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, DECEMBER 13, 2016

6:00 pm: Closed Session
6:30 pm: Special Open Meeting / Board Study Session
7:00 pm: Regular Open Meeting

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

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

AGENDA Tab #

6:00 PM: CLOSED SESSION

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 minutes of previous Closed Session (action) — Simmonds
   b. Conference with Legal Counsel – Existing litigation (Government Code Section 54956.9(d)(1): Alameda Superior Court, Case No. RG14726252) — Coffey
   c. Discussion involving trade secrets pursuant to Health & Safety Code Section 32106 concerning new programs, services or facilities (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.
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TUESDAY, DECEMBER 13, 2016

6:00 pm: Closed Session
6:30 pm: Special Open Meeting / Board Study Session
7:00 pm: Regular Open Meeting

AGENDA		Tab #
6:30 PM: SPECIAL OPEN MEETING / BOARD STUDY SESSION		
1. Call to Order and Roll Call	Simmonds	
2. General Public Comment *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.*	Simmonds	
3. Update on Hospital Replacement Project "MGH 2.0"	Coss	#1
4. Adjournment of Special Open Meeting / Board Study Session	Simmonds	
7:00 PM: REGULAR MEETING		
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 Regular Meeting of November 22, 2016 (action)	Simmonds	#2
5. Oath of Office for Board Members Appointed In-Lieu of Election: Dr. Harris Simmonds, Ann Sparkman (action)	Coffey	
6. Approval of sublease of office space/services at Sonoma Valley Hospital Medical Office and Outpatient Radiology for Dr. Harry Neuwirth, Urology (action)	Domanico	#3
7. Approve Terms of Professional Services Agreement for the services of Michael Chase, MD (action)	Domanico	#4

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TUESDAY, DECEMBER 13, 2016

6:00 pm: Closed Session
6:30 pm: Special Open Meeting / Board Study Session
7:00 pm: Regular Open Meeting

8. Approve Terms of Professional Services Agreement for the services of J. Timothy Murphy, MD (action)	Domanico	#5
9. CMS Reporting Changes 2017 (action)	Domanico	#6
10. 2017-19 Community Health Needs Assessment and Work Plan	Maites	#7
11. Committee Meeting Reports		
a. MHD Lease and Building Committee	Sparkman	
b. MHD Finance and Audit Committee (met Nov. 29)	Hershon	
(1) Approve MHD Operating Budget for FY 2017 (action)		#8
(2) Approve MHD 1206(b) Clinics Budget for FY 2017 (action)		#9
(3) Approve the appointment of Moss Adams as Independent Auditors for MHD for 2016 (action)		#10
12. Reports		
a. District CEO's Report	Domanico	
b. Hospital CEO's Report	Domanico	
c. Chair's Report	Simmonds	
d. Board Members' Reports	All	
13. Agenda Items Suggested for Future Meetings	All	
14. Adjournment of Regular Meeting	Simmonds	

Next Regular Meeting: Tuesday, January 12, 2017, 7:00 p.m.

A copy of the agenda for the Regular Meeting will be posted and distributed at least 72 hours prior to the meeting.
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Tab 1

MGH 2.0

Marin Healthcare District

December 13, 2016

- Safety
- Status Report
- Hospital
  - Progress Update
  - Schedule
- West Wing Make Ready
  - Progress Update
  - Schedule Update
- Questions

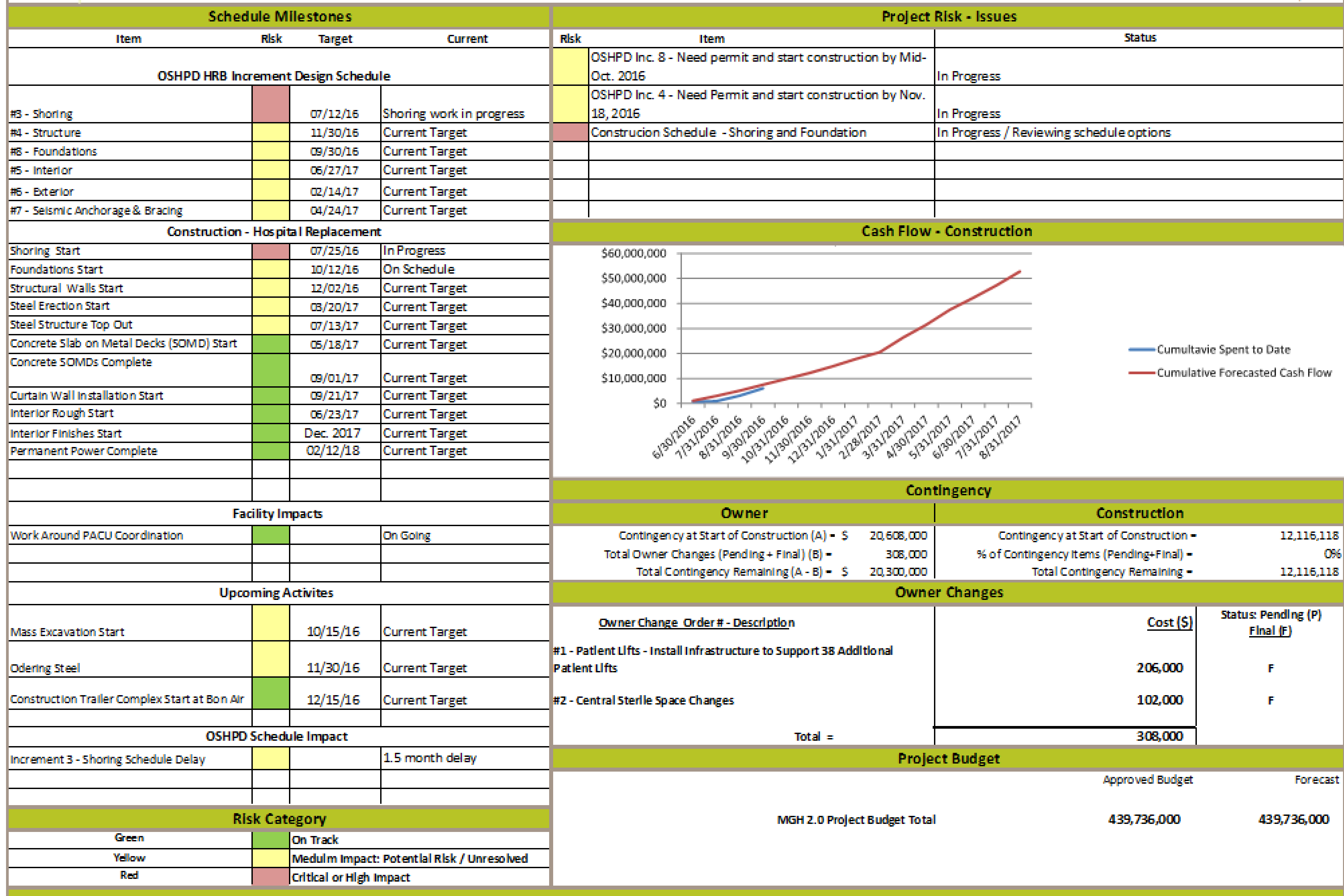
Safety

MGH 2.0 Safety Record as of 6/30/16

Project	Total Work Hours	Safety Incidents
Parking Structure	60,000	1
West Wing Make Ready	45,416	0
Hospital	12,000	0
Total:	**117,416 Hours**	**1 Incident**

MARIN GENERAL HOSPITAL

Status Report Hospital



MGH 2.0 For Marin's Good Health

MGH 2.0 New Hospital Replacement (HRB) Project Status Report

For Discussion Only

October 4, 2016

Schedule Milestones

Item	Risk	Target	Current
OSHPD HRB Increment Design Schedule			
#3 - Shoring	Red	07/12/16	Shoring work in progress
#4 - Structure	Yellow	11/30/16	Current Target
#8 - Foundations	Yellow	09/30/16	Current Target
#5 - Interior	Yellow	06/27/17	Current Target
#6 - Exterior	Yellow	02/14/17	Current Target
#7 - Seismic Anchorage & Bracing	Yellow	04/24/17	Current Target
Construction - Hospital Replacement			
Shoring Start	Red	07/25/16	In Progress
Foundations Start	Yellow	10/12/16	On Schedule
Structural Walls Start	Yellow	12/02/16	Current Target
Steel Erection Start	Yellow	03/20/17	Current Target
Steel Structure Top Out	Yellow	07/13/17	Current Target
Concrete Slab on Metal Decks (SOMD) Start	Green	05/18/17	Current Target
Concrete SOMDs Complete	Green	09/01/17	Current Target
Curtain Wall Installation Start	Green	09/21/17	Current Target
Interior Rough Start	Green	06/23/17	Current Target
Interior Finishes Start	Green	Dec. 2017	Current Target
Permanent Power Complete	Green	02/12/18	Current Target
Facility Impacts			
Work Around PACU Coordination	Green		On Going
Upcoming Activites			
Mass Excavation Start	Yellow	10/15/16	Current Target
Odering Steel	Yellow	11/30/16	Current Target
Construction Trailer Complex Start at Bon Air	Green	12/15/16	Current Target
OSHPD Schedule Impact			
Increment 3 - Shoring Schedule Delay	Yellow		1.5 month delay

Risk Category

Green		On Track
Yellow		Medium Impact: Potential Risk / Unresolved
Red		Critical or High Impact

Project Risk - Issues

Risk	Item	Status
Yellow	OSHPD Inc. 8 - Need permit and start construction by Mid-Oct. 2016	In Progress
Yellow	OSHPD Inc. 4 - Need Permit and start construction by Nov. 18, 2016	In Progress
Red	Construcion Schedule - Shoring and Foundation	In Progress / Reviewing schedule options

Cash Flow - Construction

Contingency

Owner		Construction	
Contingency at Start of Construction (A) =	$ 20,608,000	Contingency at Start of Construction =	12,116,118
Total Owner Changes (Pending + Final) (B) =	308,000	% of Contingency Items (Pending+Final) =	0%
Total Contingency Remaining (A - B) =	$ 20,300,000	Total Contingency Remaining =	12,116,118

Owner Changes

Owner Change Order # - Description	Cost ($)	Status: Pending (P) Final (F)
#1 - Patient Lifts - Install Infrastructure to Support 38 Additional Patient Lifts	206,000	F
#2 - Central Sterile Space Changes	102,000	F
Total =	308,000	

Project Budget

	Approved Budget	Forecast
MGH 2.0 Project Budget Total	439,736,000	439,736,000

Schedule Milestones

Schedule Milestones			
Item	Risk	Target	Current
OSHPD HRB Increment Design Schedule			
#3 - Shoring		07/12/16	Shoring work in progress
#4 - Structure		11/30/16	Current Target
#8 - Foundations		09/30/16	Current Target
#5 - Interior		06/27/17	Current Target
#6 - Exterior		02/14/17	Current Target
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Interior Rough Start		06/23/17	Current Target
Interior Finishes Start		Dec. 2017	Current Target
Permanent Power Complete		02/12/18	Current Target

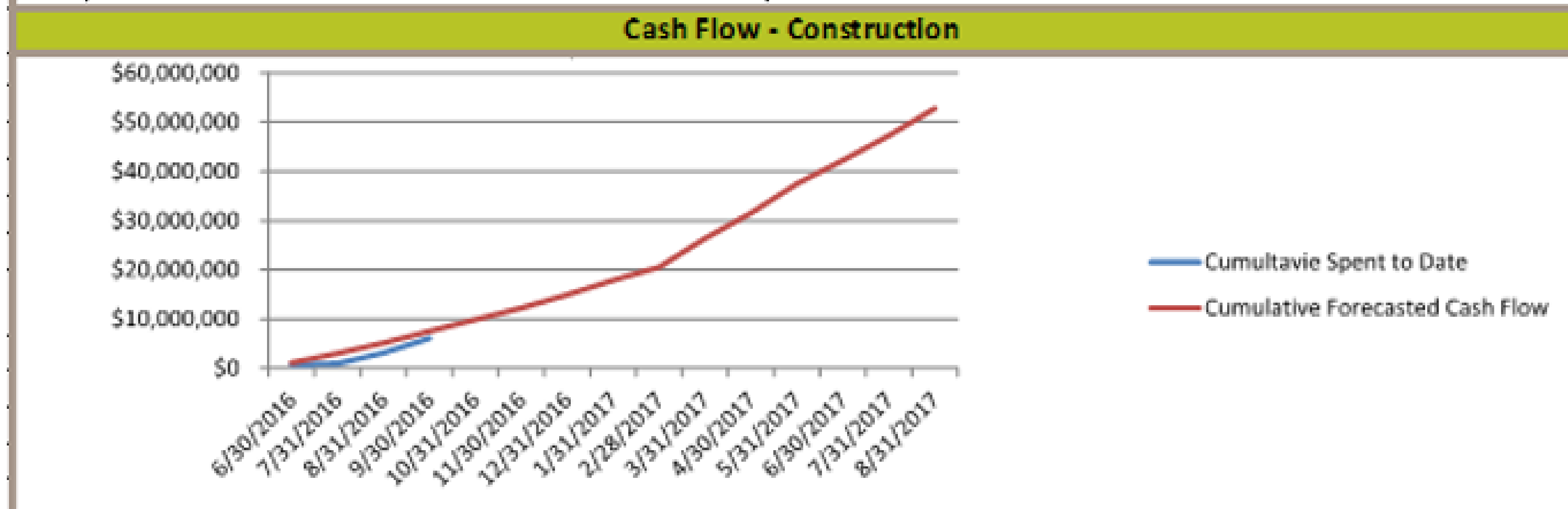
Facility Impacts			
Work Around PACU Coordination			On Going
Upcoming Activites			
Mass Excavation Start		10/15/16	Current Target
Odering Steel		11/30/16	Current Target
Construction Trailer Complex Start at Bon Air		12/15/16	Current Target
OSHPD Schedule Impact			
Increment 3 - Shoring Schedule Delay			1.5 month delay

