start." Director Bedard seconded. Vote by roll call: All ayes.

There was no further Board or public comment.

11. Committee Meeting Reports

MHD Finance and Audit Committee:

(1) Summary of Meetings 2015

Director Bedard presented the Summary Memo included in the packet, and thanked Michael Lighthawk, Executive Assistant, for his good work for the Committee.

MHD Lease and Building Committee:

(1) Summary of Meetings 2015

Vice Chair Sparkman presented the Summary Memo included in the packet, and thanked Mr. Weiner for his good work for the Committee. She noted that the "Special Study Session of the Full Board" format for some of the Committee's meetings has proved especially useful in streamlining processes.

12. Reports

District CEO:

Mr. Domanico reported on MGH 2.0. Work is proceeding on the temporary lobby, the south retaining wall, and the north entrance traffic signal; the parking garage is up to the 4th floor and all is going according to schedule. The first part of MGH 2.0 construction is shoring, scheduled for early April pending OSHPD approval. Tree removal requires County permits that are in process. The County is requesting that MGH pay for Bon Air Rd repaving from SF Drake Blvd to the Bon Air Bridge; the Design Review Committee will negotiate with the County about how and when this will be done.

MGH CEO:

November's operating budget wasn't met due to the unexpected expense of $1.5-2M for the nursing strike. Otherwise, the YTD performance remains ahead of the expected budget. MGH 2.0 remains on budget and on schedule. Two new linear accelerators for oncology are being installed and will be in service in February. The MGH Foundation has had a very successful year of fundraising, including having raised $3.4M for ongoing patient care programs. The Urology 1206(b) clinic will begin on January 1, with plans to open a Men's Health Center in a year. The Rheumatology 1206(b) clinic is scheduled to begin March 1. MGH will pilot a virtual health tool (telehealth) at the clinics via an agreement with PingMD; Dr. Sklar emphasized the importance of this tool for patient service.

There was no further Board or public comment.

Chair's Report:

Chair Simmonds commended the Lease & Building and the Finance & Audit Committees for their good work this year in preparing issues to bring to the full Board meetings. New officers for these committees will be appointed next month.

Board Members' Reports:

Secretary Rienks reported that she had received a message from a patient who expressed gratitude for the assistance received from the hospital's financial counseling office.
Director Hershon asked about the progress of MHD's ACHD Certification process. Secretary Rienks replied that the Annual Report document is in process and will be presented to Lease & Building Committee at their next meeting, and that the other requirements are in place.
Director Bedard reported that in December he participated in a coalition for legalization of marijuana; a ballot measure is pending and he'll request support of the MHD Board at a future date.
Vice Chair Sparkman asked how the District and the Hospital will address ABX2 15, the "End of Life/Palliative Care" Act signed by Governor Brown in October, and also mentioned Atul Gawande's book, "Being Mortal." She suggested this could be an agenda discussion item for the upcoming MHD Board Retreat.

13. Agenda Suggestions for Future Meetings

Secretary Rienks requested that management report on the progress of Behavioral Health Services coordination with the County of Marin.

14. <u>Adjournment</u>

Chair Simmonds adjourned the meeting at 7:55 pm

Tab 2

MARIN GENERAL HOSPITAL

250 Bon Air Road, Greenbrae, CA 94904
t » 415-925-7000

Marin General Hospital

Performance Metrics and Core Services Report

3rd Quarter 2015

Prepared 11-25-2015

Marin General Hospital

Performance Metrics and Core Services Report: **3rd Quarter 2015**

TIER 1 PERFORMANCE METRICS

In accordance with Tier 1 Performance Metrics requirements, the MGH Board is required to meet each of the following minimum level requirements:

		Frequency	Status	Notes
(A) Quality, Safety and Compliance	1. MGH Board must maintain MGH's Joint Commission accreditation, or if deficiencies are found, correct them within six months.	Quarterly	In Compliance	Joint Commission granted MGH an "Accredited" decision with an effective date of 7/16/2013 for a duration of 36 months. Next survey to occur in 2016.
	2. MGH Board must maintain MGH's Medicare certification for quality of care and reimbursement eligibility.	Quarterly	In Compliance	MGH maintains its Medicare Certification.
	3. MGH Board must maintain MGH's California Department of Public Health Acute Care License	Quarterly	In Compliance	MGH maintains its license with the State of California.
	4. MGH Board must maintain MGH's plan for compliance with SB 1953.	Quarterly	In Compliance	MGH remains in compliance with SB 1953 (California Hospital Seismic Retrofit Program).
	5. MGH Board must report on all Tier 2 Metrics at least annually.	Annually	In Compliance	4Q 2014 (Annual Report) was presented to MGH Board and to MHD Board in April 2015.
	6. MGH Board must implement a Biennial Quality Performance Improvement Plan for MGH.	Annually	In Compliance	MGH Performance Improvement Plan for 2015 was presented for approval to the MGH Board in April 2015.
	7. MGH Board must include quality improvement metrics as part of the CEO and Senior Executive Bonus Structure for MGH.	Annually	In Compliance	CEO and Senior Executive Bonus Structure includes quality improvement metrics.
(B) Patient Satisfaction and Services	MGH Board will report on MGH's HCAHPS Results Quarterly.	Quarterly	In Compliance	**Schedule 1**
(C) Community Commitment	1. In coordination with the General Member, the MGH Board must publish the results of its biennial community assessment to assess MGH's performance at meeting community health care needs.	Annually	In Compliance	Community Health and Education Report was presented to the MGH Board and to the MHD Board in April 2015.
	2. MGH Board must provide community care benefits at a sufficient level to maintain MGH's non-profit tax exempt status.	Quarterly	In Compliance	MGH continues to provide community care and has maintained its tax exempt status.
(D) Physicians and Employees	MGH Board must report on all Tier 1 "Physician and Employee" Metrics at least annually.	Annually	In Compliance	Physician and Employee metrics were presented to the MGH Board and to the MHD Board in April 2015.
(E) Volumes and Service Array	1. MGH Board must maintain MGH's Scope of Acute Care Services as reported to OSHPD.	Quarterly	In Compliance	All services have been maintained.
	2. MGH Board must maintain MGH's services required by Exhibit G to the Loan Agreement between the General Member and Marin County, dated October 2008, as long as the Exhibit commitments are in effect.	Quarterly	In Compliance	All services have been maintained.
(F) Finances	1. MGH Board must maintain a positive operating cash-flow (operating EBITDA) for MGH after an initial phase in period of two fiscal years, and then effective as a performance metric after July 1, 2012, with performance during the phase in period monitored as if a Tier 2 metric.	Quarterly	In Compliance	**Schedule 2**
	2. MGH Board must maintain revenue covenants related to any financing agreements or arrangements applicable to the financial operations of MGH.	Quarterly	In Compliance	**Schedule 2**

Marin General Hospital

Performance Metrics and Core Services Report: **3rd Quarter 2015**

TIER 2 PERFORMANCE METRICS

In accordance with Tier 2 Performance Metrics requirements, the General Member shall monitor and the MGH Board shall provide necessary reports to the General Member on the following metrics:

		Frequency	Status	Notes
(A) Quality, Safety and Compliance	MGH Board will report on efforts to advance clinical quality efforts, including performance metrics in areas of primary organizational focus in MGH's Performance Improvement Plan (including Clinical Quality Reporting metrics and Service Line Quality Improvement Goals as developed, e.g., readmission rates, patient falls, "never events," process of care measures, adverse drug effects, CLABSI, preventive care programs).	Quarterly	In Compliance	**Schedule 3**
(B) Patient Satisfaction and Services	1. MGH Board will report on ten HCAHPS survey rating metrics to the General Member, including overall rating, recommendation willingness, nurse and physician communication, responsiveness of staff, pain management, medication explanations, cleanliness, room quietness, post-discharge instruction.	Quarterly	In Compliance	**Schedule 1**
	2. MGH Board will report external awards and recognition.	Annually	In Compliance	External awards and recognition report was presented to the MGH Board and the MHD Board in April 2015.
(C) Community Commitment	1. MGH Board will report all of MGH's cash and in-kind contributions to other organizations.	Quarterly	In Compliance	**Schedule 4**
	2. MGH Board will report on MGH's Charity Care.	Quarterly	In Compliance	**Schedule 4**
	3. MGH Board will maintain a Community Health Improvement Activities Summary to provide the General Member, providing a summary of programs and participation in community health and education activities.	Annually	In Compliance	Community Health and Education Report was presented to the MGH Board and to the MHD Board in April 2015.
	4. MGH Board will report the level of reinvestment in MGH, covering investment in excess operating margin at MGH in community services, and covering funding of facility upgrades and seismic compliance.	Annually	In Compliance	Reinvestment and Capital Expenditure Report was presented to the MGH Board and to the MHD Board in April 2015.
	5. MGH Board will report on the facility's "green building" status based on generally accepted industry environmental impact factors.	Annually	In Compliance	"Green Building" Status Report was presented to the MGH Board and to the MHD Board in April 2015.
(D) Physicians and Employees	1. MGH Board will provide a report on new recruited physicians by specialty and active number of physicians on staff at MGH.	Annually	In Compliance	Physician Report was presented to the MGH Board and to the MHD Board in April 2015.
	2. MGH Board will provide a summary of the results of the Annual Physician and Employee Survey at MGH.	Annually	In Compliance	Physician and Employee metrics were presented to the MGH Board and to the MHD Board in April 2015.
	3. MGH Board will analyze and provide information regarding nursing turnover rate, nursing vacancy rate, and net nursing staff change at MGH.	Quarterly	In Compliance	**Schedule 5**
(E) Volumes and Service Array	1. MGH Board will develop a strategic plan for MGH and review the plan and its performance with the General Member.	Annually	In Compliance	The updated MGH Strategic Plan was presented to the MGH Board on September 12, 2014.
	2. MGH Board will report on the status of MGH's market share and Management responses.	Annually	In Compliance	MGH's market share and management responses report was presented to the MGH Board on September 12, 2014.
	3. MGH Board will report on key patient and service volume metrics, including admissions, patient days, inpatient and outpatient surgeries, emergency visits.	Quarterly	In Compliance	**Schedule 2**
	4. MGH Board will report on current Emergency services diversion statistics.	Quarterly	In Compliance	**Schedule 6**
(F) Finances	1. MGH Board will provide the audited financial statements.	Annually	In Compliance	The MGH 2014 Independent Audit was completed on April 29, 2015.
	2. MGH Board will report on its performance with regard to industry standard bond rating metrics, e.g., current ratio, leverage ratios, days cash on hand, reserve funding.	Quarterly	In Compliance	**Schedule 2**
	3. MGH Board will provide copies of MGH's annual tax return (form 990) upon completion to General Member.	Annually	In Compliance	The MGH 2011 Form 990 was filed on November 15, 2014.