Risk Category		
Green		On Track
Yellow		Medium Impact: Potential Risk / Unresolved
Red		Critical or High Impact

MARIN GENERAL HOSPITAL

Project Risk and Cash Flow

Project Risk - Issues		
Risk	Item	Status
	OSHPD Inc. 8 - Need permit and start construction by Mid-Oct. 2016	In Progress
	OSHPD Inc. 4 - Need Permit and start construction by Nov. 18, 2016	In Progress
	Construcion Schedule - Shoring and Foundation	In Progress / Reviewing schedule options



MARIN GENERAL HOSPITAL

Contingency, Owner Changes & Project Budget

Contingency			
Owner		**Construction**	
Contingency at Start of Construction (A) = $	20,608,000	Contingency at Start of Construction =	12,116,118
Total Owner Changes (Pending + Final) (B) =	308,000	% of Contingency Items (Pending+Final) =	0%
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Owner Changes		
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Total =	308,000	

Project Budget		
	Approved Budget	Forecast
MGH 2.0 Project Budget Total	439,736,000	439,736,000

MARIN GENERAL HOSPITAL

Hospital

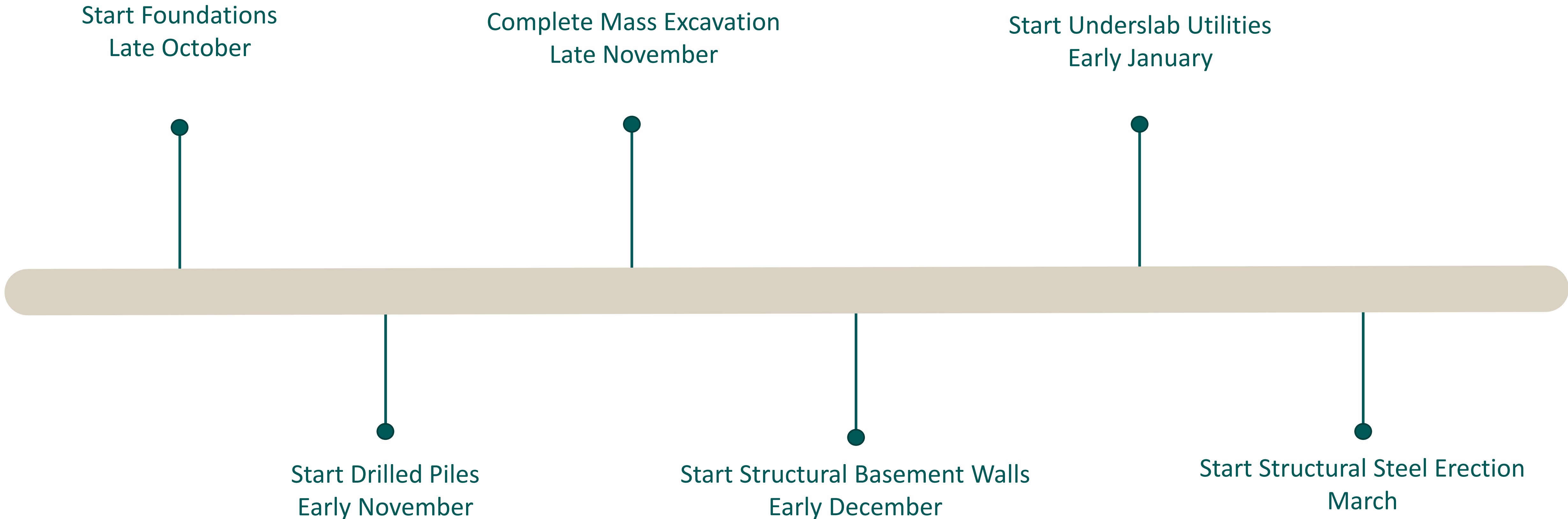
Mass Excavation Off Haul

Site Progress Panoramic View

Bedrock Elevation Investigations

Drilled Pier Cage Placing

Hospital Upcoming Activities



MARIN GENERAL HOSPITAL

West Wing Make Ready – Shrink Wrapped

Ground Floor Rebar for Grade Beam

West Wing Grade Beam Concrete Pour

West Wing Basement Tunnel

Make Ready Upcoming Activities

Basement Tunnel Foundation Complete
Early-November

Basement Tunnel Wall Placement Complete
Mid November

Backfill Basement Tunnel
Late-November

Frame Exterior Walls
Mid-December

Structural Steep Top Out
Late-December

MARIN GENERAL HOSPITAL

Questions

Tab 2

MARIN HEALTHCARE DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING
Tuesday, November 22, 2016
Marin General Hospital, Conference Center

MINUTES

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1. **Call to Order and Roll Call**
Chair Simmonds called the Regular Meeting to order at 7:02 pm.

Board Members Present: Chair Harris Simmonds, MD; Vice Chair Ann Sparkman; Director Larry Bedard, MD; Director Jennifer Hershon
Board Member Remote via Teleconference: Secretary Jennifer Rienks
Staff Present: Lee Domanico, CEO; Jon Friedenberg, CAO; James McManus, CFO; Linda Lang, CHRO; Colin Coffey, District Counsel; Louis Weiner, Executive Assistant

Chair Simmonds reported that in the Closed Session of the Board at 6:00 this evening no reportable action was taken.

2. **General Public Comment**
No comments from the public were made.

3. **Approval of Agenda**
Vice Chair Sparkman moved to approve the agenda as submitted. Director Hershon seconded. Vote: all ayes.

4. **Approval of Minutes**
Secretary Rienks moved to approve the minutes of the Regular Meeting of October 18, 2016, as submitted. Director Hershon seconded. Vote: all ayes.

5. **Approve Q2 2016 MGH Performance Metrics and Core Services Quarterly Report**
Mr. Domanico presented the report and noted that all Tier 1 and Tier 2 metrics are compliant.

Schedule 2: Finances – Financial measures and loan ratios continue to trend positive.
Schedule 3: Clinical Quality Metrics – Secretary Rienks requested opportunities to view these metrics as soon as they are available. Mr. Domanico explained that when the MGH Board of Directors reviews and approves them, the MHD Board may inspect them immediately thereafter before being formally presented to the MHD Board. Director Hershon noted that some metrics shown are not recent; Mr. Domanico explained that they are the most current that CMS provides.
Schedule 5: Nursing Turnover – Ms. Lang remarked that the nursing contract settlement had an effect on the turnover rate. Exit interviews are now normal procedure. New nursing grads are being hired.

Schedule 1: HCAHPS – The schedule in the report shows data through Q2. Mr. Friedenberg presented Q3 data showing favorable increases in all nearly all metrics, attributable mostly to the MD/RN Rounding Initiative begun in Q1 2016. Q3 is the first quarter that reflects patient responses since the initiative's inception. He stressed that several components work together for increased patient satisfaction – including physicians and nurses rounding together, improved Environmental Services leadership and staff engagement, unit staff support – and the program has grown from a pilot program to standard practice. The initiative has gained support and is being embraced in all clinical areas.

Vice Chair Sparkman moved to approve the Report as submitted. Secretary Rienks seconded. Vote: all ayes.

6. **Committee Reports**

a. *MHD Finance and Audit Committee (did not meet in October)*
Director Hershon reported that the Committee did not meet in October.

b. *MHD Lease & Building Committee (met on Nov. 16)*
Vice Chair Sparkman reported that the Committee met in Special Study Session of the Board on Nov. 16. The sole topic was further discussion of MHD Resolution #2016-06 regarding clinical use of cannabis for inpatients. Mr. Friedenberg reported that legal issues are primary and that work is proceeding to secure outside expert counsel; contacts have been made with two firms and proposals have been requested; when received, Counsel Coffey will assist in evaluating and recommending. MGH's clinical issues are being considered by the Medical Executive Committee (MEC), and which may include a Continuing Medical Education (CME) program for physicians. Secretary Rienks suggested considering a MHD-supported educational program for the community. Director Bedard added further comments on the clinical effectiveness of cannabis and its increasing public support.

c. *MHD/MGH Joint Nominating Committee (met on Nov. 10)*
Mr. Domanico reported that for the one vacancy on the MGH Board of Directors, two finalists were interviewed at the Committee meeting on Nov. 10, and Mr. Joseph Euphrat was voted on unanimously. He currently serves as a community member on the MGH Finance Committee. His nomination will be presented to the MGH Board at their first 2017 meeting, and then forwarded if approved to the MHD Board.

d. *MHD Citizens' Bond Oversight Committee (met on Nov. 16)*
Mr. McManus reported that the Committee met, without a quorum, on Nov. 16. He presented (Tab 3) the "Annual Report of Sources and Uses of Marin Healthcare District General Obligation (GO) Bonds." This is a required annual report, to be filed by January 1 of each year. The first issuance was $170MM in Nov. 2015, and to date $73.4MM has been spent. This independent oversight committee meets quarterly, and at its Nov. 16 meeting expressed satisfaction with the performance of the uses of the bonds; there were questions asked and answered regarding requisitions and payments. They have full

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review of pertinent bank documents. The next issuance of GO bonds will be in November 2017.

7. **Reports**

a. *District CEO's Report:*
MGH 2.0 is on schedule and on budget. The project is aided strategically by a strong fiscal advisor, Mr. Michael Hammond. OSHPD approvals had lagged slightly and are now catching up; the construction team has a strong positive working relationship with the OSHPD team. The MHD 1206(b) clinics continue to grow and prosper.

b. *Hospital CEO's Report:*
Mr. Domanico reported that strong financial performance continues into the 4th quarter, and such a continuing trend will support long-term financing and increasingly strong balance sheets. The Paragon IT System is undergoing a third-party review, with McKesson bringing in an onsite team to work to meet the level of acceptability to physicians and staff. The Relationship-based Care Program has now trained 60 nurses and caregivers in 3-day workshops, and has garnered unanimous acclaim by participants; self-governing nurse councils are being formed, and the program will continue through 18 months toward "Re-igniting the Spirit of Caring." MGH received "Healthiest Place to Work in the Bay Area" award and distinction, based upon the employee wellness programs in place. "Ouchless Emergency" is in operation for pediatric Emergency care. MGH Foundation fundraising is proceeding strongly; the employee giving campaign has begun, with a goal of 100% participation. MGH concussion program in schools stresses importance of prevention, assessment and management. Infection prevention and control is helped greatly by "R2Clean2," a new sterilizer robot in the ORs; and hand hygiene is now monitored electronically by each clinical worker wearing a badge that senses swiping in/out of patient rooms.

c. *Chair's Report:*
Chair Simmonds had nothing further to report.

d. *Board Members' Reports:*
Secretary Rienks commended a recent film documentary, "Who Wants to Live Forever: The Wisdom of Aging." She inquired about the status of the perinatal social worker function at MGH; Mr. Domanico will research and follow up.
Dr. Bedard attended the Hospice by the Bay annual event.
Director Hershon attended an event by GAIA: Global AIDS Interfaith Alliance, suggesting it for agenda consideration at the MHD Board Annual Retreat (date TBA).

8. **Agenda Suggestions for Future Meetings**
None submitted.

9. **Adjournment**
Chair Simmonds adjourned the meeting at 8:02 pm.

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Tab 3

Creating a healthier Marin together.

TO: MHD Board of Directors

FROM: Lee Domanico

RE: Recommendation for Approval of sublease of office space/services at Sonoma Valley Hospital Medical Office and Outpatient Radiology located at 651 1st Street West, Sonoma, CA 95476 (for Dr. Harry Neuwirth, Urology)

DATE: December 13, 2016

MHD desired to establish outpatient urology services clinics (collectively, the "Clinic"). The District contracts with PHD Urology, Inc. ("Medical Group") for Harry Neuwirth, M.D., a physician duly licensed to practice medicine by the State of California, and practicing in Marin County and Sonoma, California, with a subspecialty in urology to provide professional services in its Clinics ("Physician"). The contractual agreement between MHD and Medical Group stipulates that MHD shall make available for use facilities that are reasonable and necessary, in the light of the scope of services to be provided, the volume of patients to be served and the hours of operation thereof, for the operation of Clinic at mutually agreed upon locations including Sonoma, California.

Sonoma Valley Hospital ("SVH") agrees to sublease portions of professional medical office space at Sonoma Valley Hospital Medical Office and Outpatient Radiology located at 651 1st Street West, Sonoma, CA 95476, to MHD for Physician to provide outpatient medical services to patients approximately four (4) half days per month. SVH shall provide certain support staff employed by Sonoma Valley Health Care District to support the Clinic operated by MHD in Sonoma Valley Hospital Medical Office and Outpatient Radiology.

Background

Because the Transaction involves the provision of services outside District boundaries, prudent compliance practice suggests that District Board approval be obtained.

Requested Action and Findings by the Board

Motion based on management's recommendation: "To approve the terms of the sublease of space at 651 1st Street West, Sonoma, CA 95476 from SVH, as presented in the Transaction Summary before the Board, along with the following findings:

- The proposed sublease arrangement is necessary to assist the District in extending the offering of urology specialist services, provided by Dr. Neuwirth, to the adjacent communities served by SVH. MHD desires to further its strategic affiliation with SVH. There is a demand or need in the community for an additional physician with experience in this specialty to provide services in order to ensure the

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Greenbrae, CA 94904

office 415-464-2090
fax 415-464-2094

continued availability of urology care to patients of MHD and MGH, as well as Sonoma Valley Hospital.

- The sublease rate charged by SVH for medical office space and shared support services is within the fair market range of reasonable rent per square foot in the Sonoma submarket based on the review of Jones Lang LaSalle, independent real estate appraisal consultants."

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TRANSACTION SUMMARY
PHYSICIAN TRANSACTIONS AND ARRANGEMENTS

Approval of Clinic Practice Site in Sonoma for Urology Services.

SUBLEASE AGREEMENT
SONOMA VALLEY HEALTHCARE DISTRICT, SONOMA

MARIN HEALTHCARE DISTRICT 1206(b) CLINIC
FOR UROLOGY (HARRY NEUWIRTH, M.D.)

The following are the proposed terms for the sublease from Sonoma Valley Healthcare District, to let office space at 651 1st Street West, Sonoma, California, for providing a site in Sonoma for MHD's 1206(b) clinic specializing in Urology.

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

Marin Healthcare District ("MHD")
Sonoma Valley Healthcare District, Sonoma ("SVH")

B. Purpose/Reasons to Pursue the Arrangement
Describe how the arrangement meets a community need.

MHD operates a 1206(b) clinic (the "Clinic") which specializes in the provision of urology services to patients residing in the service area. MHD desires to contract with SVH in order to extend the offering of urology specialist services, provided by Dr. Neuwirth, to the adjacent communities served by SVH. MHD desires to further its strategic affiliation with SVH. There is a demand or need in the community for an additional physician with experience in this specialty to provide services in order to ensure the continued availability of urology care to patients of MHD and MGH, as well as Sonoma Valley Hospital.

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

This is an existing arrangement.

C. <u>Terms of the Agreement</u>

1. <u>Agreement:</u>

   MHD will sublease from SVH a portion of the premises of Suite K at 651 1st Street West, Sonoma, CA.

2. <u>Term of Agreement</u>:

   One (1) year.

3. Financial Terms:

Under the Sublease, MHD will pay $834.75 per month to SVH for providing part-time use of two (2) exam rooms, physician office space, non-exclusive use of the waiting room and the hallways to the two exam rooms (the "Sublease Premises"), and the non-exclusive use of the receptionist and other non-clinical support staff, and basic supplies (gloves, wipes, masks, etc.) for use in seeing patients during the period of use of the Sublease Premises (the "Rent"). Use of Sublease Premises shall take place only between the hours of 9:00 A.M. Pacific Time and 1:00 P.M. Pacific Time approximately four (4) half days per month or every Monday during the term of the Sublease. The Rent covers both MHD's sublease of the premises and the leasing of SVH's staff and personnel.

4. Community Benefit/Need.

No alternative explored by management presents a better arrangement to ensure meeting the need in the adjacent county of Sonoma for a physician specializing in urology. The placement of Dr. Neuwirth in Sonoma will benefit the residents of the MHD by growing the Clinic practice generally creating additional volume and efficiencies that come with it for the Marin based Clinic overall practice.

5. Fair Market Value Analysis.

The sublease price per square foot for $834.75 is within the fair market range of the fair market value data that was provided, as of July 20, 2014, by Jones Lang LaSalle, independent real estate appraisal consultants for the District and Hospital. Their findings indicate that the proposed sublease between the Marin Healthcare District and Sonoma Valley Healthcare District as summarized in this transaction summary is within fair market value, based on the location and size of the Sublease Premises and the scope of services to be provided and the proposed terms of the sublease.

Tab 4

Creating a healthier Marin together.

To: MHD Finance & Audit Committee
From: Lee Domanico
Re: Recommendation for Approval of terms of Professional Services Agreement for the services of Michael Chase, M.D.
Date: November 29, 2016

Marin Healthcare District ("District") proposes to engage Dr. Michael Chase, M.D. ("Dr. Chase"), a community physician with an established practice in Marin and San Francisco that includes a nurse practitioner and an access fee practice model of care, to relocate his practice in a District Clinic. The District has identified a community need for primary care physicians in the service area and seeks physicians to meet that need as part of its mission to address comprehensive care for the patients it serves. Dr. Chase owns and operates a practice at 2 Bon Air Road, Suite 150, Greenbrae, California in which the specialized medical services of internal medicine are provided to residents of the community. Dr. Chase plans to consolidate his practice into a District Clinic in Marin County at the 2 Bon Air site which will include transitioning to District electronic health records and management. The current practice has an access fee program. The landscape for primary care services has continued to evolve with many organizations incorporating an "access fee" for patients. This model provides additional levels of service and offerings to patients that are non-billable to insurance. This approach will continue under this arrangement.

Dr. Chase shall provide services at the Clinic on a 0.625 FTE basis, working no less than 20 clinical hours per week for the first two months of the agreement, and on a 0.75 FTE basis working no less than 24 clinical hours per week, 46 weeks per year, for the remainder of the two year contract.

Background

This Fair Market Value Report on the arrangement indicates that the proposed compensation arrangement is commercially reasonable. The estimated maximum compensation Dr. Chase could receive in the first year falls slightly above the 75th but well below the 90th percentile in total annual compensation based on the estimated full time equivalent of all components of the compensation package. Transaction compensation exceeds FMV guidelines which recognize the 75th percentile as the FMV cap, and needs specific consideration of compensation and approval by the District's Finance & Audit Committee and Board of Directors.

Requested Action and Findings by the Finance & Audit Committee

Motion based on management's recommendation: "To approve the terms of the Professional Services Agreement with Dr. Michael Chase, as presented in the Transaction Summary before the Finance & Audit Committee, along with the following findings:

- The proposed two year compensation necessary to assist the District to attract a qualified primary care physician to practice in the communities served by the District and MGH assuring the continued availability of a physician specializing in internal medicine for patients in order to ensure the health and welfare of the residents of these communities, consists of the following:
  1. Base EMR transition guarantee of $11,500 per month for the six month period (annual equivalent of $138,000) starting from the onset of the implementation of Allscripts EMR to compensate Physician for potential lack of productivity during the period of transition from paper to electronic records, at accrual rate as follows:

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    a. Up to and including 192 wRVUs/month (base)
    b. In excess of 192 wRVUs/month, additional $60.00/wRVU
2. Straight Productivity Compensation formula thereafter:
    a. $60.00 per wRVU for the first 4,600 units in contract year, prorated for partial years; and
    b. $65.00 per wRVU for units above 4,600 in contract year, prorated for partial years.
3. The following benefits package per 12 month contract period:
    a. $40,000 for benefits;
    b. $1,500 for CME; and
    c. $2,000 for license fees, DEA fees, and medical staff dues.
4. Access Fee: 50% of actual fees paid, with a first twelve month guarantee of $6,265 per month ($75,175 total guarantee).
5. An additional one-time $25,000 signing bonus.
6. $10,000 annually for supervision of nurse practitioner ("NP")
7. Citizenship Incentive Bonus of up to $3,800 annually.

- The limited guarantee, straight productivity compensation, benefits amounts, access fee, NP supervision fee, signing bonus and the incentives offered to retain the physician's services in these communities is above the fair market range of compensation and incentives based on the review of Cattaneo & Stroud, dated November 28, 2016, independent compensation evaluation consultants to the District and MGH. Since Marin County is one of the most expensive counties in the country in which to live, physician recruitment is challenging, and, given the high cost location of the practice, that the physician has over 25 years in practice, and that the guarantees and signing bonus are only for the first year (thereafter the wRVU rate which is below 75th percentile is tied to actual productivity), management recommends approval by the Committee."

TRANSACTION SUMMARY
PHYSICIAN TRANSACTIONS AND ARRANGEMENTS

PROFESSIONAL SERVICES AGREEMENT
DR. MICHAEL CHASE

MARIN HEALTHCARE DISTRICT 1206(b) CLINIC

The following are the proposed terms for the professional services agreement of Dr. Michael Chase, who specializes in Internal Medicine, to relocate his practice at 2 Bon Air Road, Suite 150, Greenbrae, California, in a District Clinic (the "Clinic") and to provide services as a physician.

A. Parties

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

Marin Healthcare District ("MHD")
Dr. Michael Chase, who specializes in Internal Medicine ("Physician")

B. Purpose/Reasons to Pursue the Arrangement

Describe how the arrangement meets a community need.

Dr. Michael Chase, M.D. ("Dr. Chase"), a community physician with an established practice in Marin and San Francisco that includes a nurse practitioner and an access fee practice model of care, shall relocate his practice in a District Clinic. The District has identified a community need for primary care physicians in the service area and seeks physicians to meet that need as part of its mission to address comprehensive care for the patients it serves. Dr. Chase owns and operates a practice at 2 Bon Air Road, Suite 150, Greenbrae, California in which the specialized medical services of internal medicine are provided to residents of the community. Dr. Chase plans to consolidate his practice into a District Clinic in Marin County at the 2 Bon Air site which will include transitioning to District electronic health records and management. There is a demand or need in the communities for additional primary care physicians with experience in the specialty of Internal Medicine in order to ensure the continued availability of primary care to patients of the community served by MHD and MGH.

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

This is a new arrangement.

C. Terms of the Agreement

1. Agreement:

   MHD will contract with the physician, Dr. Michael Chase, under a professional services agreement to provide services at the Clinic on a 0.625 FTE basis, working no less than 20 clinical hours per week for the first two months of the agreement, and on a 0.75 FTE basis working no less than 24 clinical hours per week, 46 weeks per year, the remainder of the two year contract.

2. Term of Agreement:

Compensation Guarantee: **Six (6) months.**
Access Fee Guarantee: Twelve (12) months.
Signing Bonus: Twenty-five Thousand Dollars ($25,000)

3. Financial Terms:

As part of the effort to bring another specialist to the Marin service area and introduce the access fee program model of patient care, MHD proposes the following compensation package: 1) to provide Physician with a annual equivalent of $138,000 base guarantee for six (6) months to offset loss of productivity during EMR transition; 2) all other times, the Physician shall be paid on straight productivity compensation formula as follows: (a) $60.00 per wRVU up to the first 4,600 units; (b) $65.00 per wRVU for units above 4,600; 3) 50% of annual access fee with a guarantee of $6,265 per month for the first 12 months ($75,175) and 50% of any access fee revenue volume over the guarantee; 4) a 12 month fee of $10,000 to supervise nurse practitioner in the practice; 5) a quality and incentive bonus of up to $3,800; 6) the following benefits package per twelve months: (a) $40,000 for benefits, (b) $1500 for CME, and (c) $2,000 for license fees, DEA fees, and medical staff dues; and 7) a one-time signing bonus in a lump sum amount of $25,000.

4. Community Benefit/Need.

The Community Needs Assessment completed in 2013 reflects a current community shortage of primary care physicians. Since the assessment, the community served by the District has decreased a net of three providers: in the last two years Dr. Paul Ogden retired; Dr. Larry Posner retired; Dr. Tang left Prima and joined Sutter in July; Dr. Bartz left Prima and joined UCSF; and Dr. Ullah also left Prima and joined Sutter. No alternative explored by management presents a better arrangement to ensure the continued availability of a physician specializing in Internal Medicine for patients in MHD's service area to provide locally available primary care to the Marin community.

5. Fair Market Value Analysis.

A Fair Market Value Analysis was completed on November 28, 2016, by Cattaneo & Stroud, an independent consultant. Their summary is that the proposed Professional Services Agreement terms between Dr. Chase and the Marin Healthcare District as summarized in this transaction summary is commercially reasonable. It falls slightly above the 75th and well below the 90th percentile but overall extremely close to within the fair market range of compensation and incentives, based on the scope of services to be provided and the proposed terms of the agreement.

The base compensation in the PSA equates to an annual equivalent of $138,000, guaranteed for six months, for an FTE equivalent of 0.625 – 0.75 clinical hours (MHD assumes 32 hours of clinical care for full time status). The Payment Formula is $60 per wRUV up to 4,600, and $65 per wRVU in excess, as accrual and payment rate for the time period not covered by the six month EMR transition guarantee. The sum of all the components in the proposed compensation arrangement results in estimated annual *full time equivalent* compensation of $297,980 to $$334,780, while MGMA indicates the 75th percentile of Internal Medicine Total Physician Compensation for 2016 in the Western States as $322,133 and the 90th percentile as $449,507.

Other components of the proposed compensation, such the per wRVU rate of $60 to $65, fall between the Median ($53.09/wRVU) and 75th ($66.00/wRVU) percentile of MGMA payment benchmarks. After the first year, the proposed wRVU formula is a reasonable rate for ongoing compensation that is tied to actual productivity.

The Analysis reported that the annual Supervision Fee of $10,000 or $833.33 per month falls within the range from $500 to $2000 per month suggested by market research.

The Analysis reported that The Signing Bonus of $25,000 falls within reported market ranges which suggests the average such bonus was $24,037 in 2015.