Schedule 1: HCAHPS

(Hospital Consumer Assessment of Healthcare Providers & Systems)

- **Tier 1, Patient Satisfaction and Services**
  The MGH Board will report on MGH's HCAHPS Results Quarterly.
- **Tier 2, Patient Satisfaction and Services**
  The MGH Board will report on ten HCAHPS survey rating metrics to the General Member, including overall rating, recommendation willingness, nurse and physician communication, responsiveness of staff, pain management, medication explanations, cleanliness, room quietness, post-discharge instruction.

Marin General Hospital
Overall Hospital HCAHPS
Trending by Quarter

Scores displayed here are based on interviews from CMS submitted data for the selected time periods.
Mode adjustments and ESTIMATED Patient Mix Adjustments have been applied to the dimension scores.
Scores for the individual questions do not have adjustments applied.

FY 2017 VBP Thresholds				4Q 2014	1Q 2015	2Q 2015	3Q 2015
70.02	78.12	84.60	**Overall rating**	**75.03**	**61.82**	**64.40**	**61.69**
			Would Recommend	**78.01**	**70.27**	**66.68**	**73.52**
78.19	82.87	86.61	**Communication with Nurses**	**74.23**	**70.12**	**68.78**	**71.28**
			Nurse Respect	84.47	86.04	80.95	84.75
			Nurse Listen	76.92	74.89	70.69	73.42
			Nurse Explain	73.30	68.33	73.59	74.58
80.51	85.12	88.80	**Communication with Doctors**	**78.72**	**77.52**	**74.18**	**77.97**
			Doctor Respect	86.64	86.04	79.83	88.94
			Doctor Listen	76.71	78.54	75.32	77.97
			Doctor Explain	76.71	78.18	77.59	77.22
65.05	73.36	80.01	**Responsiveness of Staff**	**62.19**	**59.44**	**58.03**	**58.63**
			Call Button	65.64	65.63	62.74	62.63
			Bathroom Help	68.14	68.46	68.53	69.84
70.28	74.75	78.33	**Pain Management**	**70.37**	**66.70**	**66.39**	**68.91**
			Pain Controlled	71.88	70.48	70.62	73.13
			Help with Pain	78.26	77.71	76.97	79.50
62.88	68.70	73.36	**Communication about Medications**	**53.27**	**52.72**	**54.87**	**57.57**
			Med Explanation	68.07	77.86	74.65	76.52
			Med Side Effects	46.28	38.58	46.10	49.62
65.30	73.13	79.39	**Hospital Environment**	**52.42**	**47.04**	**47.39**	**51.98**
			Cleanliness	62.56	62.44	58.01	62.93
			Quiet	54.09	45.95	51.07	55.32
85.91	88.60	91.23	**Discharge Information**	**83.65**	**82.82**	**80.80**	**85.20**
			Help After Discharge	83.01	83.25	81.90	86.88
			Symptoms to Monitor	86.89	87.38	84.69	88.53
			Number of Surveys	**222**	**223**	**234**	**239**

Thresholds Color Key:
National 95th percentile
National 75th percentile
National average, 50th percentile

Scoring Color Key:
At or above 95th percentile
At or above 75th percentile
At or above 50th percentile
Below 50th percentile

Official VPB (Value-Based Purchasing) monthly trending HCAHPS results are distributed by MGH Quality Management on the 15th of each month.

Schedule 2: Finances

- **Tier 1, Finances**
  The MGH Board must maintain a positive operating cash-flow (operating EBITDA) for MGH after an initial phase in period of two fiscal years, and then effective as a performance metric after July 1, 2012, with performance during the phase in period monitored as if a Tier 2 metric. The MGH Board must maintain revenue covenants related to any financing agreements or arrangements applicable to the financial operations of MGH.
- **Tier 2, Volumes and Service Array**
  The MGH Board will report on key patient and service volume metrics, including admissions, patient days, inpatient and outpatient surgeries, emergency visits.

Financial Measure	1Q 2015 YTD	2Q 2015 YTD	3Q 2015 YTD	4Q 2015 YTD
EBIDA $	$13,625	$22,849	$31,494	
EBIDA %	14.28%	11.90%	10.96%	

Loan Ratios				
Current Ratio	2.85	2.82	2.83	
Debt to Capital Ratio	29.7%	27.5%	32.0%	
Debt Service Coverage Ratio	3.98	4.44	4.96	
Debt to EBIDA %	1.40	1.26	1.43	

Key Service Volumes, *cumulative*				
Acute discharges	2,203	4,386	6,571	
Acute patient days	10,500	20,843	30,686	
Average length of stay	4.77	4.75	4.67	
Emergency Department visits	9,858	19,291	28,529	
Inpatient surgeries	539	1,171	1,680	
Outpatient surgeries	1,076	2,216	3,296	

DEFINITIONS OF TERMS

EBIDA: Earnings Before Interest, Depreciation And Amortization. By adding back interest and amortization payments as well as depreciation (a non-cash outflow expense), it allows the measurement of the cash that a company generates.

Debt to Capital Ratio: A measurement of how leveraged a company is. The ratio compares a firm's total debt to its total capital. The total capital is the amount of available funds that the company can use for financing projects and other operations. A high debt-to-capital ratio indicates that a high proportion of a company's capital is comprised of debt.

Debt Service Coverage Ratio: A measurement of a property's ability to generate enough revenue to cover the cost of its mortgage payments. It is calculated by dividing the net operating income by the total debt service. For example, a property with a net operating income of $50,000 and a total debt service of $40,000 would have a debt service ratio of 1.25, meaning that it generates 25% more revenue than required to cover its debt payment.

Debt to EBIDA %: Measurement used to predict a company's ability to pay off the debt it already has. The ratio calculates the amount of time required for the business to pay off all debt, but does not take into considerations like interest, depreciation, taxes or amortization. Having a high debt/EBITDA ratio will often result in a lower credit score for the business.

Schedule 3: Clinical Quality Reporting Metrics

- **Tier 2, Quality, Safety and Compliance**
  The MGH Board will report on efforts to advance clinical quality efforts, including performance metrics in areas of primary organizational focus in MGH's Performance Improvement Plan (including Clinical Quality Reporting metrics and Service Line Quality Improvement Goals as developed, e.g., readmission rates, patient falls, "never events," process of care measures, adverse drug effects, CLABSI, preventive care programs).

CLINICAL QUALITY METRICS DASHBOARD

Metrics are publicly reported on CalHospital Compare (www.calhospitalcompare.org), and Centers for Medicare & Medicaid Services (CMS) Hospital Compare (www.hospitalcompare.hhs.gov/)

Abbreviations and Acronyms Used in Dashboard Report

Term	Title/Phrase
Abx	Antibiotics
ACC	American College of Cardiology
ACE	Angiotensin Converting Enzyme Inhibitor
AMI	Acute Myocardial Infarction
APR DRG	All Patient Refined Diagnosis Related Groups
ARB	Angiotensin Receptor Blocker
ASA	American Stroke Association
C Section	Caesarian Section
CHART	California Hospital Assessment and Reporting Task Force
CLABSI	Central Line Associated Blood Stream Infection
CMS	Centers for Medicare and Medicaid Services
CT	Computerized Axial Tomography (CAT Scan)
CVP	Central Venous Pressure
ED	Emergency Department
HF	Heart Failure
Hg	Mercury
hr(s)	hour(s)
ICU	Intensive Care Unit
LVS	Left Ventricular Systolic
LVSD	Left Ventricular Systolic Dysfunction
NHSN	National Healthcare Safety Network
PCI	Percutaneous Coronary Intervention
PN	Pneumonia
POD	Post-op Day
Pt	Patient
SCIP	Surgical Care Improvement Project
ScVO2	Central Venous Oxygen Saturation
STEMI	ST Elevated Myocardial Infarction (ST refers to the EKG tracing segment)
VAP	Ventilator Associated Pneumonia
VHA	Voluntary Hospitals of America
VTE	Venous Thromboembolism

MARIN GENERAL HOSPITAL DASHBOARD
CLINICAL QUALITY METRICS
Publicly Reported on CalHospital Compare (www.calhospitalcompare.org)
and Centers for Medicare & Medicaid Services (CMS) Hospital Compare (www.hospitalcompare.hhs.gov/)