The Analysis reported that if the access fees ($500/adult, $800/couple, $200 for each additional family member) are viewed as collections, the Access Fee Payment which allocates half of the fees (0.5 ratio) to the Physician fell within benchmarks identified for the ratio of compensation as a percent of collections for primary care, MGMA Median falling at a ratio of 0.589.

The Analysis reported that the Quality and Incentive Bonus of up to $3,800 is well below the threshold of market research which suggests 10% of compensation is average.

The Analysis reported that the Benefits of $40,000 are less than 20% of the estimated FTE compensation, an amount within market rates for highly compensated individuals, including physicians, though the Physician is working part-time. However, it pointed out that health insurance premiums for family coverage are estimated to be $17,500 hence the annual maximum is less than market rates for retirement and health insurance alone.

Since Marin County is one of the most expensive counties in the country in which to live, physician recruitment is challenging, and, given the high cost location of the practice, that the physician has over 25 years in practice, and that the guarantee and signing bonus are only for the first year (thereafter the wRVU rate is tied to actual productivity), Catteneo and Stroud's report indicate that compensation slightly above 75th percentile is justified and commercially reasonable based on the scope of services provided and the proposed terms.

Tab 5

Creating a healthier Marin together.

To: MHD Finance & Audit Committee
From: Lee Domanico
Re: Recommendation for Approval of terms of Professional Services Agreement for the services of J. Timothy Murphy, M.D.
Date: November 29, 2016

Marin Healthcare District ("District") proposes to engage Dr. J. Timothy Murphy, M.D. ("Dr. Murphy"), a community physician with an established practice in Marin that includes a minimum of three part-time allied health professionals and an access fee practice model of care, to relocate his practice in a District Clinic. The District has identified a community need for primary care physicians in the service area and seeks physicians to meet that need as part of its mission to address comprehensive care for the patients it serves. Dr. Murphy owns and operates a practice at 165 Rowland Way, Novato, California in which the specialized medical services of family medicine are provided to residents of the community. The Clinic offers an access fee program which will continue under this arrangement.

Dr. Murphy shall provide services at the Clinic on a 1.0 FTE basis working no less than 24 clinical hours per week, and 8 hours of Medical Directorship per week, 46 weeks per year, for the three year contract.

Background

The Fair Market Value Report on the arrangement indicates that the proposed compensation arrangement falls slightly above the 75th but well below the 90th percentile in total annual compensation based on the estimated full time equivalent of all components of the compensation package. Transaction compensation exceeds FMV guidelines which recognize the 75th percentile as the FMV cap, and needs specific consideration of compensation and approval by the District's Finance & Audit Committee and Board of Directors. Additionally, the total transaction, including all physician compensation as well as proposed provision of wages and benefits allowances for 3.2 FTE Allied Health Professionals, will exceed $500,000, and likewise needs specific consideration and approval by the District's Finance & Audit Committee and Board of Directors

Requested Action and Findings by the Finance & Audit Committee

Motion based on management's recommendation: "To approve the terms of the Professional Services Agreement with Dr. J. Timothy Murphy, as presented in the Transaction Summary before the Finance & Audit Committee, along with the following findings:

- The proposed three year compensation necessary to assist the District to attract a qualified primary care physician to practice in the communities served by the District and MGH assuring the continued availability of a physician specializing in Family medicine for patients in order to ensure the health and welfare of the residents of these communities, consists of the following:

1. Base guarantee of $15,984.83 per month for the first six month to assist with the transition.
2. Straight Productivity Compensation formula thereafter:
    a. $50.00 per wRVU for the first 4,600 units in contract year, prorated for partial years; and
    b. $55.00 per wRVU for units above 4,600 in contract year, prorated for partial years.

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

office 415-464-2090
fax 415-464-2094

3. Administrative Service Leadership of $50,000 per twelve month period services to include development and oversight of an Advanced Practitioner program.
4. Access Fee: minimum guarantee of $40,000 per twelve month period.
5. An additional one-time $25,000 signing bonus.
6. Advanced Practitioners Pass Throughs (estimated 3.2 FTEs; range based on experience and credentials):
   a. Hourly rate of $60-70/hr and benefits allowance for Nurse Practitioners
   b. Hourly rate of $55-65/hr and benefits allowance for Physician Assistants
7. $32,000 Supervision Fee ($10,000 annually per FTE supervision of each allied health practitioner)
8. The following benefits package per 12 month contract period for Physician:
   a. $40,000 for benefits;
   b. $1,500 for CME; and
   c. $2,000 for license fees, DEA fees, and medical staff dues.
7. Quality and Incentive Bonus of up to $3,800 annually.

- The total of the six-month guarantee, straight productivity compensation, administrative leadership payments, access fee, AHP supervision fee, benefits amounts, signing bonus, and the quality incentives offered to retain the physician's services in these communities is above the fair market range of physician compensation and incentives based on the review of Cattaneo & Stroud, dated November 29, 2016, independent compensation evaluation consultants to the District and MGH. Also under consideration are the pass through of AHP hourly wages and benefits allowances, and market rate data indicates that NP rates are within FMV range and PA rates in the mid to upper national range are justified. Moreover, Marin County is one of the most expensive counties in the country in which to live, physician recruitment is challenging, and, given the high cost location of the practice, that the physician has a mature access fee practice, and that the guarantees and signing bonus are only for the first year (thereafter the wRVU rate is tied to actual productivity), management recommends approval of the total transaction by the Committee."

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

415-464-2090
Fax 464-2094

TRANSACTION SUMMARY
PHYSICIAN TRANSACTIONS AND ARRANGEMENTS

PROFESSIONAL SERVICES AGREEMENT
DR. J. TIMOTHY MURPHY

MARIN HEALTHCARE DISTRICT 1206(b) CLINIC

The following are the proposed terms for the professional services agreement of Dr. J. Timothy Murphy, who specializes in Family Medicine, to transition his practice at 165 Rowland Way, Novato, California, to a District Clinic (the "Clinic") and to provide services as a physician. MHD plans to relocate Dr. Murphy to the MGH/MHD medical center space at 75 Rowland Way.

A. Parties

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

Marin Healthcare District ("MHD")
Dr. J. Timothy Murphy, who specializes in Family Medicine ("Physician")

B. Purpose/Reasons to Pursue the Arrangement

Describe how the arrangement meets a community need.

Dr. J. Timothy Murphy, M.D. ("Dr. Murphy"), a community physician with an established practice in Marin that includes allied health practitioners and an access fee practice model of care, shall relocate his practice in a District Clinic. The District has identified a community need for primary care physicians in the service area and seeks physicians to meet that need as part of its mission to address comprehensive care for the patients it serves. Dr. Murphy owns and operates a practice at 165 Rowland Way, Novato, California in which the specialized medical services of family medicine are provided to residents of the community. There is a demand or need in the communities for additional primary care physicians with experience in the specialty of Family Medicine in order to ensure the continued availability of primary care to patients of the community served by MHD and MGH.

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

This is a new arrangement.

C. <u>Terms of the Agreement</u>

1. Agreement:

   MHD will contract with the physician, Dr. Murphy, under a professional services agreement to provide services at the Clinic on a 1.0 FTE basis working no less than 24 clinical hours per week and 8 hours of medical directorship per week, 46 weeks per year, for the three year contract. MHD will also provide hourly wages and benefits allowances for an estimated 3.2 FTE allied health professionals supervised by the Physician.

2. Term of Agreement:

   Compensation Guarantee: Six (6) months.
   Access Fee Guarantee: Three (3) years.
   One-time Signing Bonus: Twenty-five Thousand Dollars ($25,000)

3. Financial Terms:

As part of the effort to maintain a strong primary care presence in the Marin service area and introduce the access fee program model of patient care, MHD proposes to provide Physician with the following compensation: 1) a six month base guarantee of $15,984.83 per month (annual equivalent of $191,818); 2) beyond the guarantee, the Physician shall be paid on a straight productivity compensation formula as follows: (a) $50.00 per wRVU for the first 4,600 units; (b) $55.00 per wRVU for units above 4,600; 3) a Medical Directorship of approximately $50,000 per year; 4) access fee guarantee of $40,000 per year; 5) a one-time signing bonus in a lump sum amount of $25,000; 6) supervision fee of $32,000 ($10,000 per 1.0 FTE allied health practitioner) per 12 months; 7) a benefits package per twelve months of (a) $40,000 for benefits, (b) $1500 for CME, and (c) $2,000 for license fees, DEA fees, and medical staff dues; and 8) a quality and incentive bonus of up to $3,800. MHD also proposes to provide hourly wages and benefits allowances for the AHPs in the Clinic.

4. Community Benefit/Need.

The Community Needs Assessment completed in 2013 reflects a current community shortage of primary care physicians. Since the assessment, the community served by the District has decreased a net of three providers: in the last two years Dr. Paul Ogden retired; Dr. Larry Posner retired; Dr. Tang left Prima and joined Sutter in July; Dr. Bartz left Prima and joined UCSF; and Dr. Ullah also left Prima and joined Sutter. No alternative explored by management presents a better arrangement to ensure the continued availability of a physician specializing in Family Medicine for patients in MHD's service area to provide locally available primary care to the Marin community.

5. Fair Market Value Analysis.

A Fair Market Value Analysis was completed on November 29, 2016, by Cattaneo & Stroud, an independent consultant. Their summary is that the proposed Professional Services Agreement terms between Dr. Murphy and the Marin Healthcare District as summarized in this transaction summary falls slightly above the 75th and well below the 90th percentile and therefore above the fair market range of compensation and incentives, based on the scope of services to be provided and the proposed terms of the agreement.

The base compensation in the PSA amounts to an annual equivalent of $191,818, guaranteed for six months, for an FTE equivalent of 0.75 clinical hours (MHD assumes 32 hours of clinical care for full time status). The Payment Formula is $50 per wRVU up to 4,600, and $55 per wRVU in excess, as accrual and payment rate after the first six month guarantee. The sum of all the components in the proposed compensation arrangement results in estimated annual full time equivalent maximum compensation of $342,618 the first year and $317,618 in subsequent years, while MGMA indicates the 75th percentile of Family Medicine Total Physician Compensation for 2016 in the Western States as $299,791 and the 90th percentile as $403,541.

Other components of the proposed compensation, such the per wRVU rate of $50 to $55, fall below the 75th percentile ($58.43/wRVU) percentile of MGMA payment benchmarks. After the first year, the proposed wRVU formula is a reasonable rate for ongoing compensation that is tied to actual productivity.

The Analysis reported that the compensation for District Administrative Leadership of $50,000 per year, payable at $135 per hour, falls within the range and does not exceed the 75th percentile benchmark for primary care medical direction.

As MHD proposes to cover AHPs wages and benefits allowances, an additional FMV report on market rates for nurse practitioners ("NP") by Cattaneo & Stroud dated June 27, 2016, indicated that the rates for NPs ($60-70/hr and benefits allowance) fall within the range from $60.00 per hour and $120.00 per hour based on setting, experience, and credentials. The reports market research pointed to the competitive market and cost of living in Marin County thereby justifying compensation in the mid to upper range. The hourly wages and annual benefits allowances proposed for NPs would fall in the lower middle range.

Further, the most recent MGMA 2016 report indicates that proposed rates for physician assistants ("PA") ($55-65/hr and benefits allowance) fall within the national range from $46.00 per hour and $68.00 per hour based on setting, experience, and credentials. Again, taking into consideration the competitive market and cost of living in Marin County for AHPs, compensation in the mid to upper range is justified. The hourly wages and annual benefits allowances proposed for PAs would fall in the mid to upper range.

The Analysis reported that the annual Supervision Fee of $10,000 or $833.33 per month per 1.0 FTE AHP falls within the range from $500 to $2000 per month suggested by market research.

The Analysis reported that the Signing Bonus of $25,000 falls within reported market ranges which suggests the average such bonus was $24,037 in 2015.

The Analysis reported that if the access fees ($150/adult multiplied by 560 individuals currently enrolled, for a total of $84,000) are viewed as collections, the Access Fee Payment which allocates $40,000 (47% of access fee collections) to the Physician falls within benchmarks identified for the ratio of compensation as a percent of collections for primary care, MGMA Median falling at a ratio of 0.589.

The Analysis reported that the Quality and Incentive Bonus of up to $3,800 is well below the threshold of market research which suggests 10% of compensation is average.

The Analysis reported that the Benefits of $40,000 are less than 20% of the estimated FTE compensation, an amount within market rates for highly compensated individuals, including physicians, though the Physician is working part-time. However, it pointed out that health insurance premiums for family coverage are estimated to be $17,500 hence the annual maximum is less than market rates for retirement and health insurance alone.

The Cattaneo & Stroud Analysis indicates that, since Marin County is one of the most expensive counties in the country in which to live, physician recruitment is challenging, and, given the high cost location of the practice, that the physician has a mature access fee practice, and that the guarantee and signing bonus are only for the first year (thereafter the wRVU rate is tied to actual productivity), the physician compensation, slightly above the 75th and well below the 90th percentile, is commercially reasonable and justified based on scope of services provided.

Tab 6

December 6, 2016

TO: Lee Domanico, CEO

FROM: Joan McCready, Director Quality Management

RE: Changes to the Inpatient Quality Reporting Program for 2017

Removed Measures

- Thrombolytic Therapy for Stroke (topped out)
- VTE Discharge Instructions (topped out)

Requires Chart Abstracted Measures

- Median time from ED Arrival to ED Departure for Admitted ED Patients
- Admit Decision Time to ED Departure Time for Admitted Patients
- Influenza Immunization
- Elective Delivery
- Severe Sepsis and Septic Shock: Management Bundle (Composite Measure)
- Incidence of Potentially Preventable Venous Thromboembolism

Removal of Structural Measures (participation doesn't result in better outcomes)

- Participation in a Systematic Clinical Database Registry for Nursing Sensitive Care
- Participation in a Systematic Clinical Database Registry for General Surgery

Removal of Electronic Clinical Quality (eCQM) Measures

- Aspirin Prescribed at Discharge for AMI (topped out)
- Fibrinolytic Therapy Received within 30 Minutes of Hospital Arrival for AMI (doesn't result in better patient outcomes)
- Statin Prescribed at Discharge for AMI (topped out)
- Healthy Term Newborn (not feasible to implement)
- Initial Antibiotic Selection for Community-Acquired Pneumonia (CAP) in Immunocompetent Patients (not feasible to implement)
- Prophylactic Antibiotic Received within One Hour Prior to Surgical Incision (topped out)
- Prophylactic Antibiotic Selection for Surgical patients (topped out)
- Urinary Catheter Removed on Day 2 (not feasible to implement)
- Thrombolytic Therapy (topped out)
- VTE Patient with Anticoagulation Overlap Therapy (not feasible to implement)
- VTE Patients receiving Unfractionated Heparin (not feasible to implement)
- VTE Discharge Instructions (not feasible to implement)
- Incidence of Potentially Preventable VTE (not feasible to implement)

Refining Existing Measures

- Pneumonia Payment: Episode of Care – to included principal diagnosis of aspiration pneumonia and sepsis or respiratory failure with a secondary diagnosis of pneumonia present on admission (FY2018)
- Patient Safety and Adverse Events Composite

New Measures

- Episode of Care Based Payments for Aortic Aneurysm Procedure, Cholecystectomy and Common Duct Exploration, and Spinal Fusion
- Excess days in Acute Care after Hospitalization for Pneumonia

ECQM Requirements

- Report on 8 of 16 available eCQMs
- Report four quarters of data on a quarterly, biannual, or annual basis from a certified HER
- Data submission due 2/8/2018

Color Key to Revised Dashboard

Removed
Electronic Submission
New/Revised

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**	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Q2 %	Q2-2016 Num/Den	Rolling %	Rolling Num/Den
♦ Venous Thromboembolism (VTE) Measures																	
VTE warfarin therapy discharge instructions	100%	33%	50%	100%	0%	100%	25%	50%	100%	100%	100%	100%	100%	**100%**	5/5	62%	18/29
Hospital acquired potentially-preventable VTE +	0%	N/A	N/A	N/A	0%	N/A	0%	0%	0%	0%	0%	0%	0%	**0%**	0/5	**0%**	0/17
♦ Global Immunization (IMM) Measures																	
Influenza immunization (season October-March)	100%	N/A	N/A	N/A	93%	91%	92%	89%	89%	91%	N/A	N/A	N/A	**Q1 89%**	Q1 230/257	**Q1 91%**	Q1 461/508
♦ Stroke Measures																	
Thrombolytic therapy	100%	100%	100%	100%	100%	100%	100%	100%	100%	N/A	N/A	100%	100%	**100%**	4/4	**100%**	17/17
Discharged on antithrombotic therapy																	
Anticoagulation therapy for atrial fibrillation/flutter																	
Antithrombotic Therapy by the End of Hospital Day Two																	
Discharged on Statin Medication																	
Stroke Education																	
Assessed for Rehabilitation																	
♦ Perinatal Care Measure																	
Elective delivery +	0%	0%	0%	0%	0%	N/A	0%	0%	0%	0%	0%	0%	0%	**0%**	0/27	**0%**	0/55
Exclusive Breast Feeding																	
Hearing Screening Prior to Hospital Discharge																	
♦ Psychiatric (HBIPS) Measures																	
Hours of physical restraint use	Jan-00	0.08	1.11	0.15	0.08	0.00	0.17	0.29	0.00	0.00	0.08	0.00	0.00	**0.03**	N/A	**0.16**	N/A
Hours of seclusion use	Jan-00	0.14	0.00	0.01	0.00	0.00	0.02	0.00	0.00	0.10	0.00	0.00	0.27	**0.09**	N/A	**0.33**	N/A
Patients discharged on multiple antipsychotic medications with appropriate justification	36%	100%	100%	89%	80%	100%	91%	100%	75%	25%	57%	43%	100%	**72%**	18/25	**83%**	72/87
Alcohol use screening	71%	98%	100%	91%	93%	98%	98%	89%	67%	89%	91%	84%	94%	**89%**	115/129	**91%**	442/488
♦ ED Inpatient (ED) Measures																	
Median time (mins) ED arrival to ED departure +	260***	296.00	312.00	289.00	299.00	311.00	282.00	292.00	310.50	312.00	311.50	255.00	328.00	**298.17**	165 cases	**299.83**	674 cases
Admit decision median time (mins) to ED departure time +	90***	111.50	102.00	96.00	104.50	171.00	133.00	142.00	166.00	125.00	106.00	102.50	108.00	**105.50**	110 cases	**122.29**	617 cases

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/)

♦ ED Outpatient (ED) Measures																	
Median time (mins) ED arrival to ED discharge +	142***	150.00	151.00	153.00	118.00	146.00	120.50	183.50	125.00	168.00	111.00	137.00	145.92	**131.31**	306 cases	**145.92**	375 cases
Door to diagnostic evaluation by qualified medical personnel +	24***	16.00	133.00	17.00	11.50	13.00	12.50	14.00	12.50	15.00	17.00	29.00	33.50	**26.50**	23 cases	**27.00**	276 cases
♦ Outpatient Pain Management Measure																	
Median time (mins) to pain management for long bone fracture +	53***	44.00	55.50	61.50	72.00	76.00	41.00	77.00	60.50	46.50	48.50	47.00	77.00	**57.50**	59 cases	**55.88**	211 cases
♦ Outpatient Stroke Measure																	
Head CT/MRI results for stroke patients within 45 mins of ED arrival	68%***	57%	60%	62%	79%	80%	76%	93%	75%	75%	77%	59%	89%	**40%**	2/5	**71%**	11/18
♦ Endoscopy Measures																	
Endoscopy/polyp surveillance: Appropriate follow-up interval for normal colonoscopy in average risk patients	100%	100%	100%	100%	100%	100%	100%	100%	100%	93%	100%	100%	100%	**100%**	32/32	**99%**	104/105
Endoscopy/polyp surveillance: Colonoscopy interval for patients with a history of adenomatous polyps - avoidance of inappropriate use	100%	N/A	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	**100%**	45/45	**100%**	81/81

** CMS Top Decile Benchmark
*** National Average
+ Lower number is better

♦ Acute Care Readmissions - 30 Day Risk Standardized

METRIC	CMS National Average	July 2009 - June 2012	July 2010 - June 2013	July 2011 - June 2014	July 2012 - June 2015
Acute Myocardial Infarction Readmission Rate	16.80%	16.70%	15.90%	16.10%	16.10%
Heart Failure Readmission Rate	21.90%	22.60%	**23.00%**	**22.80%**	**22.50%**
Pneumonia Readmission Rate	17.10%	16.20%	15.00%	14.10%	15.10%
COPD Readmission Rate	20.00%		19.00%	18.40%	18.50%
Total Hip Arthroplasty and Total Knee Arthroplasty Readmission Rate	4.60%	**5.80%**	**5.30%**	4.60%	4.50%
Coronary Artery Bypass Graft Surgery (CABG)	14.40%			**15.60%**	13.60%
Stroke Readmission Rate	12.50%		12.10%	11.10%	10.00%
METRIC	**CMS National Average**	**July 2009 - June 2012**	**July 2010 - June 2013**	**July 2011 - June 2014**	**July 2014 - June 2015**
Hospital-Wide All-Cause Unplanned Readmission (HWR)	15.60%		14.40%	14.90%	14.60%

♦ Outpatient Measures (Claims Data)					
METRIC	**CMS National Average**	**Jan 2011 - Dec 2011**	**July 2012 - June 2013**	**July 2013 - June 2014**	**July 2104 - June 2015**
Outpatient with low back pain who had an MRI without trying recommended treatments first, such as physical therapy	39.50%	Not available	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%	7.20%
Outpatient CT scans of the abdomen that were "combination" (double) scans +	8.40%	6.00%	5.60%	6.10%	4.10%
Outpatient CT scans of the chest that were "combination" (double) scans +	2.10%	1.40%	0.40%	30.00%	0.40%
Outpatients who got cardiac imaging stress tests before low-risk outpatient surgery +	4.80%	**5.56%**	2.60%	2.90%	4.00%
Outpatients with brain CT scans who got a sinus CT scan at the same time +	2.90%	1.70%	2.30%	1.80%	1.00%
METRIC	**CMS National Average**			**Jan 2013 - Dec 2013**	**Jan 2014 - Dec 2014**
Patient left Emergency Dept. before being seen	2.00%			1.00%	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**	**July 2013 - June 2015**
Complication / Patient Safety Indicators PSI 90 (Composite)	0.9	**Worse than National Average**	**Worse than National Average**	No different than National Average	No different than National Average
Death Among Surgical Patients with Serious Complications	136.48 per 1,000 patient discharges	No different than National Average	No different than National Average	No different than National Average	No different than National Average
♦ Structural Measures					
METRIC	**Jul-05**				
Participation in a Systematic Clinical Database Registry for Nursing Sensitive Care	Yes				
Participation in a Systematic Clinical Database Registry for General Surgery	No				
Safe Surgery Checklist Use	Yes				
Hospital Survey on Patient Safety Culture	Yes				

+ Lower Number is Better

♦ Surgical Site Infection						
METRIC	**National Standardized Infection Ratio (SIR)**	**Jan 2014 - Dec 2014**	**April 2014 - March 2015**	**July 2014 - June 2015**	**Oct 2014 - Sept 2015**	
Colon surgery	Jan-00	0.58	0.00	0.00	0.80	No Different than U.S. National Benchmark
Abdominal hysterectomy	Jan-00	not published**	not published**	not published**	not published**	
♦ Healthcare Associated Infections (All units including ICU)						
METRIC	**National Standardized Infection Ratio (SIR)**	**Jan 2014 -June 2015**	**Jan 2015 - Sept 2015**			
Central Line Associated Blood Stream Infection Rate (CLABSI)	Jan-00	0.37	0.26			Better than U.S. National Benchmark
Catheter Associated Urinary Tract Infection (CAUTI)	Jan-00	0.27	0.20			Better than U.S. National Benchmark
♦ Healthcare Associated Infections (ICU)						
METRIC	**National Standardized Infection Ratio (SIR)**	**Jan 2014 - Dec 2014**	**April 2014 - March 2015**	**July 2014 - June 2015**	**Oct 2014 - Sept 2015**	
Central Line Associated Blood Stream Infection Rate (CLABSI)	Jan-00	0.30	0.00	0.28	0.28	No Different than U.S. National Benchmark
Catheter Associated Urinary Tract Infection (CAUTI)	Jan-00	**2.09**	**1.76**	**1.13**	0.56	No Different than U.S. National Benchmark
♦ Healthcare Associated Infections (Inpatients)						
METRIC	**National Standardized Infection Ratio (SIR)**	**Jan 2014 - Dec 2014**	**April 2014 - March 2015**	**July 2014 - June 2015**	**Oct 2014 - Sept 2015**	
Clostridium Difficile	Jan-00	**1.29**	**1.25**	**1.26**	**1.35**	No Different than U.S. National Benchmark
Methicillin Resistant Staph Aureus Bacteremia (MRSA)	Jan-00	**1.95**	**1.59**	0.53	0.00	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**	**April 2012 - March 2015**	
Hip/knee complication: Hospital-level risk -- Standardized complication rate (RSCR) following elective primary total hip/knee arthoplasty	3.0%	**4.0%**	**4.4%**	**3.6%**	**3.3%**	
♦ 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**	
METRIC	**CMS National Average**	**July 2010 - June 2013**	**July 2011 thru June 2014**	**July 2012 thru June 2015**		
Acute Myocardial Infarction payment per episode of care	$22,760	$20,850	**$22,019**	$22,564		
Heart Failure payment per episode of care	$15,959		**$16,781**	**$17,575**		
Pneumonia payment per episode of care	$14,817		**$14,889**	**$14,825**		
Primary Elective Total Hip Arthroplasty payment per episode of care						
Aortic Aneurysm payment per episode of care						
Cholecystectomy and Common Duct Exploration payment per episode of care						
Spinal Fusion payment per episode of care						

♦ Mortality Measures - 30 Day

METRIC	CMS National Average	July 2009 - June 2012	July 2010 - June 2013	July 2011 - June 2014	July 2012 - June 2015	
Acute Myocardial Infarction Mortality Rate	14.10%	13.30%	12.60%	11.70%	11.10%	
Heart Failure Mortality Rate	12.10%	**13.80%**	**12.00%**	**12.60%**	11.80%	
Pneumonia Mortality Rate	16.30%	10.90%	**12.20%**	**12.30%**	**17.40%**	
CABG 30-day Mortality Rate (PD 2017)	3.20%			2.60%	2.60%	
COPD Mortality Rate	8.00%		**7.80%**	7.30%	7.30%	
Stroke Mortality Rate	14.90%		15.20%	13.40%	12.20%	

** Insufficient data to calculate SIR

Tab 7

2016 Community Health Needs Assessment

Implementation Strategy Work Plan (2017-2019)

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Contact: Jamie Maites, Director of Communications
Approved by the Marin General Hospital Board of Directors: (date)
Hospital License #/EIN#
250 Bon Air Road, Greenbrae, CA 94904
Prior Plan adopted by the Marin General Hospital Board of Directors: December 5, 2013

About Marin General Hospital

Marin General Hospital is an independent, not-for-profit organization that has been meeting the community's health care needs since 1952. Owned by the Marin Healthcare District, the 235-bed hospital is the only full-service, acute care hospital in the county. The publically elected Marin Healthcare District Board of Directors works closely with the Marin General Hospital Board of Directors (made up of community volunteers with expertise in key fields like patient care, finances, physician credentialing, community services, labor contracts, staffing levels, and administration) to oversee operations of the hospital. Marin General Hospital provides many exclusive resources to area residents, including the county's only Designated Trauma Center, labor and delivery services, and heart surgery.