METRIC	CMS**	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Q3-Qtr %	Q3-2015 Num/Den	Rolling %	Rolling Num/Den
♦ Venous Thromboembolism (VTE) Measures																	
VTE prophylaxis	100%	100%	97%	83%	98%	83%	84%	97%	95%	97%	95%	100%	100%	**98%**	131/133	**94%**	477/508
ICU VTE prophylaxis	100%	100%	100%	86%	93%	100%	89%	100%	100%	89%	100%	100%	100%	**100%**	21/21	**96%**	89/93
VTE patients with anticoagulation overlap therapy	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	**100%**	16/16	**100%**	66/66
VTE warfarin therapy discharge instructions	100%	100%	100%	67%	83%	100%	33%	80%	100%	75%	33%	50%	100%	**54%**	7/13	**73%**	33/45
Hospital acquired potentially-preventable VTE +	0%	N/A	0%	0%	N/A	0%	0%	N/A	N/A	0%	N/A	N/A	N/A	**N/A**	0/0	**0%**	0/9
♦ Global Immunization (IMM) Measures																	
* Influenza immunization	100%	87%	91%	85%	81%	90%	86%	N/A	N/A	N/A	N/A	N/A	N/A	**N/A**	0/0	**86%**	446/516
♦ Stroke Measures																	
Venous thromboembolism (VTE) prophylaxis	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	**100%**	39/39	**100%**	159/159
Thrombolytic therapy	100%	N/A	N/A	0%	N/A	100%	100%	100%	100%	N/A	100%	100%	100%	**100%**	3/3	**90%**	9/10
Discharged on statin medication	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	80%	100%	100%	**95%**	20/21	**99%**	91/92
Stroke education	100%	100%	100%	83%	100%	100%	100%	100%	100%	100%	100%	100%	100%	**100%**	19/19	**99%**	68/69
♦ Perinatal Care Measure																	
* Elective delivery +	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	**0%**	0/8	**0%**	0/29
♦ ED Inpatient (ED) Measures																	
Median time ED arrival to ED departure - Minutes	259***	284.50	295.00	291.50	326.00	271.50	307.00	328.00	355.00	290.00	299.00	312.00	289.00	**300.00**	117--cases	**304.04**	642--cases
Admit decision median time to ED departure time - Minutes	88***	100.00	131.00	152.00	125.00	111.00	127.00	139.50	127.00	87.00	114.00	101.50	96.00	**103.83**	99-cases	**117.58**	549--cases
♦ ED Outpatient (ED) Measures																	
Median time ED arrival to ED discharge +	139***	147.50	119.50	152.50	160.00	202.00	152.00	178.00	174.00	133.50	152.00	151.00	153.00	**152.00**	66--cases	**156.25**	370--cases
Door to diagnostic evaluation by qualified medical personnel +	29***	28.50	23.00	24.00	37.00	32.50	33.00	27.00	33.00	24.50	18.50	133.00	17.00	**56.17**	66--cases	**35.92**	369--cases
♦ Outpatient Pain Management Measure																	
Median time to pain management for long bone fracture - Mins +	54***	52.00	47.50	54.50	65.50	71.00	73.00	74.50	82.00	56.00	44.00	55.50	61.50	**53.67**	48--cases	**60.67**	184--cases
♦ Outpatient Stroke Measure																	
Head CT/MRI results for stroke patients within 45 mins of ED arrival	65%***	0%	0%	N/A	N/A	N/A	N/A	50%	100%	100%	N/A	N/A	50%	**50%**	1/2	**44%**	4/9

* CMS Reduction Program (shaded in blue)
** CMS Top Decile Benchmark
*** National Average
TJC: The Joint Commission measures may be CMS voluntary
+ Lower number is better

MARIN GENERAL HOSPITAL DASHBOARD
CLINICAL QUALITY METRICS
Publicly Reported on CalHospital Compare (www.calhospitalcompare.org)
and Centers for Medicare & Medicaid Services (CMS) Hospital Compare (www.hospitalcompare.hhs.gov/)

♦ Acute Care Readmissions - 30 Day Risk Standardized

METRIC	CMS National Average	July 2008 - June 2011	July 2009 - June 2012	July 2010 - June 2013	July 2011 - June 2014
* Acute Myocardial Infarction Readmission Rate	17.00%	18.00%	16.70%	15.90%	16.10%
* Heart Failure Readmission Rate	22.00%	24.70%	22.60%	23.00%	22.80%
* Pneumonia Readmission Rate	16.90%	17.90%	16.20%	15.00%	14.10%
* COPD Readmission Rate	20.20%			19.00%	18.40%
Stroke Readmission Rate	12.70%			12.10%	11.10%
* Total Hip Arthoplasty and Total Knee Arthoplasty Readmission Rate	4.80%		5.80%	5.30%	4.60%
Coronary Artery Bypass Graft Surgery (CABG)	14.90%				15.60%
Hospital-Wide All-Cause Unplanned Readmission (HWR)	15.20%			14.40%	14.90%

♦ Outpatient Measures (Claims Data)

METRIC	CMS National Average	Jan 2011 - Dec 2011	July 2012 - June 2013	July 2013 - June 2014	
Outpatient with low back pain who had an MRI without trying recommended treatments first, such as physical therapy	37.20%	Not available	Not available	Not available	
Outpatient who had follow-up mammogram, ultrasound, or MRI of the breast within 45 days after the screening on the mammogram	8.90%	7.70%	7.40%	6.70%	
Outpatient CT scans of the abdomen that were "combination" (double) scans +	9.40%	6.00%	5.60%	6.10%	
Outpatient CT scans of the chest that were "combination" (double) scans +	2.40%	1.40%	0.40%	0.30%	
Outpatients who got cardiac imaging stress tests before low-risk outpatient surgery +	5.00%	5.56%	2.60%	2.90%	
Outpatients with brain CT scans who got a sinus CT scan at the same time +	2.80%	1.70%	2.30%	1.80%	
METRIC	**CMS National Average**			**Jan 2013 - Dec 2013**	
Patient left Emergency Dept. before being seen	2.00%			1.00%	

♦ Agency for Healthcare Research and Quality Measures (AHRQ-Patient Safety Indicators)

METRIC	CMS National Average	Oct 2010 - June 2012	July 2011 - June 2013	July 2012 thru June 2014	
* Complication / Patient Safety Indicators PSI 90 (Composite)	0.81	Worse than National Average	Worse than National Average	No different than National Average	
Death Among Surgical Patients with Serious Complications	117.52 per 1,000 patient discharges	No different than National Average	No different than National Average	No different than National Average	

* CMS Reduction Program (shaded in blue)

\+ Lower Number is Better

MARIN GENERAL HOSPITAL DASHBOARD
CLINICAL QUALITY METRICS
Publicly Reported on CalHospital Compare (www.calhospitalcompare.org)
and Centers for Medicare & Medicaid Services (CMS) Hospital Compare (www.hospitalcompare.hhs.gov/)

♦ Surgical Site Infection

METRIC	National Standardized Infection Ratio (SIR)	Jan 2013 - Dec 2013	July 2013 - June 2014	Oct 2013 - Sep 2014	Jan 2014 - Dec 2014	
* Colon surgery	1	1.54	1.19	0.54	0.58	No Different than U.S. National Benchmark
* Abdominal hysterectomy	1	not published**	not published**	not published**	not published**	

♦ Healthcare Associated Infections (ICU)

METRIC	National Standardized Infection Ratio (SIR)	Jan 2013 - Dec 2013	July 2013 - June 2014	Oct 2013 - Sep 2014	Jan 2014 - Dec 2014	
* Central Line Associated Blood Stream Infection Rate (CLABSI)	1	0.54	0.27	0.29	0.03	No Different than U.S. National Benchmark
* Catheter Associated Urinary Tract Infection (CAUTI)	1	1.10	1.10	1.41	2.09	No Different than U.S. National Benchmark

♦ Healthcare Associated Infections (Inpatients)

METRIC	National Standardized Infection Ratio (SIR)	Jan 2013 - Dec 2013	July 2013 - June 2014	Oct 2013 - Sep 2014	Jan 2014 - Dec 2014	
* Clostridium Difficile	1	1.06	1.16	1.20	1.29	No Different than U.S. National Benchmark
* Methicillin Resistant Staph Aureus Bacteremia	1	0.00	1.63	2.04	1.95	No Different than U.S. National Benchmark

♦ Healthcare Personnel Influenza Vaccination

METRIC	CMS National Average	Oct 2013 - March 2014	Oct 2014 - March 2015			
Healthcare Personnel Influenza Vaccination	84%	71%	81%			No Different than U.S. National Benchmark

♦ Surgical Complications

METRIC	CMS National Average	July 2009 - March 2012	April 2010- March 2013	April 2011 - March 2014		
Hip/knee complication: Hospital-level risk -- Standardized complication rate (RSCR) following elective primary total hip/knee arthoplasty	3.1%	4.0%	4.4%	3.6%		

♦ Cost Efficiency

METRIC	CMS National Average	Jan 2013 - Dec 2013	July 2010 - June 2013	July 2011 thru June 2014	Jan 2014 thru Dec 2014	
*Medicare spending per beneficiary (All)	0.98	1.01			1.00	
Acute Myocardial Infarction payment per episode of care	$21,791		$20,850	$22,019		
Heart Failure payment per episode of care	$15,223			$16,871		
Pneumonia payment per episode of care	$14,294			$14,889		

♦ Mortality Measures - 30 Day

METRIC	CMS National Average	July 2008 - June 2011	July 2009 - June 2012	July 2010 - June 2013	July 2011 - June 2014	
* Acute Myocardial Infarction Mortality Rate	14.2%	13.5%	13.3%	12.60%	11.70%	
* Heart Failure Mortality Rate	11.6%	12.9%	13.8%	12.0%	12.6%	
* Pneumonia Mortality Rate	11.5%	10.7%	10.9%	12.2%	12.3%	
* CABG 30-day Mortality Rate (PD 2017)	3.2%				2.6%	
COPD Mortality Rate	7.7%			7.8%	7.3%	
Stroke Mortality Rate	14.8%			15.2%	13.4%	

* CMS Reduction Program (shaded in blue)

** Insufficient data to calculate SIR

Schedule 4: Community Benefit Summary

- **Tier 2, Community Commitment**
  The Board will report all of MGH's cash and in-kind contributions to other organizations.
  The Board will report on MGH's Charity Care.

Cash & In-Kind Donations (these figures are not final and are subject to change)					
	1Q 2015	**2Q 2015**	**3Q 2015**	**4Q 2015**	**Total 2015**
Coastal Health Alliance	0	32,500	0		32,500
Community Institute for Psychotherapy	0	15,000	0		15,000
ExtraFood.org	0	0	3,000		3,000
Heart Walk	2,500	0	0		2,500
Homeward Bound	0	65,000	65,000		130,000
Hospice by the Bay (Ball)	0	0	2,200		2,200
Marin Brain Institute	638	0	0		638
Marin City Health and Wellness	0	20,000	0		20,000
Marin Community Clinics	55,830	183,780	0		239,610
Marin Community Clinics, Summer Solstice	0	1,000	0		1,000
Marin Senior Fair	0	0	2,000		2,000
MHD 1206(b) Clinics	1,128,298	1,538,856	1,344,880		4,012,034
Prima Medical Foundation	1,550,000	1,692,692	3,380,103		6,622,795
Ritter Center	0	20,000	0		20,000
RotaCare San Rafael	0	0	15,000		15,000
Slide Ranch	0	1,500	0		1,500
Streets Team	0	10,000	0		10,000
Whistlestop	0	15,000	0		15,000
Zero Breast Cancer Foundation	0	2,200	0		2,200
Total Cash Donations	**$ 2,737,266**	**$ 3,597,528**	**$ 4,812,183**		**$ 11,146,977**
Compassionate discharge medications	655	830	1,168		2,653
Meeting room use by community based organizations for community-health related purposes.	2,568	2,750	2,708		8,026
Food donations	992	913	913		2,818
Total In Kind Donations	**$ 4,215**	**$ 4,493**	**$ 4,789**		**$ 13,497**
Total Cash & In-Kind Donations	**$ 2,741,481**	**$ 3,606,514**	**$ 4,821,761**		**$ 11,160,474**