In keeping with the values and needs of its community, Marin General Hospital is dedicated to treating the whole patient—mind, body and spirit. Its mission—and its pride—is providing the people of Marin with the healing care they want and deserve.

As Marin's Healing Place, Marin General Hospital is dedicated to caring for all the people in Marin, including the underserved or uninsured. And our commitment to the community goes well beyond healing the sick: We want to help the people we serve stay healthy and well. To that end, we offer innovative programs such as the Braden Diabetes Center, which helps people with diabetes manage their condition effectively and enjoy better quality of life. Our Center for Integrative Health & Wellness services offers integrative treatment modalities to promote relaxation and activate the body's innate healing powers. We hold periodic lectures and seminars on prevention for diseases and injuries. In addition, we provide information and referrals to services in the community to help individuals manage and maintain their health and well-being.

Marin General Hospital offers advanced medical expertise, technology, and treatments in an exceptionally healing environment and offers patients the opportunity to complement their medical treatment with integrative therapies through its Center for Integrative Health & Wellness. The hospital's independence and patient-centric philosophy have attracted a stellar group of caring physicians who, along with other care team members, deliver award-winning services that are recognized by patients and their families, as well as by independent organizations. Our health care network includes the hospital, outpatient labs, imaging and surgery centers, Marin Health Care District Medical Care Centers, and the Prima Medical Foundation.

Construction is currently underway on an advanced, seismically safe new hospital that will provide an unparalleled healing environment for patients and visitors, staff, and physicians. Plans for the new hospital include a four-story, 260,000 square-foot hospital replacement building; a five-story, 100,000 square-foot ambulatory services building; and parking structure. The new facilities will take three years to complete. Every aspect of the hospital will meet or exceed the latest state-mandated standards for earthquake safety. The hospital will continue to operate throughout the construction process.

About Marin General Hospital's Community Benefit

As an independent district hospital, Marin General Hospital is fully committed to serving the health care needs of the surrounding community. In addition to being the county's only full-service acute care facility, we give extensive charitable resources to benefit the community through access to care, education, prevention and support programs, and more. In 2015, Marin General Hospital provided more than $50 million in community benefit contributions. Marin General Hospital community benefit contributions for low income, vulnerable populations equaled 11 percent of its annual operating expenses and total 15 community benefit contributions equaled 15 percent of its annual operating expenses.

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Community Served

Marin General Hospital's Definition and Description of Community Served

Marin General Hospital defines the community served by a hospital as those individuals residing within its hospital service area. A hospital service area includes all residents in a defined geographic area surrounding the hospital and does not exclude low-income or underserved populations.

The Marin General Hospital service area includes all of Marin County. The cities included are: Belvedere, Corte Madera, Fairfax, Larkspur, Mill Valley, Novato, Ross, San Anselmo, San Rafael, Sausalito, Tiburon, and the coastal towns of Stinson Beach, Bolinas, Point Reyes, Inverness, Marshall, and Tomales.

Marin County and California Demographic and Socioeconomic Data[1]		
Indicator	**Marin County**	**California**
Demographic and Socioeconomic Information		
Total Population	254,643	37,659,180
Median Age	44.8 years	35.4 years
Under 18 Years Old	20.6%	24.5%
Over 65 Years Old	17.6%	11.5%
White	79.4%	62.3%
Hispanic/Latino	15.5%	37.9%
Some Other Race	7.9%	12.9%
Asian	5.6%	13.3%
Multiple Races	3.7%	4.3%
Black	2.9%	6.0%
Native American/Alaskan Native	0.3%	0.8%
Pacific Islander/Native Hawaiian	0.2%	0.4%
Median Household Income	$90,839	$61,094
Unemployment[2]	4.2%	7.4%
Linguistically Isolated Households	4.8%	10.3%
Households with Housing Costs > 30% of Total Income	43.8%	45.9%

[1] Unless noted otherwise, all data presented in this table is from the US Census Bureau, 2009-2013 American Community Survey 5-Year Estimate.

[2] US Department of Labor, Bureau of Labor Statistics, June 2015.

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Marin County and California Health Profile Data[3]			
Indicator	**Marin County**	**California**	**HP 2020 Benchmark[4]**
Overall Health			
Diabetes Prevalence (Age Adjusted)[5]	5.5%	8.1%	--
Adult Asthma Prevalence[6]	13.8%	14.2%	--
Adult Heart Disease Prevalence[7]	7.6%	6.1%	--
Poor Mental Health[8]	4.5%	17.4%	--
Adults with Self-reported Poor or Fair Health (Age Adjusted)[9]	9.7%	18.4%	--
Adult Obesity Prevalence (BMI > 30)[10]	17.5%	22.3%	≤ 30.5%
Child Obesity Prevalence (Grades 5, 7, 9) (BMI>30)[11]	8.9%	19.0%	≤ 16.1%
Adults with a Disability[12]	23.9%	28.5%	--
Infant Mortality Rate (per 1,000 births)[13]	3.3	5.0	≤ 6.0
Cancer Mortality Rate (Age Adjusted) (per 100,000 pop.)[14]	146.7	157.1	≤ 160.6
Key Drivers of Health			
Living in Poverty (<200% FPL)	19.4%	35.9%	--
Children in Poverty (<200% FPL)	17.8%	47.3%	--
Age 25+ with No High School Diploma	7.6%	18.8%	--
High School Graduation Rate[15]	91.4%	80.4%	≥ 82.4%
3rd Grade Reading Proficiency[16]	66.0%	45.0%	--
Percent of Population Uninsured	8.9%	17.8%	--
Percent of Insured Population Receiving MediCal/Medicaid	9.5%	19.2%	--
Climate and Physical Environment			
Days Exceeding Particulate Matter 2.5 (Pop. Adjusted)[17]	5.2%	4.2%	--
Days Exceeding Ozone Standards (Pop. Adjusted)[18]	0.0%	2.5%	--
Weeks in Drought[19]	89.1%	92.8%	--
Total Road Network Density (Road Miles per Acre)[20]	2.1	4.3	--
Pounds of Pesticides Applied[21]	84,836	193,597,806	--
Population within Half Mile of Public Transit[22]	5.6%	15.5%	--

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[3] Unless noted otherwise, all data presented in this table is from the US Census Bureau, 2009-2013 American Community Survey 5-Year Estimate.
[4] Whenever available, Healthy People 2020 Benchmarks are provided. Healthy People 2020. Washington, DC: U.S. Department of Health and Human Services, Office of Disease Prevention and Health Promotion.
[5] Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, 2012.
[6] Centers for Disease Control and Prevention, Behavioral Risk Factor Surveillance System. Additional analysis by CARES, 2011-12.
[7] California Health Interview Survey, 2013-14.
[8] California Health Interview Survey, 2014.
[9] Centers for Disease Control and Prevention, Behavioral Risk Factor Surveillance System. Accessed via the Health Indicators Warehouse. US Department of Health & Human Services, Health Indicators Warehouse, 2006-12.
[10] Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, 2012.
[11] California Department of Education, FITNESSGRAM® Physical Fitness Testing, 2013-14.
[12] California Health Interview Survey, 2014.
[13] Centers for Disease Control and Prevention, National Vital Statistics System. Accessed via CDC WONDER. Centers for Disease Control and Prevention, Wide-Ranging Online Data for Epidemiologic Research, 2006-10.
[14] University of Missouri, Center for Applied Research and Environmental Systems. California Department of Public Health,CDPH - Death Public Use Data, 2010-12.
[15] California Department of Education, 2013.
[16] Standardized Testing and Reporting (STAR) Results, 2010-11 and 2012-13, from California Department of Education, Accessed via kidsdata.org, 2013.
[17] Centers for Disease Control and Prevention, National Environmental Public Health Tracking Network, 2008.
[18] Ibid.
[19] US Drought Monitor, 2012-2014.
[20] Environmental Protection Agency, EPA Smart Location Database, 2011.
[21] California Department of Pesticide Regulation (CDPR), 2013.
[22] Environmental Protection Agency, EPA Smart Location Database, 2011.

Marin County is a healthy and affluent county, especially compared to California as a whole. However, Marin is also an aging county with substantial disparities in socioeconomic status. These issues present challenges for the health of Marin County residents. The map below illustrates the percent of residents living below 100% of the Federal Poverty Level by census tract, demonstrating areas of concentrated poverty throughout the county.

Map Legend

Population Below the Poverty Level, Percent by Tract, ACS 2010-14

- Over 20.0%
- 15.1 - 20.0%
- 10.1 - 15.0%
- Under 10.1%
- No Data or Data Suppressed

Community Commons, 3/10/2016

Purpose of Implementation Strategy
The Community Health Needs Assessment (CHNA) and the Implementation Strategy development process (described below) were conducted in compliance with the new Patient Protection and Affordable Care Act (ACA) federal requirements. This requirement, Section 501(r) of the Internal Revenue Code, requires nonprofit hospitals to a) conduct a community health needs assessment at least once every three years and describe the process and findings and b) describe in a written plan, or Implementation Strategy, how they plan to address each identified health need and provide a rationale for the health needs that will not be addressed by the hospital. Taken together, the CHNA and Implementation Strategy will ensure accountability and transparency to the communities served as well as to the Internal Revenue Service (IRS).

Community Health Needs Identified in the 2016 CHNA Report
Marin General Hospital has conducted community health needs assessments for many years to identify needs and resources in our communities and to guide our Community Benefit plans. Marin General Hospital conducted a community health needs assessment in 2015-2016 that examined secondary data and took into account input from public health experts as well as community leaders and representatives of high need populations—this included minority groups, low-income individuals, medically underserved populations, and those with chronic conditions. Upon review of the data, Marin General Hospital used a set of criteria to identify and prioritize the significant health needs facing the community and documented them in a written CHNA Report. The community-identified health needs are described below.

1) **Obesity and Diabetes:** Though rates of obesity and diabetes are lower in Marin County compared to California as a whole, this health need emerged as the top priority for stakeholders. There is still a high prevalence of adults and youth in Marin County who are overweight or obese, and data indicate that Marin County residents have a higher risk of heart disease compared to California residents on average. Residents and stakeholders pointed to access to healthy food as a top concern, particularly in some specific areas of the county. Interviewees and focus group participants noted that older adults are disproportionately impacted by this health issue. Access to healthy food and the ability to maintain a healthy lifestyle are more limited for older adults, particularly those living on a fixed or lower income.

2) **Education:** While some education outcomes, such as high school graduation rate, are higher for Marin County than the rest of California, disparities, particularly among English Language Learners, African American, and Latino students, indicate that education is a high concern in the county. English Language Learners are less likely to pass the high school exit exam in Math and English Language Arts compared to their peers in Marin County and compared to English Language Learners on average in California. Community members and key stakeholders highlighted education as an important health need and recommended strategies to improve county-wide access and to decrease disparities, such as increasing investment in early childhood education.

3) **Economic and Housing Insecurity:** Marin County's high cost of living exacerbates issues related to economic security and affordable housing. More than half of renters pay 30% or more of their income on rent, and in some neighborhoods, residents fear displacement due to rising housing costs and gentrification. Additionally, 1,309 individuals are homeless, 835 of which are unsheltered. Low-income residents, youth, and single mothers face particular challenges affording quality housing in Marin County, especially in Canal and West Marin.

4) **Access to Health Care:** With the implementation of the ACA, many adults in Marin County are able to obtain insurance coverage and access regular health care. While Marin County scores better

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than the California state average on many indicators measuring health care access, the county continues to work towards providing affordable and culturally competent care for all residents. Lower-income residents face the greatest challenges; many providers that see low-income patients are at capacity, and public insurance is not accepted by many physicians in the county. In addition to barriers in obtaining affordable care, Marin residents have notably low utilization rates for childhood vaccinations compared to California as a whole.

5) **Mental Health:** Marin County residents demonstrate high need in mental health issues, including suicide rate, taking medicine for an emotional/mental health issue, and reporting needing mental health or substance abuse treatment among adults. Mental health was also raised as a key concern among community members and other key stakeholders, who discussed barriers to accessing treatment among other key themes. Mental health issues frequently co-occur with substance abuse and homelessness. Racial disparities in Marin County are evident, and the Latino population was highlighted in primary data as a population of concern. Youth, older adults, and incarcerated individuals were also noted as particularly high-risk populations for mental health concerns.

6) **Substance Use:** Substance abuse was identified as a health need of concern in multiple existing data sources, as well as in interviews and focus groups. In particular, use and abuse of prescription drugs is recognized as a health need of concern. Nearly half (48.1%) of adults responding to one survey reported it would be easy to obtain prescription drugs from a doctor in their community. Among youth, percentages of students reporting binge drinking and being "high" from drug use are higher for Marin County than for California overall. Interview and focus group participants identified Fairfax, West Marin, and Canal as areas of high risk for drug abuse.

7) **Oral Health:** A lack of access to dental insurance or inadequate utilization of dental care is an important issue affecting oral health in Marin County. Nearly half of adults in the county (43.3%) do not have dental insurance, and adults older than 65 are even more likely not to have dental insurance. Some key informants shared that oral health access may have increased slightly in West Marin with the Coastal Health Alliance's new full-time Dental Clinic, but it is still not enough, particularly for underserved populations. Additionally, key informants and focus group participants report that dental insurance is limited and specialty care is not affordable.

8) **Violence and Unintentional Injury:** In Marin County, this area was identified as a health need because of data related to domestic violence, as well as key drivers of violence such as alcohol abuse. Additionally, racial disparities in intimate partner violence and homicide exist. Marin County also experiences high rates of unintentional injury mortality and drunk driving among youth. Violence and injury also arose as a health need through key themes in interviews and focus groups. Community residents and other key stakeholders identified mental health and substance abuse as drivers of unintentional injury and injury due to violence.

Implementation Strategy Development Process

Marin General Hospital's Community Benefit Advisory Committee, which includes community representatives, applied a criteria-based decision making process to examine the health needs identified through the CHNA process, to select the community health needs it will address, and to develop an implementation strategy plan to address the selected health needs. These strategies build on Marin General Hospital's assets and resources.

The Marin General Hospital Community Benefit Advisory Committee includes:

- Jon Friedenberg, Chief Administrative Officer
- Jamie Maites, Director of Communications
- Joel Sklar, MD, Chief Medical Officer
- Mara Perez, PhD, Marin General Hospital Board Member

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- Jennifer Rienks, PhD, Marin Healthcare District Board Member

Additional participants:

- Lynn H. Baskett, Community Benefit Consultant

In order to select the hospital priorities, the Community Benefit Advisory Committee reviewed the CHNA data and community-identified priorities, updated its prioritization criteria from previous CHNA periods and reviewed the available community resources for the community-identified priorities. The Community Benefit Advisory Committee used a numerical ranking process to identify the community needs where Marin General Hospital could build on its past community benefit work and other community resources to address the community priorities. The criteria used to rank the community priorities are listed below.

Criteria	Definition
Severity	The health need has serious consequences (morbidity, mortality, and/or economic burden) for those affected.
Disparities	The health need disproportionately impacts specific geographic, age, or racial/ethnic subpopulations.
Prevention	Effective and feasible prevention is possible. There is an opportunity to intervene at the prevention level and impact overall health outcomes. Prevention efforts include those that target individuals, communities, and policy efforts.
Leverage	Solution could impact multiple problems. Addressing this issue would impact multiple health issues.
MGH Assets	Marin General Hospital can make a meaningful contribution to addressing the need because of its relevant expertise and/or unique assets as an integrated health system and because of an organizational commitment to addressing the need.

Specific strategies to address the prioritized community health needs were identified by reviewing the impact of past grants or programs in the priority areas, evidence-based strategies, and available Marin General Hospital and community resources.

Implementation Strategy

Marin General Hospital selected Access to Health Care as its community health need priority for 2017-2019. In conjunction with the CHNA report, Marin General Hospital developed an implementation strategy work plan, attached, that describes long-term and intermediate goals, strategies, expected outcomes and tracking metrics. Listed below is a description of the selected health priority, including the need statement, the long-term goal and the anticipated impact of the strategies.

Access to health care is a health need because the ability to utilize and pay for comprehensive, affordable, quality physical, mental and oral health care is essential to maximize the pretention, early intervention and treatment of health conditions such as obesity, cancer, heart disease, asthma, oral health, mental health, substance abuse and diabetes.

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Goal	Increase number of individuals who have access to and receive appropriate health care services in Marin County.
Strategies	a. **Participate in** government-sponsored programs for low-income individuals, i.e., Medi-Cal Managed Care, Medi-Cal Fee-For-Service. b. **Provide** charity care for qualifying individuals. c. **Grant making** to support Federally Qualified Health Centers or free clinics (e.g., Marin Community Clinic, RotaCare Free Clinic) to strengthen coordinated care for vulnerable, at-risk, low-income, or uninsured individuals d. **Grant making or leveraging internal resources** to support community-based services that increase access to culturally competent health care, case management, advocacy, education and/or screening and early intervention for vulnerable, at-risk, low-income, or uninsured individuals
Anticipated Impact	a. Increased access to care. b. Increased the number of patients seen and/or the range of services offered at community health centers and clinics.

Marin General Hospital is committed to supporting existing community assets and to leveraging the assets that it can bring to bear on local health needs. Marin General Hospital will contribute its relationships with key stakeholders on boards, committees, coalitions and elected officials as it works with others toward common goals to improve the health of the communities it serves.

Plan to Measure Impact

Marin General Hospital will monitor and evaluate the strategies described in this report for the purpose of tracking the implementation of those strategies as well as to document the anticipated impact. Plans to monitor the Marin General Hospital strategies will include the collection and documentation of tracking measures, such as the number of dollars spent, number of people reached/served, number of grants made. In addition, when appropriate, Marin General Hospital will require grantees to propose, track and report outcomes, including behavior and health outcomes.

Description of Health Needs the Facility Does Not Intend to Address

Reasons that the following health needs were not selected as Marin General Hospital priorities are noted next to the description of the health need.

Identified Health Need	Rationale for Not Addressing as a Community Benefit Hospital Priority
Obesity and Diabetes	Resource constraints. Marin General Hospital will also address need through Healthy Marin Partnership collaborative participation. Other hospital systems with considerable expertise are focusing on obesity prevention.
Economic and Housing Insecurity Education	Resource constraints, limited ability to have a meaningful impact on employment, income or education achievement. Marin General Hospital is acknowledging the impact of socioeconomic status on an individual's health status by focusing its community benefit contributions on Access to Care for vulnerable, at-risk, or low-income individuals.
Mental Health	Resource constraints. Health need addressed

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	through Access to Care priority to increase care to those in need of mental health services.
Substance Abuse	Resource constraints. Limited ability to make a meaningful impact.
Oral Health	Resource constraints. Marin General Hospital supports access to Federally Qualified Health Centers, which provide dental services, through its grant program
Violence and Unintentional injury	Resource constraints. Limited ability to make a meaningful impact.

Attachment: Implementation Strategy Work Plan Table (2017-2019)

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Implementation Strategy Work Plan Table (2017-2019)

Health Need	Access to Health Care: Ability to utilize and pay for comprehensive, affordable, quality physical and mental health care is essential in order to maximize the prevention, early intervention, and treatment of health conditions.			
Long Term Goal	**Intermediate Goal**	**Strategies**	**Expected Outcomes**	**Tracking Metrics**
Increase number of individuals who have access to and receive appropriate health care services in Marin County.	**AC 1.** Increase the number of low-income people who enroll in, or maintain, health care coverage.	**AC 1.1. Participate in** government-sponsored programs for low-income individuals, i.e., Medi-Cal Managed Care, Medi-Cal Fee-For-Service.	**AC 1.1.a** Increased access to care.	• # of patients served; • $ costs of uncompensated care provided
	AC 2. Increase access (insurance coverage, a medical home, and regular preventive appointments) to culturally competent, high quality health care services for vulnerable, at-risk, low-income, or uninsured individuals	**AC 2.1. Provide** charity care for qualifying individuals.	**AC 2.1.a** Increased access to care.	• # of patients receiving charity care; • $ costs of charity care provided
		AC 2.2. Grant making to support Federally Qualified Health Centers or free clinics (e.g., Marin Community Clinic, RotaCare Free Clinic) to strengthen coordinated care for vulnerable, at-risk, low-income, or uninsured individuals	**AC 2.1.a** Increased number of patients seen and/or range of services offered at community health centers and clinics.	• # of patients served; • $ contributed;
		AC 2.3 Grant making or leveraging internal resources to support community-based services that increase access to culturally competent health care, case management, advocacy, education and/or screening and early intervention for vulnerable, at-risk, low-income, or uninsured individuals	**AC 3.1.a** Increased access to care.	• # of patients served; • $ contributed; • Type of internal resources provided; • Type of MGH staff providing in-kind support

Tab 8

Creating a healthier Marin together.

To: MHD Board of Directors
From: James McManus, CFO
Re: FY 2017 Operating & Clinic Budgets
Date: December 13, 2016

Request for Approval

Management is requesting that the Marin Healthcare District Board of Directors approve the Fiscal Year 2017 District and Clinic Budgets as recommended by the Finance & Audit Committee on November 29, 2016.

Comments on the 2017 District Budget

- Receipts are comprised of rent received from MGH for use of the hospital & premises in accordance with the 30-year lease agreement approved by voter measure in November, 2015.
- Most all expenses are budgeted based on the trend from prior years and conversations with marketing & communications.
- Depreciation is related to the MGH parking garage which was completed and placed into service during the summer of 2016.
- Mental Health clinic support was a two-year support arrangement approved by the District Board in late 2015.
- Cash flow is projected to be a positive $167,800.

Comments on the 2017 Clinic Budget

- Clinic support of $8,874,073 represents an increase of 11.3% over 2016. This increase is due in part to the following:
  - Recruitment of two new cardiologists, call center staff & nurses for CAM.
  - New location in North Novato with multiple specialties.
  - Additional primary care physicians and an endocrinologist.
  - Additional nurse practitioners in the clinics.
  - Marketing of both new and existing clinic locations.
- Behavioral Health Program is subsidized with $200,000 from the Healthcare District.
- Additional revenue is derived from increased clinic volume, quality assurance bonuses and contracted health plan rates.

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

office 415-464-2090
fax 415-464-2094

	Marin Healthcare District Budget (Draft) FYE: December 31, 2017					
			1/1/16 through 10/31/16 (10 months)			
		FY2016 Budget	**To Date - Budget**	**To Date - Actual**	**Variance**	**Proposed FY 2017 Budget**
1	**Receipts**					
2	MGHC Cash Rental Income - Lease	$500,000	$416,667	$416,667	$0	$510,000
3	Interest Income	3,000	2,500	1,787	(713)	3,000
4	Investment Earnings	-	-	22,787	22,787	-
5	**Total Receipts**	**503,000**	**419,167**	**441,242**	**22,075**	**513,000**
6						
7	**Disbursements**					
8	Legal Fees - Counsel - General	60,000	50,000	27,667	22,333	40,000
9	Auditor Expenses	20,000	16,670	16,667	3	20,000
10	Board Compensation	12,200	10,200	8,200	2,000	12,200
11	Board Expenses - Meetings & Travel	10,000	8,330	20,472	(12,142)	25,000
12	Assn of California Healthcare Districts	12,000	10,000	10,000	-	12,000
13	Charitable Contributions	7,000	7,000	-	7,000	6,000
14	Consulting	2,000	2,000	-	2,000	-
15	Community Communications & Education	66,000	33,000	29,701	3,299	30,000
16	Lafco Allocation	3,000	3,000	-	3,000	-
17	Depreciation	361,776	301,480	536,347	(234,867)	1,714,884
18	1206b Mental Health Clinic Support	193,152	160,960	160,960	-	200,000
19	**Total Disbursements**	747,128	602,640	810,013	(207,373)	2,060,084
20						
21	**Net Income/(Loss)**	**$ (244,128)**	**$ (183,473)**	**$ (368,771)**	**$ (185,298)**	**$ (1,547,084)**
22						
23	**Cash Flow**					
24	Net Income/(Loss)	($244,128)				($1,547,084)
25	Add Back:					
26	Depreciation	361,776				1,714,884
27						
28	**Net Cash Flow**	**$117,648**				**$167,800**

Tab 9

District Clinics
2017 Budget Roll Up (Draft)

		2016 Budget	YTD Sep 2016 Annualized	2017 Budget	Variance to FY 2016 Projected	% Change 2016 v 2017
1	Revenue					
2	OP Patient Services Revenue	17,861,500	18,188,119	24,203,087	6,014,968	33.1%
3	**Net Patient Revenue**	**17,861,500**	**18,188,119**	**24,203,087**	6,014,968	33.1%
4						
5	Other Operating Revenue					
6	MIPA / Medicare Bonus	85,049	544,175	277,921	(266,254)	-48.9%
7	SNF Income	177,000	140,980	147,000	6,020	4.3%
8	Other Operating Revenue	26	18,848	378,677	359,829	1909.1%
9	Total Other Operating Revenu	262,075	704,004	803,598	99,594	14.1%
10	**Total Income**	**18,123,575**	**18,892,123**	**$ 25,006,685**	6,114,562	32.4%
11						
12	Expenses					
13	MD Compensation	11,737,965	12,932,202	15,447,252	2,515,050	19.4%
14	NP Compensation	1,005,823	819,691	1,527,532	707,841	86.4%
15	Salaries & Wages	5,276,490	5,216,812	7,568,547	2,351,735	45.1%
16	Employee Benefits	438,366	743,776	1,144,042	400,266	53.8%
17	Purchased Services	2,932,701	2,481,859	2,491,205	9,346	0.4%
18	Professional Fees	154,860	86,674	130,010	43,336	50.0%
19	Supplies	1,220,691	1,376,595	1,697,137	320,542	23.3%
20	Depreciation	296,679	259,916	144,826	(115,090)	-44.3%
21	Rent & Leases	2,062,300	1,801,864	2,559,328	757,464	42.0%
22	Interest	21,069	11,310	23,605	12,295	108.7%
23	Insurance	128,194	126,630	218,355	91,725	72.4%
24	Utilities	171,070	306,282	311,796	5,514	1.8%
25	Other	897,082	704,911	617,123	(87,788)	-12.5%
26	**Total Expenses**	**26,343,290**	**26,868,521**	**$ 33,880,758**	7,012,237	26.1%
27						
28	**Net Income / (Loss)**	**(8,219,715)**	**(7,976,399)**	**(8,874,073)**	(897,674)	11.3%

Tab 10

MOSS ADAMS LLP
Certified Public Accountants | Business Consultants

WWW.MOSSADAMS.COM
3121 West March Lane, Suite 200
Stockton, CA 95219
T (209) 955-6100 F (209) 955-6199

October 12, 2016

Marin Healthcare District
James McManus, Chief Financial Officer
100B Drake's Landing Road, Suite 250
Greenbrae, California 94904

Re: Audit and Nonattest Services

Dear Mr. McManus:

Thank you for the opportunity to provide services to Marin Healthcare District. This engagement letter ("Engagement Letter") and the attached Professional Services Agreement, which is incorporated by this reference, confirm our acceptance and understanding of the terms and objectives of our engagement, and limitations of the services that Moss Adams LLP ("Moss Adams," "we," "us," and "our") will provide to Marin Healthcare District ("you," "your," and "District").