Schedule 4, continued

Community Benefit Summary

(these figures are not final and are subject to change)

	1Q 2015	2Q 2015	3Q 2015	4Q 2015	Total 2015
Community Health Improvement Services	$ 36,858	$ 32,638	$ 65,069		$ 134,565
Health Professions Education	324,931	347,425	80,649		753,005
Research	0	0	179		179
Cash and In-Kind Contributions	2,741,343	3,606,514	4,816,972		11,164,967
Community Benefit Operations	14,161	22,537	18,250		54,948
Traditional Charity Care *Operation Access total is included	322,987	512,723	656,076		1,491,786
Government Sponsored Health Care (includes Medi-Cal & Means-Tested Government Programs)	3,446,797	3,498,448	3,666,261		10,611,506
Community Benefit Subtotal (amount reported annually to State & IRS)	**$ 6,887,215**	**$ 8,020,285**	**$ 9,303,456**		**$ 24,210,956**
Community Building Activities	2,813	2,274	0		5,087
Unpaid Cost of Medicare	20,661,304	19,511,047	17,903,136		58,075,487
Bad Debt	526,063	377,401	514,394		1,417,858
Community Benefit, Community Building, Unpaid Cost of Medicare and Bad Debt Total	**$ 28,077,395**	**$ 27,911,007**	**$ 27,720,986**		**$ 83,709,388**

Operation Access

Though not a Community Benefit requirement, MGH has been participating with Operation Access since 2000. Operation Access brings together medical professionals and hospitals to provide donated outpatient surgical and specialty care for the uninsured and underserved.

	1Q 2014	2Q 2014	3Q 2014	4Q 2014	Total 2014
*Operation Access charity care provided by MGH (waived hospital charges)	$ 439,833	$ 89,090	$ 233,091		$ 762,014
Costs included in Charity Care	90,984	18,429	48,217		157,630

Schedule 5: Nursing Turnover, Vacancies, Net Changes

- **Tier 2, Physicians and Employees**
  The MGH Board will analyze and provide information regarding nursing turnover rate, nursing vacancy rate, and net nursing staff change at MGH.

Turnover Rate				
Quarter	Number of Clinical RNs	Terminated		Rate
		Voluntary	Involuntary	
4Q 2014	541	12	6	3.33%
1Q 2015	534	9	6	2.81%
2Q 2015	536	13	5	3.36%
3Q 2015	522	32	6	7.28%

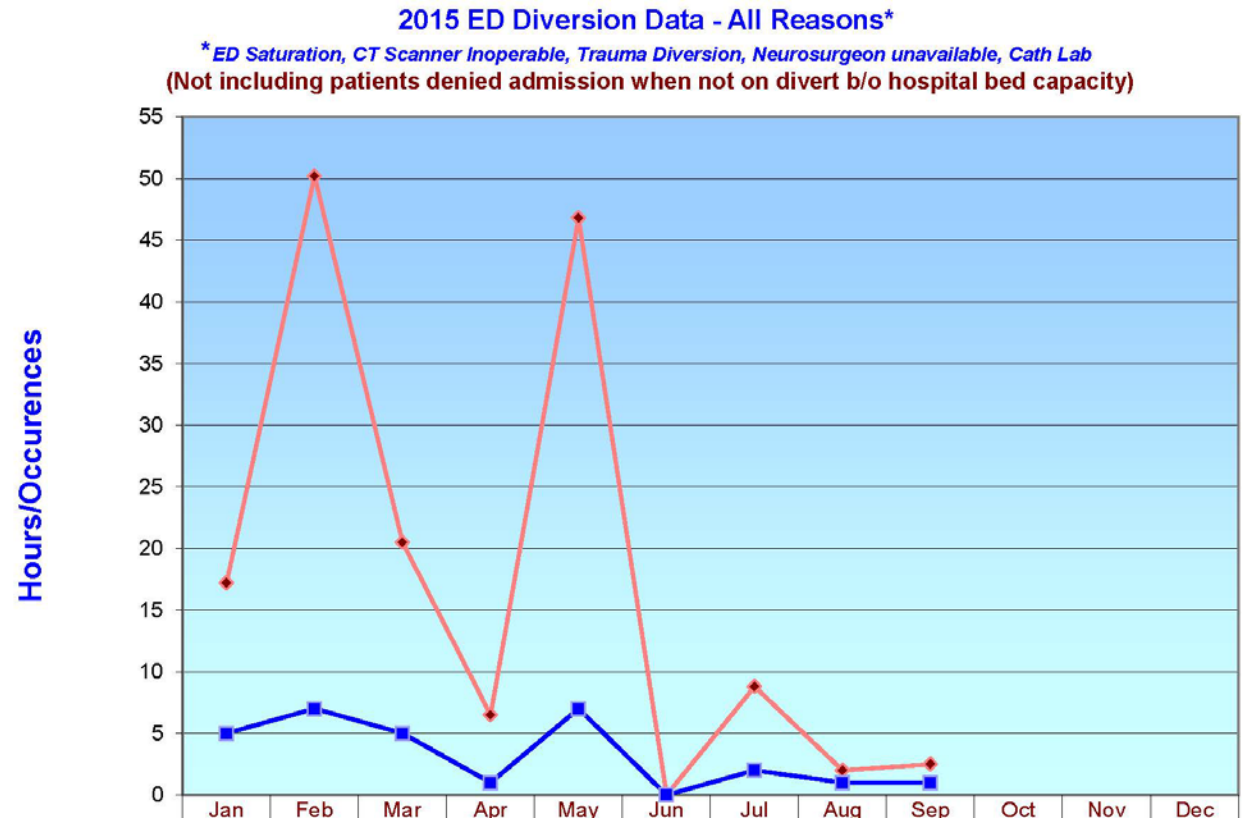
Vacancy Rate									
Period	Per Diem Postings	Benefited Postings	Per Diem Hires	Benefited Hires	Benefited Headcount	Per Diem Headcount	Total Headcount	Benefited Vacancy Rate	Per Diem Vacancy Rate
4Q 2014	12	34	2	9	402	139	541	8.46%	8.63%
1Q 2015	13	53	3	7	412	122	534	12.86%	10.66%
2Q 2015	26	79	2	22	419	117	536	18.85%	22.22%
3Q 2015	40	101	3	23	424	98	522	23.82%	40.82%

Hired, Termed, Net Change			
Period	Hired	Termed	Net Change
4Q 2014	11	18	(7)
1Q 2015	10	15	(5)
2Q 2015	24	18	6
3Q 2015	26	38	(12)

Schedule 6: Ambulance Diversion

- **Tier 2, Volumes and Service Array**
  The MGH Board will report on current Emergency services diversion statistics.

Quarter	Date	Time	Length of Time on Divert	Reason	ED Census	Waiting Room Census	ED Admitted Patient Census
3Q 2015	July 28	12:30-15:00	2 hr 30 min	ED CT scanner inoperable	n/a	n/a	n/a
3Q 2015	July 29	7:03-13:22	6 hr 19 min	Cath lab & stemi divert	n/a	n/a	n/a
3Q 2015	Aug. 29	5:11-7:12	2 hr 1 min	ED saturation (6 limited traumas)	15	1	0
3Q 2015	Sept. 5	18:00-20:30	2 hr 30 min	ED saturation	26	3	1



Tab 3

Marin Healthcare District – Corporate Portfolio

Statement of Investment Policy

Draft as of January 15, 2016

Marin Healthcare District
Statement of Investment Policy

Purpose and Scope

This Statement of Investment Policy (the "Policy") governing the management of the investment assets held as a Corporate Portfolio (the "Corporate Portfolio") by or for the benefit of Marin Healthcare District (the "District") is created to ensure a clear understanding of the investment objectives formulated from time to time by the District's Board of Directors (the "MHD Board"); allocate responsibility for the management and oversight of the Corporate Portfolio among the MHD Board, the Finance & Audit Committee of the Board (the "Finance Committee"), the Marin General Hospital Investment Committee (MGH Investment Committee) and any Investment Advisor and Investment Managers retained to assist in the management of the Corporate Portfolio; and provide the policy parameters within which assets are to be managed and against which the success of the investment function is to be evaluated.

It is expected that all those involved in the management and oversight of the Corporate Portfolio will act in such a way as to enable the District, as best as possible, to attain the objectives stated in the Policy.

It is intended that the guidelines set forth in the Policy will be both sufficiently specific to be meaningful and flexible enough to be practical.

Marin Healthcare District
Statement of Investment Policy

Investment Goals & Philosophy

The MHD Board has determined that the assets in the Corporate Portfolio are to be invested, with due regard to preservation and growth of principal, so as to provide a continuing source of funds, as a supplement to other District's resources, to support the District's operations. It is the MHD Board's expectation that this objective will be best met if the Corporate Portfolio is managed as a balanced portfolio consisting of equity and fixed income securities, and cash equivalent securities.

Background

The purpose of this Statement is to ensure that surplus funds are invested by the District in accordance with statutory guidelines and a prudent balance between Fund preservation, liquidity, and return on investment. As a Healthcare District, Investment options are governed by the state of California as set forth in the Government Code chapters on "investment of Surplus" (Section 53600, et, seq.) And "Deposit of Funds" (Sections 53630, et. Seq.)

Definition of Duties

Marin Healthcare District (MHD)

The MHD Board of Directors delegates oversight of the District's Corporate funds and their investment to the MGH Investment Committee which will advise the Finance Committee and the MHD Board on investment options and investment policy. The MGH Investment Committee shall have such other responsibilities that may be delegated in accordance with the District Bylaws or from time to time assigned by the MHD Board of Directors. The MHD Board of Directors is ultimately responsible for the disposition of the District's funds.

The MHD Board & The Finance Committee

The MHD Board is responsible for broad fiduciary oversight of the District's investments. In exercising that oversight role, the Board has determined that it is appropriate that the MHD Board delegate to the MGH Investment Committee to assist the MHD Board in formulating appropriate investment policies, in selecting an Investment Advisor and Investment Managers, and in overseeing the investment of the assets held in the Corporate Portfolio. With the assistance of the MGH Investment Committee, the MHD Board and the Finance Committee has adopted this Policy as the statement of intent for achieving the District's investment objectives. The MHD Board and the Finance Committee has the responsibility to:

- Review this Policy at least annually and adopt modifications to this Policy as appropriate

- Approve the engagement of an Investment Advisor recommended by the MGH Investment Committee, including the terms of the Investment Advisor's retention and the scope of activities to be delegated to the Investment Advisor
- Develop criteria to review the Investment Advisor's performance and, with the assistance of the MGH Investment Committee, review that performance annually and as otherwise necessary
- Consider and approve recommendations developed by the MGH Investment Committee with the assistance of the Investment Advisor regarding asset allocation and other strategic matters related to the Corporate Portfolio, including the management of portions of the Corporate Portfolio by Investment Managers recommended by the Investment Advisor
- Consider and approve arrangements for the custody of the assets in the Corporate Portfolio, including the retention of one or more Custodians

In carrying out its responsibilities, the MHD Board may delegate the above duties to the Finance Committee which will make periodic reports to the MHD Board.

The MGH Investment Committee

The MGH Investment Committee is responsible for implementing the investment policies approved by the MHD Board and making recommendations to the MHD Board with respect to possible changes in those policies at such times as the MGH Investment Committee, with the assistance of the Investment Advisor, believes such changes to be appropriate. The MGH Investment Committee will also function as the District's interface with the Investment Advisor and through it with any Investment Managers retained on the advice of the Investment Advisor.

The MGH Investment Committee has the responsibility to:

- Review this Policy at least annually and make recommendations to the MHD Board & Finance Committee with respect to any modifications to this Policy it deems appropriate
- Recommend to the MHD Board & Finance Committee the engagement of an Investment Advisor, the terms of the Investment Advisor's retention and the scope of activities to be delegated to the Investment Advisor
- Approve investment manager(s) to manage the Corporate Portfolio in consultation with the Investment Advisor
- Develop criteria for the review of the Investment Manager's performance, conduct that review annually and as otherwise necessary and report the results of any such review to the MHD Board & Finance Committee
- Monitor and evaluate the performance of the Corporate Portfolio including the expenses of managing the Corporate Portfolio at least quarterly and on an ongoing basis

- Consider and approve arrangements for the custody of the assets in the Corporate Portfolio including the retention of one or more Custodians
- On matters not delegated to the Investment Advisor, including the investment of assets in the Corporate Portfolio not subject to the Investment Advisor's oversight, consider and approve the arrangements regarding such matters

The Chief Financial Officer (CFO)

The Chief Financial Officer in collaboration with the MGH Investment Committee and the investment consultant(s), is responsible for the financial management and enforcement of the investment assets within the context of the investment policy. In addition, they will:

- Assure proper custody of the investments;
- Negotiate contracts related to investments
- Monitor investment expense

The Investment Advisor

The Investment Advisor shall provide those consulting services required by the MGH Investment Committee and the MHD Board to assist them in fulfilling their responsibilities for the oversight of the Corporate Portfolio. In exercising its duties, the Investment Advisor will be expected to act in good faith and with the care that an ordinarily prudent person would exercise in managing his or her own assets under similar circumstances.

The Investment Advisor has the responsibility to:

- Provide advice to the MGH Investment Committee regarding the investment of the Corporate Portfolio subject to the Investment Advisor's oversight in a manner designed to achieve the District's investment objectives, including the allocation of those funds among different investment managers.
- Recommend, for retention by the District, the Investment Managers specializing in the management of assets within the asset classes approved by the MGH Investment Committee.
- At least quarterly and more frequently as necessary, provide the MGH Investment Committee and the Finance Committee with performance measurement and evaluation reports for each Investment Manager and for the overall Portfolio, which shall include:
    - The overall performance results in relation to stated objectives and policy guidelines and specifically in relation to the relevant custom policy index designed for the Portfolio as defined under "Investment Guidelines and Performance Criteria" below.
    - For Individual Investment Managers,

  - Performance results in relation to stated objectives and policy guidelines, including both rates of return and an examination of the risk an Investment Manager assumed in order to achieve that return.
  - Comparison of each Investment Manager's performance against their respective benchmarks and peers.
- Recommend, as needed, revisions to this Policy.
- Assist in the selection of one or more trustees, custodians, or administrators if necessary
- Provide appropriate support to the District's internal staff in their work in maintaining and safeguarding the assets in the Portfolio.

The Investment Managers

Each investment Manager will be expected to act in good faith and to invest the District's assets entrusted to it in the manner described in materials defining the investment philosophy of such Investment Manager

Investments held in separate accounts will be held to the investment guidelines for such accounts established by the MGH Investment Committee, with the advice of the Investment Advisor. Investments made through a mutual fund governed by the Investment Advisers Act of 1940 will be considered a liquid investment even if the underlying strategy does not fit into a traditional equity or fixed income strategy. Mutual funds and commingled funds shall be held to the specific guidelines of their respective prospectuses.

The investment performance, net of fees, of the portion of the Portfolio managed by each Investment Manager will be measured quarterly and on an ongoing basis against a market index recommended by the Investment Advisor and approved by the MGH Investment Committee.

The Custodians

The Custodians have possession of securities for safekeeping, for settlement of trades and for the collection of income. In addition, the Custodians process contributions and withdrawals, and provide comprehensive monthly statements for each investment in the Corporate Portfolio subject to their control. Each Custodian will be expected to:

- Provide means and procedures to each Investment Manager for the voting of proxies.
- Meet with the Investment Advisor and the staff of the District, as required, to address custodial issues that may be of concern.

Marin Healthcare District
Statement of Investment Policy

Investment Guidelines and Performance Criteria

General

The MHD Board has determined that the assets in the Corporate Portfolio is to be invested, with due regard to preservation and growth of principal, as a balanced portfolio consisting of equity and fixed income securities, alternative investments such as hedge funds and private equity funds, real estate or real estate-linked securities and cash equivalent securities.

Investment performance of the Portfolio is to be measured over rolling three- to five-year periods. The aim is that on an annualized basis the performance of the Portfolio should exceed the Policy Index approved by the Investment Committee as reflected in a resolution adopted at a duly constituted meeting of the Investment Committee and approved by the Board. As of the date of adoption of this Policy, the Policy Index is set forth in appendix A.

It is the intention of the Investment Committee that the Investment Advisor provide an allocation so as to limit the overall risk of the Portfolio to a level not to exceed of the Policy Index, as measured by the standard deviation over rolling three and five year periods.

Socially Responsible Investing:

It is the investment committee's desire that the District's investment program reflect the District's values. The investment program will seek to provide capital to companies with strong track records of corporate responsibility and minimize holdings in companies as described in Exhibit C.

Asset Allocation

The allocation of assets held in the Portfolio should be consistent with the objectives of return and risk established by the Investment Committee and the Board from time to time. These policies, which consider the historic relationships of return and risk among asset classes, are designed to provide the highest probability of meeting or exceeding the Portfolio's return objectives, while limiting risk to the extent practicable.

The table in appendix B indicates the allowable ranges for each of the major asset categories. Changes in policy ranges may occur as a result of changing market conditions or anticipated changes in the District's needs. While the policy ranges will be reviewed on a regular basis, the Board believes that the need to deviate from the policy ranges would arise infrequently. Any changes

in the policy ranges will be evidenced by resolutions adopted by the Investment Committee and the Board and delivered to the Investment Advisor. See schedule B.

Rebalancing

In order to maintain the risk and return characteristics of the Portfolio established by the Board, it is understood that there may be a need to rebalance the portfolio towards target allocations when contributions to or distributions from the Portfolio are made or when the asset class allocations have fallen outside the allowable ranges established within these guidelines. The Investment Advisor will make recommendations regarding rebalancing to the Investment Committee or CFO on a quarterly basis and as otherwise necessary.

Liquidity

The Investment Advisor will be expected to maintain adequate cash reserves to accommodate regular operational needs. While the total Portfolio will include investments that have less than daily liquidity, it is expected that the overall Portfolio will have enough liquidity to (a) meet the aggregate of the Portfolio's unfunded commitments, (b) provide for the District's expected draws to support the District's operations in both normal and difficult market conditions, and (c) allow for the reallocation of assets to areas of opportunities that may present themselves as a result of changes in market conditions or otherwise.

Investment Manager Fees; Transaction Costs

In recommending individual Investment Managers, the Investment Advisor will be expected to take into account, among the factors to be considered in evaluating the Investment Manager's suitability, the fees charged by such Investment Manager, including any transaction costs to be borne by the District. It is expected that transaction costs will be minimized to the extent practicable.

Benchmarking:

The Board recognizes that an Investment Manager's performance is best measured over a full market cycle. In general terms, the performance of Investment Managers is expected to deviate from their benchmark during any quarter or annual period, but Investment Managers will be expected to outperform their respective benchmarks over rolling 3- to 5- year periods. The benchmark against which any Investment Manager's performance is to be measured will be determined by the Investment Committee, with the advice of the Investment Advisor, at the time of retention of the Investment Manager.

Asset Classes

Equities

The purpose of the equity investments, both domestic and international, is to provide capital appreciation, growth of income and current income. This asset class carries the assumption of greater market volatility and increased risk of loss, but also provides a traditional approach to meeting portfolio total return goals. This component includes domestic and international common stocks, American Depository Receipts (ADRs) and other equity securities traded on the world's stock exchanges or over-the-counter markets.

The investment objective for the domestic equity composite is to outperform the Russell 3000 Index over a normal investment cycle.
The investment objective for the international (developed and emerging) markets equities is to outperform the MSCI ACWI ex US Index over a normal investment cycle.

Fixed Income Securities

The purpose of the fixed income segment is to provide a hedge against deflation, provide a stable component of return, and to minimize the overall volatility of the fund.

The fixed income asset class includes the fixed income markets of the US and the world's other economies. It includes, but is not limited to US Treasury and government agency bonds, US and non-US dollar denominated securities, public and private corporate debt, mortgage and asset-backed securities, non-investment grade debt and currencies. Also included are money market instruments such as commercial paper, certificates of deposit, time deposits, bankers' acceptances, repurchase agreements, and US Treasury and agency obligations. Recommending Investment Managers to manage the fixed income portion of the Portfolio, the Investment Advisor shall take into consideration credit quality, sector, duration, and issuer concentrations in selecting an appropriate mix of fixed income securities. It is expected that Investment Managers managing the Portfolio's fixed income assets will manage those assets actively, so as to be able to pursue opportunities presented by changes in interest rates, credit ratings and maturity premiums.

The allocation to investment strategies will be managed to maintain an average intermediate duration at the level of the overall fixed income segment.

The investment objective for the total fixed income segment is to outperform the Barclays Global Aggregate Bond index over a normal investment cycle.

Cash Equivalents

The percentage of total assets allocated to cash equivalents should provide enough liquidity to support general operational expenses.

Cash equivalents may include a selection of high-quality money market instruments such as U.S. Treasury bills, commercial paper, certificates of deposit [as well as bank Short Term Investment Funds (STIFs)].

Derivatives

Derivatives are financial instruments that derive their value from the value of some underlying security or asset. Derivative instruments may be used in lieu of physical securities when the derivatives offer greater liquidity (lower transaction costs) or greater precision for the purpose of managing a portfolio's market or security exposure, duration, yield curve exposure, credit risk or prepayment risk. Derivatives will be used primarily to hedge or reduce risk, but they may also be used to increase exposure to a market factor or portfolio attribute if that desired exposure is not easily obtainable via physical securities.

The Board recognizes that certain of the Investment Managers selected by the Investment Advisor may utilize derivatives as part of their investment strategies. It is the Board's expectation that the Investment Advisor will carefully review the extent to which any Investment Manager employs derivatives, with due regard to appropriate limitations on the extent to which they are used and the care employed by the Investment Manager in determining the characteristics of any particular derivative, including without limitation duration, counterparty credit quality, asset concentration, etc. Any derivatives used must be highly liquid and have an active secondary market. Derivatives may be used when they offer a more efficient means to manage the portfolio, but they are not to be used for the sole purpose of yield enhancement.

Guidelines for acceptable derivatives instruments and limitations on their use are directly applicable for separate accounts. If commingled funds or mutual funds are utilized, it is recognized that the fund's prospectus will govern the management of the fund. These guidelines then become relevant in fund selection.

Marin Healthcare District
Statement of Investment Policy

Appendix A – Benchmarks

Total Fund	Policy Index	Universe
Corporate Portfolio	100% Barclays Global Capital Aggregate Index	N/A

Benchmarks	Benchmarks	Universe
Fixed Income		
PIMCO Total Return	Barclays Capital Aggregate Index	Intermediate-Term Bond MStar
Metwest Total Return	Barclays Capital Aggregate Index	Intermediate-Term Bond MStar
Brandywine Global Opp Fund	Citigroup World Government Bond Index	World Bond Mstar MF
Templeton Global Bond Fund	Citigroup World Government Bond Index	World Bond Mstar MF
Doubleline Total Return	Barclays Capital Aggregate Index	Intermediate-Term Bond Mstar
Loomis Sayles Bond Fund	Barclays Gov't/Credit	Intermediate-Term Bond Mstar

Appendix B – Asset Allocation

Asset Class	Target %	Min%	Max%
Capital Preservation Assets			
Fixed Income	100	0	100
Cash	0	0	10

Appendix C – Socially Responsible Investing

The purpose of the investments of the District is to provide for the security of the funds and to optimize return on them. At the same time, we want the investment decisions to support the values of the District. Therefore, we wish to minimize investments in companies which:

- Engage in the manufacturing of materials or weapons that would likely destroy human life
- Engage in the manufacturing of tobacco products

SRI Screens:

- Abortion and Contraceptives
- Adult Entertainment
- Alcohol
- Animal Welfare
- Child Labor
- Defense and Weapons
- Diversity
- Environment
- Labor Rights and Supply Chain
- Gambling
- Genetic Engineering
- Global Sanctions
- Lending Practices
- Nuclear Power
- Stem Cell
- Tobacco

Tab 4

Marin Healthcare District – Bond Proceeds

Statement of Investment Policy

Draft as of January 15, 2016

Marin Healthcare District
Statement of Investment Policy

Purpose and Scope

This Statement of Investment Policy (the "Policy") governing the management of the investment assets held from Bond Proceeds (the "Proceeds") by or for the benefit of Marin Healthcare District (the "District") is created to ensure a clear understanding of the investment objectives formulated from time to time by the District's Board of Directors (the "MHD Board"); allocate responsibility for the management and oversight of the Proceeds among the MHD Board, the Finance & Audit Committee of the Board (the "Finance Committee"), the Marin General Hospital Investment Committee (MGH Investment Committee) and any Investment Advisor and Investment Managers retained to assist in the management of the Proceeds; and provide the policy parameters within which assets are to be managed and against which the success of the investment function is to be evaluated.

It is expected that all those involved in the management and oversight of the Proceeds will act in such a way as to enable the District, as best as possible, to attain the objectives stated in the Policy.

It is intended that the guidelines set forth in the Policy will be both sufficiently specific to be meaningful and flexible enough to be practical.

Marin Healthcare District
Statement of Investment Policy

Investment Goals & Philosophy

The MHD Board has determined that the assets in the Proceeds Portfolio are to be invested, with a main goal of preservation of capital and with a maturity schedule that matches the needs provided by the Chief Financial Officer (CFO). It is the MHD Board's expectation that this objective will be best met if the Proceeds Portfolio is managed as a portfolio consisting of fixed income securities and cash equivalent securities.

Background

The purpose of this Statement is to ensure that surplus funds are invested by the District in accordance with statutory guidelines and a prudent balance between Fund preservation, liquidity, and return on investment. As a Healthcare District, Investment options are governed by the state of California as set forth in the Government Code chapters on "investment of Surplus" (Section 53600, et, seq.) And "Deposit of Funds" (Sections 53630, et. Seq.)

Definition of Duties

Marin Healthcare District (MHD)

The MHD Board of Directors delegates oversight of the District's Bond Proceeds funds and their investment to the MGH Investment Committee which will advise the Finance Committee and the MHD Board on investment options and investment policy. The MGH Investment Committee shall have such other responsibilities that may be delegated in accordance with the District Bylaws or from time to time assigned by the MHD Board of Directors. The MHD Board of Directors is ultimately responsible for the disposition of the District's funds.

The MHD Board & The Finance Committee

The MHD Board is responsible for broad fiduciary oversight of the District's investments. In exercising that oversight role, the Board has determined that it is appropriate that the MHD Board delegate to the MGH Investment Committee to assist the MHD Board in formulating appropriate investment policies, in selecting an Investment Advisor and Investment Managers, and in overseeing the investment of the assets held in the Proceeds Portfolio. With the assistance of the MGH Investment Committee, the MHD Board and the Finance Committee has adopted this Policy as the statement of intent for achieving the District's investment objectives. The MHD Board and the Finance Committee has the responsibility to:

- Review this Policy at least annually and adopt modifications to this Policy as appropriate

- Approve the engagement of an Investment Advisor recommended by the MGH Investment Committee, including the terms of the Investment Advisor's retention and the scope of activities to be delegated to the Investment Advisor
- Develop criteria to review the Investment Advisor's performance and, with the assistance of the MGH Investment Committee, review that performance annually and as otherwise necessary
- Consider and approve recommendations developed by the MGH Investment Committee with the assistance of the Investment Advisor regarding asset allocation and other strategic matters related to the Proceeds Portfolio, including the management of portions of the Proceeds Portfolio by Investment Managers recommended by the Investment Advisor
- Consider and approve arrangements for the custody of the assets in the Proceeds Portfolio, including the retention of one or more Custodians

In carrying out its responsibilities, the MHD Board may delegate the above duties to the Finance Committee which will make periodic reports to the MHD Board.

The MGH Investment Committee

The MGH Investment Committee is responsible for implementing the investment policies approved by the MHD Board and making recommendations to the MHD Board with respect to possible changes in those policies at such times as the MGH Investment Committee, with the assistance of the Investment Advisor, believes such changes to be appropriate. The MGH Investment Committee will also function as the District's interface with the Investment Advisor and through it with any Investment Managers retained on the advice of the Investment Advisor.

The MGH Investment Committee has the responsibility to:

- Review this Policy at least annually and make recommendations to the MHD Board & Finance Committee with respect to any modifications to this Policy it deems appropriate
- Recommend to the MHD Board & Finance Committee the engagement of an Investment Advisor, the terms of the Investment Advisor's retention and the scope of activities to be delegated to the Investment Advisor
- Approve investment manager(s) to manage the Proceeds Portfolio in consultation with the Investment Advisor
- Develop criteria for the review of the Investment Manager's performance, conduct that review annually and as otherwise necessary and report the results of any such review to the MHD Board & Finance Committee
- Monitor and evaluate the performance of the Proceeds Portfolio including the expenses of managing the Proceeds Portfolio at least quarterly and on an ongoing basis

- Consider and approve arrangements for the custody of the assets in the Proceeds Portfolio including the retention of one or more Custodians
- On matters not delegated to the Investment Advisor, including the investment of assets in the Proceeds Portfolio not subject to the Investment Advisor's oversight, consider and approve the arrangements regarding such matters

The Chief Financial Officer (CFO)

The Chief Financial Officer in collaboration with the MGH Investment Committee and the investment consultant(s), is responsible for the financial management and enforcement of the investment assets within the context of the investment policy. In addition, they will:

- Assure proper custody of the investments;
- Negotiate contracts related to investments
- Monitor investment expense

The Investment Advisor

The Investment Advisor shall provide those consulting services required by the MGH Investment Committee and the MHD Board to assist them in fulfilling their responsibilities for the oversight of the Proceeds Portfolio. In exercising its duties, the Investment Advisor will be expected to act in good faith and with the care that an ordinarily prudent person would exercise in managing his or her own assets under similar circumstances.

The Investment Advisor has the responsibility to:

- Provide advice to the MGH Investment Committee regarding the investment of the Proceeds Portfolio subject to the Investment Advisor's oversight in a manner designed to achieve the District's investment objectives, including the allocation of those funds among different investment managers.
- Recommend, for retention by the District, the Investment Managers specializing in the management of assets within the asset classes approved by the MGH Investment Committee.
- At least quarterly and more frequently as necessary, provide the MGH Investment Committee and the Finance Committee with performance measurement and evaluation reports for each Investment Manager and for the overall Portfolio, which shall include:
    - The overall performance results in relation to stated objectives and policy guidelines and specifically in relation to the relevant custom policy index designed for the Portfolio as defined under "Investment Guidelines and Performance Criteria" below.
    - For Individual Investment Managers,

  - Performance results in relation to stated objectives and policy guidelines, including both rates of return and an examination of the risk an Investment Manager assumed in order to achieve that return.
  - Comparison of each Investment Manager's performance against their respective benchmarks and peers.
- Recommend, as needed, revisions to this Policy.
- Assist in the selection of one or more trustees, custodians, or administrators if necessary
- Provide appropriate support to the District's internal staff in their work in maintaining and safeguarding the assets in the Portfolio.

The Investment Managers

Each investment Manager will be expected to act in good faith and to invest the District's assets entrusted to it in the manner described in materials defining the investment philosophy of such Investment Manager

Investments held in separate accounts will be held to the investment guidelines for such accounts established by the MGH Investment Committee and in compliance with what is stated in the bond indenture. Investments made through a mutual fund governed by the Investment Advisers Act of 1940 will be considered a liquid investment even if the underlying strategy does not fit into a traditional equity or fixed income strategy. Mutual funds and commingled funds shall be held to the specific guidelines of their respective prospectuses.

The investment performance, net of fees, of the portion of the Portfolio managed by each Investment Manager will be measured quarterly and on an ongoing basis against a market index recommended by the Investment Advisor and approved by the MGH Investment Committee.

The Custodians

The Custodians have possession of securities for safekeeping, for settlement of trades and for the collection of income. In addition, the Custodians process contributions and withdrawals, and provide comprehensive monthly statements for each investment in the Proceeds Portfolio subject to their control. Each Custodian will be expected to:

- Provide means and procedures to each Investment Manager for the voting of proxies.
- Meet with the Investment Advisor and the staff of the District, as required, to address custodial issues that may be of concern.

Marin Healthcare District
Statement of Investment Policy

Investment Guidelines and Performance Criteria

General

The MHD Board has determined that the assets in the Proceeds Portfolio is to be invested, with due regard to preservation of capital, consisting of fixed income securities and cash equivalent securities.
Investment performance of the Portfolio is to be measured quarterly against a policy index that is stated in Appendix A.

Socially Responsible Investing:

It is the investment committee's desire that the District's investment program reflect the District's values. The investment program will seek to provide capital to companies with strong track records of corporate responsibility and minimize holdings in companies as described in Exhibit B.

Asset Allocation

The Proceeds portfolio will consist of fixed income and cash investments solely.

Liquidity

The liquidity of the portfolio will be maintained as indicated by the CFO, dependent on the need for capital for the Proceeds.

Investment Manager Fees; Transaction Costs

In recommending individual Investment Managers, the Investment Advisor will be expected to take into account, among the factors to be considered in evaluating the Investment Manager's suitability, the fees charged by such Investment Manager, including any transaction costs to be borne by the District. It is expected that transaction costs will be minimized to the extent practicable.

Asset Classes

Allowable securities

See Bond Indenture

Appendix A - Benchmarks

Total Fund	Policy Index	Universe
Bond Proceeds Portfolio	100% 90 Day T-Bills	N/A

Benchmarks	Benchmarks	Universe
Fixed Income Portfolio		
Payden & Rygel Enhanced Cash	90 Day T-Bills	NA
PIMCO Short Asset Inv Fund	90 Day T-Bills	NA

Appendix B – Socially Responsible Investing

The purpose of the investments of the District is to provide for the security of the funds and to optimize return on them. At the same time, we want the investment decisions to support the values of the District. Therefore, we wish to minimize investments in companies which:

- Engage in the manufacturing of materials or weapons that would likely destroy human life
- Engage in the manufacturing of tobacco products

SRI Screens:

- Abortion and Contraceptives
- Adult Entertainment
- Alcohol
- Animal Welfare
- Child Labor
- Defense and Weapons
- Diversity
- Environment
- Labor Rights and Supply Chain
- Gambling
- Genetic Engineering
- Global Sanctions
- Lending Practices
- Nuclear Power
- Stem Cell
- Tobacco

Tab 5

TO: MHD Board of Directors

FROM: Lee Domanico, Chief Executive Officer

RE: Approval of *terms* of Professional Services Agreement and MHD Recruitment Arrangement for Palliative Care Physician for 1206(b) Clinic (Matt Katics, D.O.)

DATE: February 9, 2016

The District owns and operates several a 1206(b) clinics (collectively the "Clinics") in which primary care services are provided to residents of the community. MHD desires to add the services of Dr. Matt Katics, D.O. specializing in Palliative Medicine in order to provide Palliative Care services to patients of the Clinic under a Professional Services Agreement (PSA). Dr. Katics, will be providing services in the Clinic on a .6 FTE basis. Dr. Katics will also provide Medical Directorship services to the Palliative Care Program at Marin General Hospital which will include a coverage component for Marin General Hospital inpatients as needed under a separate agreement between Dr. Katics (or his professional corporation) and Marin General Hospital.

Palliative care is a fast-growing medical specialty for which the supply of trained, certified and experienced physicians does not meet the growing demand. Marin General Hospital has maintained a palliative care program in conjunction with Prima Medical Foundation for several years. The Medical Director for the program resigned in August 2015. Additionally, the program has experienced more demand than available for physician oversight, patient and family consultation and community outreach. The proposed positions will be filled by an experienced and board certified palliative care physician for services to patients of both the Marin Healthcare District and Marin General Hospital.

As part of the effort to bring another specialist to the Marin service area, MHD is proposing to provide to Dr. Katics, a signing/relocation bonus in the amount of $30,000; student loan repayment in the total amount of $70,000 ($17,500 per year over four years); and moving expenses in the amount of $10,000. The total sum of $110,000 shall be advanced in the form of a loan which will be "forgiven" on a monthly basis (mortgage-style) over the term of the agreements provided Dr. Katics remains in the MHD service area. This proposed compensation of $110,000 has been reviewed by an experienced compensation consultant and determined to be within fair market value, and consistent with compensation and recruitment incentives offered in similar practice settings by comparable non-profit hospital organizations.

In addition, Dr. Katics (or his professional corporation) will be engaged by Marin Healthcare District to provide professional services in the Clinics under PSA on a .6 FTE basis for a period of four (4) years in exchange for the payment of $114,600 per year. Finally, Marin General Hospital will contract with Dr. Katics (or his professional corporation) for Medical Directorship services to Marin General Hospital's Palliative Care Program as well as staffing/coverage type services in an amount of $110,400 per year.

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

415-464-2090
Fax 464-2094

Requested Action and Findings by the Board

Motion based on management's recommendation: "To approve the terms of the PSA and recruitment of Dr. Matt Katics, D.O. as presented in the Transaction Summary before the Board, along with the following findings:

- The proposed recruitment arrangement and PSA is necessary to assist the District to attract a qualified specialist to practice in the communities served by the District and MGH, and that the health and welfare of the residents of these communities require these provisions to assure the continued availability of a physician specializing in Palliative Medicine for patients in need of Palliative Care Services at both MHD and MGH.

- The recruitment compensation and the forgivable loan incentives offered to recruit and retain the physician's services in these communities is within the fair market range of reasonable compensation and incentives based on the February 1, 2016 review and opinion of Penny Stroud with Cattaneo & Stroud, Inc. an independent compensation evaluation consultants to MHD and MGH."

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

415-464-2090
Fax 464-2094

TRANSACTION SUMMARY/TERM SHEET
FOR MATT KATICS, D.O. RECRUITMENT

The following are the proposed terms for the recruitment of Matt Katics, D.O., who specializes in Palliative Medicine, to provide Palliative Care services in the Marin Healthcare District 1206(b) clinics, as well as serving as Medical Director for the Marin General Hospital Palliative Care Program and providing inpatient coverage as needed for patients of Marin General Hospital.

1. Agreements:

Recruitment Agreement between Dr. Katics and MHD for the following incentives: (1) signing/relocation bonus; (2) student loan; and (3) moving expenses.

In addition, there will be: (1) a Professional Services Agreement between the Marin Healthcare District and Dr. Katics (or his professional corporation) for professional services in Palliative Care to the 1206(b) clinics; and (2) a Medical Directorship/Staffing/Coverage agreement between Marin General Hospital and Dr. Katics (or his professional corporation) for Medical Directorship services as well as coverage/staffing services in Palliative Care for inpatients of Marin General Hospital.

2. Term of Agreements: Four (4) years.

3. Compensation:

Under the Recruitment Agreement: (1) a signing/relocation bonus in the amount of $30,000; (2) student loan repayment in the total amount of $70,000 ($17,500 per year over four years); and (3) moving expenses in the amount of $10,000.

The total sum of $110,000 shall be advanced in the form of a loan which will be "forgiven" on a monthly basis (mortgage-style) over the term of the agreements provided Dr. Katics remains in the MHD service area.

In addition, Dr. Katics (or his professional corporation) will be engaged by Marin Healthcare District to provide professional services in the Clinics on a .6 FTE basis in exchange for the payment of $114,600 per year. Finally, Marin General Hospital will contract with Dr. Katics (or his professional corporation) for Medical Directorship services to Marin General Hospital's Palliative Care Program as well as staffing/coverage type services in an amount of $110,400 per year.

4. Community Benefit/Need. Palliative care is a fast-growing medical specialty for which the supply of trained, certified and experienced physicians does not meet the growing demand. Marin General Hospital has maintained a palliative care program in conjunction with Prima Medical Foundation for several years. The Medical Director for the program resigned in August 2015. Additionally, the program has experienced more demand than available for physician oversight, patient and family consultation and community outreach. The proposed full

time position will be filled by an experienced and board certified palliative care physician for services to patients of both the Marin Healthcare District and Marin General Hospital.

5. Fair Market Value Analysis:

On February 1, 2016, a Fair Market Value Analysis was conducted by Penny Stroud with Cattaneo & Stroud, Inc. an independent compensation evaluation consultants to MHD and MGH. Her findings are as follows:

Signing Bonus
The recruitment package includes a signing bonus of $30,000, payable upon the signing of the contract. Recruitment bonuses are included in an estimated 72% - 90% of physician recruitment contracts, according to recent surveys by MGMA, Merritt Hawkins and other recruitment firms. Reported average signing bonuses are $20,000 to $25,000, however the reports also state that the range of signing bonuses if very large, with amounts up to $100,000+ observed. Key variables impacting rates include geography, physician experience, type of position, etc. The high cost of living in Marin County and the scarcity of experienced and credentialed palliative care physicians support the level of bonus offered.

Loan Repayment
The recruitment package includes a provision for student loan repayment structured as a forgivable loan of up to $17,500 per year for four years, or a maximum of $70,000. Recent surveys and articles suggest that medical school debt is a major component of recruitment negotiations, with 13% to 38% of recruitment packages incorporating such terms. A range of $12,000 to $25,000 per year of reimbursements has been cited as a typical range.

Moving Expenses
The recruitment package includes $10,000 for moving/relocation expenses. Most major employers, both medical and otherwise, reimburse moving expenses for professional staff relocating from outside the area. Dr. Katics is relocating from the Salinas region, which is more than two hours from the new practice site. $10,000 is a standard rate for medical and non-medical employers, including the University of California system.

Totality of Compensation (PSA and Medical Director/Coverage Agreements)
The total compensation to be paid to Dr. Katics is $225,000 per year, with a sign-on bonus of $30,000. A comparison of proposed compensation to these benchmarks indicate that the proposed rate is near the 75th percentile if both compensation and sign-on bonus are included, and below the 75th percentile if only compensation is included. The high cost of living in Marin County and the qualifications of Dr. Katics are consistent with positions at this payment and benchmark level.

Medical Directorship/Coverage/Staffing Compensation
MGH proposes to engage Dr. Katics to provide approximately 0.4 FTE to program direction and administration of the MGH palliative care program. The proposed payment rate is $150 per hour for up to $110,400 annually, or approximately 736 hours per year. The proposed hourly payment rate is at the median and 75th percentile benchmarks for hourly payments in MD Ranger whereas

the annual number of hours and maximum annual payment are just under the 90th percentile benchmark for hospice/palliative care services. The range in benchmarks and annual payments reflect the broad range of palliative care programs across the country.

Marin County has an estimated 19.6% over the age of 65, more than 30% higher than the U.S. average of 14.9%. 47% of hospital discharges are Medicare. It has the highest average age of any California county.

Palliative care programs range from programs with part-time, very limited physician services to hospitals with multiple physicians in full time roles. MGH has a very active and growing palliative care program with a significant potential for services in-house and in the community. Further development of the program will provide a community benefit, particularly with a physician who is charged with building liaisons with local hospice and home care agencies, medical practices and assisted living, skilled nursing and other elder care organizations. The proposed number of hours and 40% FTE commitment is commercially reasonable and within fair market value for the anticipated scope of the program.

The recruitment package includes $30,000 for unspecified benefits. The only readily available published benchmark is for retirement benefits, which have an MGMA median of $21,907. Other benefits typically offered by medical groups to employed physicians include health insurance, dental, vision, and disability insurance, in addition to other support services. The value of these benefits per employed physician generally exceeds $10,000 per physician.

In conclusion, the proposed terms of the contracts for recruitment and professional services when viewed individually and in total, is not in excess of fair market value, based on the scope of services to be provided and an analysis of market rates for the compensation terms reported. Furthermore, it is commercially reasonable to pay for the proposed expenses associated with this recruitment and for the program director services for the MGH palliative care program.

MARIN HEALTH CARE DISTRICT
PHYSICIAN TRANSACTIONS AND ARRANGEMENTS POLICY
PALLIATIVE CARE CLINIC SERVICES

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 Hospital Board since the matter involves physician recruitment incentives
  - ☐ 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

Tab 6

The Right Care, Right Where You Live

Whether you're looking for a family physician or a specialist, there's no need to leave Marin to find an excellent doctor. We've made every effort to attract top-notch physicians to the Marin Healthcare District Medical Care Centers, so our community has easy access to a full range of quality care. All offices are administered and maintained by the District, for the benefit of the people of Marin.

Marin Healthcare District Medical Care Centers: Now Accepting Patients!

Primary Care

Marin Internal Medicine
North Marin Internal Medicine
San Rafael Medical Center
Tamalpais Internal Medicine
West Marin Medical Center

Specialty Care

Cardiovascular Center of Marin
Marin Endocrine Center
North Bay Urology
Sirona Vascular Center

FIND A DOCTOR

- Call **1-415-275-3388**
- Go to **marinhealthcare.org** and click on **Find a Doctor**

NEED INSURANCE?

If you are looking for affordable insurance, you can get started at:

AffordableCareCalifornia.org

Marin Healthcare District
Medical Care Centers

100B Drake's Landing Road, Suite 250
Greenbrae, CA 94904

Marin Healthcare District

Marin Healthcare District

2015 ANNUAL REPORT

DISTRICT HEALTH NEWS

Marin Healthcare District. Creating a Healthier Marin Together.

WINTER 2016

An Open Letter from the Board of Directors

Dear Fellow Citizen of Marin,
The Marin Healthcare District (formerly known as Marin Hospital District) was founded in 1945, to build a local hospital and meet the needs of what was then a very rural community. While much of our community is no longer rural, our overarching mission remains the same – to foster the health and wellbeing of the people of Marin. We do this by:

- Making policy decisions regarding healthcare-related issues
- Raising funds to help subsidize our community hospital and healthcare services
- Enabling access to key healthcare resources, including primary and specialty care
- Supporting physician recruitment
- Overseeing the hospital's appointed Board of Directors, its growth and advancement. (Hospital administration and operations are overseen by the Marin General Hospital Board of Directors)
- Rebuilding Marin General Hopsital into a state-of-the-art facility to ensure continued access to high quality hospital services

The Marin Healthcare District, which encompasses all of Marin with the exception of Novato, is a state-chartered agency that is fully accountable to the voters and residents we serve.

In order for the Marin Healthcare District to understand and address Marin's healthcare needs, we must foster transparency and open communication with the community. To this end, we hold open meetings so community members can ask questions and share concerns. Information on upcoming public meetings is posted on our website, **www.marinhealthcare.org**.

In addition to the latest information on District meetings, the site contains financial reports, our latest news, and a health education center with quizzes, videos and wellness tips. There are also links to local physician offices, and a find a doctor tool so you can get connected with the physician that's right for you.

We hope you will visit our site, come to a public meeting, and share your thoughts on ways we can work together to improve healthcare in Marin.

Harris "Hank" Simmonds, MD
Chair

Ann Sparkman, JD, BSN
Vice-Chair

Jennifer Rienks, PhD
Secretary

signatures to come

Larry Bedard, MD
Director

Jennifer Hershon, RN, MSN
Director

Board of Directors:

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Officers:

Lee Domanico
Chief Executive Officer

Jon Friedenberg
Chief Administrative Officer

Jim McManus
Chief Financial Officer

MGH 2.0: THE EXCITEMENT IS BUILDING!

New Hospital Funding Update and Progress Report

In November of 2013, voters in the Marin Healthcare District authorized $394M in General Obligation (GO) Bonds to construct a new hospital building (MGH 2.0) that will comply with latest seismic safety requirements. The District issued $170M of those bonds in November of 2015, receiving a credit rating of Aa2 from Moody's in October 2015, with an effective interest rate of 3.83 percent.

Recently, six community members were appointed by the District Board to the Bond Oversight Committee, which will monitor the use of funds from bond proceeds. The committee's role is to represent, advocate and promote the interest of District taxpayers and keep the public informed about the allocation of funds. Committee meetings will be held quarterly for the duration of the project, approximately four years. We take stewardship of these funds very seriously, and we are accountable for every dollar spent. We are confident that both our team and our processes ensure the money is spent efficiently and carefully to enhance healthcare services for the residents of Marin.

Committee Members:

Steven Dely

Jonathan Frieman, JD

Leslie Lava

George Lula

Jeffrey Tsai

Paul Violich

Meetings are open to the public. Details can be found at www.marinhealthcare.org/meeting

Project Expenditures to Date

Total expenditures for the MGH 2.0 project as of December 31, 2015 are noted as follows:

- Expenditures to date: $49.6M
- 2015 Fiscal Year Expenditures: $34.3M
  - $33.6M came from bonds
  - $22.3M for construction expenses related to the new towers for MGH 2.0
  - $11.3M for expenses related to the new parking garage

COMING SOON!

June – The new parking lot will be completed

July – Ground breaking for the new hospital towers

For updates and information visit: www.mgh2.org

New Main Entrance

Putting Behavioral Health at the Top of the Agenda

In the past, Marin Healthcare District community health grants have gone to a variety of worthy community organizations with a track record of making a real difference. Whereas last year's grants targeted a combination of senior and mental health programs, over the next two years, the District has decided to focus specifically on mental health services at Marin General Hospital. We will be awarding the hospital $200,000 per year to improve mental health services for county residents and reduce mental health related emergency care and hospitalizations. As the only provider of inpatient psychiatric care in Marin County, Marin General Hospital is in a unique position to build a high-quality, comprehensive behavioral health program for the community. This means tackling several pressing issues:

- A high turnover rate for psychiatrists in the hospital's behavioral health program due to an outdated and impractical coverage model.
- Lack of access to mental health care for low-income patients. Few psychiatrists currently take insurance and most people simply cannot afford to pay the typical $300 - $400 rate per visit.
- Primary care physicians handling mental health needs due to the high cost and lack of available psychiatric care.

The Marin Healthcare District will be helping to fund the implementation of a new model for the behavioral health program at Marin General Hospital. Our goals are to stabilize inpatient services, expand intensive outpatient services, and empower the hospital to recruit and retain excellent psychiatrists. In order to provide the community with access to psychiatrists who take insurance, we will either fund the opening of a new Marin Healthcare District Medical Care Center (see list of current locations on back) or place psychiatrists in some of our existing centers. In addition, we will be supporting the creation of much-needed substance abuse and adolescent programs.

Marin Healthcare District Community Health Grants for 2015

In November of 2015, the Marin Healthcare District Board awarded $200,000 in community health grants to six local community organizations.

Organization	Project Title	Grant Amount
Marin Villages	Transition to Home	$20,000
Jewish Family and Children's Services	Seniors at Home: Aging in Place	$50,000
LITA (Love is the Answer)	Volunteer Recruitment and Placement Program	$10,000
Canal Alliance	Behavioral Health Program for Low-Income Latino Immigrants	$50,000
Marin Senior Coordinating Council (Whistlestop)	Jackson Café: Healthy Aging Through Access to Proper Nutrition	$20,000
West Marin Senior Services	Rural West Marin Senior Programs	$50,000

For 2016 and 2017 grant funds have been committed to Marin General Hospital for mental health services. More information about the Marin Healthcare District Community Health Grant Program can be found at www.marinhealthcare.org/grants.