Scope of Services – Audit

You have requested that we audit the District's financial statements, which comprise the balance sheet as of December 31, 2016, and the related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements. We will also report on whether the combining statements of net assets and revenues, expenses and changes in net assets and revenues, expenses and changes in net assets by operating division, presented as supplementary information, is fairly stated, in all material respects, in relation to the financial statements as a whole. We have not been engaged to report on whether the management's discussion and analysis, presented as required supplementary information, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Scope of Services and Limitations – Nonattest

We will provide the District with the following nonattest services:

1. Assist you in drafting the financial statements and related footnotes as of and for the year ended December 31, 2016.

Our professional standards require that we remain independent with respect to our attest clients, including those situations where we also provide nonattest services such as those identified in the preceding paragraphs. As a result, District management must accept the responsibilities set forth below related to this engagement:

- Assume all management responsibilities.
- Oversee the service by designating an individual, preferably within senior management, who possesses skill, knowledge, and/or experience to oversee our nonattest services. The individual is not required to possess the expertise to perform or reperform the services.

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- Evaluate the adequacy and results of the nonattest services performed.
- Accept responsibility for the results of the nonattest services performed.

It is our understanding that you have been designated by the District to oversee the nonattest services and that in the opinion of the District is qualified to oversee our nonattest services as outlined above. If any issues or concerns in this area arise during the course of our engagement, we will discuss them with you prior to continuing with the engagement.

Timing

Brian Conner is responsible for supervising the engagement and authorizing the signing of the report. We expect to begin our audit on approximately March 13, 2017, complete fieldwork on approximately March 24, 2017, and issue our report no later than April 28, 2017. As we reach the conclusion of the audit, we will coordinate with you the date the audited financial statements will be available for issuance. You understand that (1) you will be required to consider subsequent events through the date the financial statements are available for issuance, (2) you will disclose in the notes to the financial statements the date through which subsequent events have been considered, and (3) the subsequent event date disclosed in the footnotes will not be earlier than the date of the management representation letter and the date of the report of independent auditors.

Our scheduling depends on your completion of the year-end closing and adjusting process prior to our arrival to begin the fieldwork. We may experience delays in completing our services due to your staff's unavailability or delays in your closing and adjusting process. You understand our fees are subject to adjustment if we experience these delays in completing our services.

Fees

We estimate that our fees for the services will be in $50,000 ($20,000 related to the District and $30,000 related to the 1206(b) clinics). You will also be billed for expenses.

Our ability to provide services in accordance with our estimated fees depends on the quality, timeliness, and accuracy of the District's records, and, for example, the number of general ledger adjustments required as a result of our work. To assist you in this process, we will provide you with a Client Audit Preparation Schedule that identifies the key work you will need to perform in preparation for the audit. We will also need your accounting staff to be readily available during the engagement to respond in a timely manner to our requests. Lack of preparation, poor records, general ledger adjustments and/or untimely assistance will result in an increase of our fees.

We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the District's Board of Directors. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. Our services will be concluded upon delivery to you of our report on your financial statements for the year ended December 31, 2016.

Additional Services

You may request that we perform additional services not contemplated by this Engagement Letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. It is our practice to issue a separate agreement covering additional services. However, absent such a separate agreement, all services we provide you shall be subject to the terms and conditions in the Professional Services Agreement.

We appreciate the opportunity to be of service to you. If you agree with the terms of our engagement as set forth in the Agreement, please sign the enclosed copy of this letter and return it to us with the Professional Services Agreement.

Very truly yours,

Brian P. Conner, for
Moss Adams LLP

Enclosures

ACCEPTED AND AGREED:

This Engagement Letter and the attached Professional Services Agreement set forth the entire understanding of Marin Healthcare District with respect to this engagement and the services to be provided by Moss Adams LLP:

Signature: ______________________________

Print Name:______________________________

Title: ______________________________

Date: ______________________________

PROFESSIONAL SERVICES AGREEMENT

Audit and Nonattest Services

This Professional Services Agreement (the "PSA") together with the Engagement Letter, which is hereby incorporated by reference, represents the entire agreement (the "Agreement") relating to services that Moss Adams will provide to the District. Any undefined terms in this PSA shall have the same meaning as set forth in the Engagement Letter.

Objective of the Audit

The objective of our audit is the expression of an opinion on the financial statements and supplementary information. We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). It will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Procedures and Limitations

Our procedures may include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of certain receivables and certain other assets, liabilities and transaction details by correspondence with selected customers, creditors, and financial institutions. We may also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. The supplementary information will be subject to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves. At the conclusion of our audit, we will require certain written representations from management about the financial statements and supplementary information and related matters. Management's failure to provide representations to our satisfaction will preclude us from issuing our report.

An audit includes examining evidence, on a test basis, supporting the amounts and disclosures in the financial statements. Therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Also, we will plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. Such material misstatements may include errors, fraudulent financial reporting, misappropriation of assets, or noncompliance with the provisions of laws or regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity that may have a direct financial statement impact. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements and noncompliance may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS. An audit is not designed to detect immaterial misstatements or noncompliance with the provisions of laws or regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors, fraudulent financial reporting, misappropriation of assets, and noncompliance with the provisions of laws or regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any time period for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the District and its environment, including its internal control sufficient to assess the risks of material misstatements of the financial statements whether due to error or fraud and to design the nature, timing, and extent of further audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify deficiencies in the design or operation of internal control. However, if, during the audit, we become aware of any matters involving internal control or its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, we will communicate them in writing to management and those charged with governance. We will also identify if we consider any significant deficiency, or combination of significant deficiencies, to be a material weakness.

We may assist management in the preparation of the District's financial statements and supplementary information. Regardless of any assistance we may render, all information included in the financial statements and supplementary information remains the representation of management. We may issue a preliminary draft of the financial statements and supplementary information to you for your review. Any preliminary draft financial statements and supplementary information should not be relied upon, reproduced, or otherwise distributed without the written permission of Moss Adams.

Management's Responsibility for Financial Statements

As a condition of our engagement, management acknowledges and understands that management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. We may advise management about appropriate accounting principles and their application and may assist in the preparation of your financial statements, but management remains responsible for the financial statements. Management also acknowledges and understands that management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. This responsibility includes the maintenance of adequate records, the selection and application of accounting principles, and the safeguarding of assets. You are responsible for informing us about all known or suspected fraud affecting the District involving: (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. You are responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, regulators or others. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole. Management is also responsible for identifying and ensuring that the District complies with applicable laws and regulations.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management agrees that as a condition of our engagement management will provide us with:

- access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
- additional information that we may request from management for the purpose of the audit; and
- unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence.

Management's Responsibility for Supplementary Information

Management is responsible for the preparation of the supplementary information in accordance with the applicable criteria. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information. Management is responsible to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon. For purposes of this Agreement, audited financial statements are deemed to be readily available if a third party user can obtain the audited financial statements without any further action by management. For example, financial statements on your Web site may be considered readily available, but being available upon request is not considered readily available.

Dissemination of Financial Statements

Our report on the financial statements must be associated only with the financial statements that were the subject of our engagement. You may make copies of our report, but only if the entire financial statements (including related footnotes and supplementary information, as appropriate) are reproduced and distributed with our report. You agree not to reproduce or associate our report with any other financial statements, or portions thereof, that are not the subject of this engagement.

Offering of Securities

This Agreement does not contemplate Moss Adams providing any services in connection with the offering of securities, whether registered or exempt from registration, and Moss Adams will charge additional fees to provide any such services. You agree not to incorporate or reference our report in a private placement or other offering of your equity or

debt securities without our express written permission. You further agree we are under no obligation to reissue our report or provide written permission for the use of our report at a later date in connection with an offering of securities, the issuance of debt instruments, or for any other circumstance. We will determine, at our sole discretion, whether we will reissue our report or provide written permission for the use of our report only after we have conducted any procedures we deem necessary in the circumstances. You agree to provide us with adequate time to review documents where (a) our report is requested to be reissued, (b) our report is included in the offering document or referred to therein, or (c) reference to our firm is expected to be made. If we decide to reissue our report or provide written permission to the use of our report, you agree that Moss Adams will be included on each distribution of draft offering materials and we will receive a complete set of final documents. If we decide not to reissue our report or withhold our written permission to use our report, you may be required to engage another firm to audit periods covered by our audit reports, and that firm will likely bill you for its services. While the successor auditor may request access to our engagement documentation for those periods, we are under no obligation to permit such access.

Changes in Professional or Accounting Standards

To the extent that future federal, state, or professional rule-making activities require modification of our audit approach, procedures, scope of work, etc., we will advise you of such changes and the impact on our fee estimate. If we are unable to agree on the additional fees, if any, that may be required to implement any new accounting and auditing standards that are required to be adopted and applied as part of our engagement, we may terminate this Agreement as provided herein, regardless of the stage of completion.

Representations of Management

During the course of our engagement, we may request information and explanations from management regarding, among other matters, the District's operations, internal control, future plans, specific transactions, and accounting systems and procedures. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide us with a written representation letter confirming some or all of the representations made during the engagement. The procedures that we will perform in our engagement will be heavily influenced by the representations that we receive from management. Accordingly, false representations could cause us to expend unnecessary efforts or could cause a material error or fraud to go undetected by our procedures. In view of the foregoing, you agree that we will not be responsible for any misstatements in the District's financial statements and supplementary information that we fail to detect as a result of false or misleading representations, whether oral or written, that are made to us by the District's management. While we may assist management in the preparation of the representation letter, it is management's responsibility to carefully review and understand the representations made therein.

In addition, because our failure to detect material misstatements could cause others relying upon our audit report to incur damages, the District further agrees to indemnify and hold us harmless from any liability and all costs (including legal fees) that we may incur in connection with claims based upon our failure to detect material misstatements in the District's financial statements and supplementary information resulting in whole or in part from knowingly false or misleading representations made to us by any member of the District's management.

Fees and Expenses

The District acknowledges that the following circumstances will result in an increase of our fees:

- Failure to prepare for the audit as evidenced by accounts and records that have not been subject to normal year-end closing and reconciliation procedures;
- Failure to complete the audit preparation work by the applicable due dates;
- Significant unanticipated transactions, audit issues, or other such circumstances;
- Delays causing scheduling changes or disruption of fieldwork;
- After audit or post fieldwork circumstances requiring revisions to work previously completed or delays in resolution of issues that extend the period of time necessary to complete the audit;
- Issues with the prior audit firm, prior year account balances or report disclosures that impact the current year engagement; and

- An excessive number of audit adjustments.

We will endeavor to advise you in the event these circumstances occur, however we may be unable to determine the impact on the estimated fee until the conclusion of the engagement. We will bill any additional amounts based on the experience of the individuals involved and the amount of work performed.

Billings are due upon presentation and become delinquent if not paid within 30 days of the invoice date. Any past due fee under this Agreement shall bear interest at the highest rate allowed by law on any unpaid balance. In addition to fees, you may be billed for expenses and any applicable sales and gross receipts tax. Direct expenses may be charged based on out-of-pocket expenditures, per diem allotments, and mileage reimbursements, depending on the nature of the expense. Indirect expenses, such as processing and copying, are passed through at our estimated clerical and equipment cost and may be charged as a flat fee. If we elect to suspend our engagement for nonpayment, we may not resume our work until the account is paid in full. If we elect to terminate our services for nonpayment, or as otherwise provided in this Agreement, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our work. You will be obligated to compensate us for fees earned for services rendered and to reimburse us for expenses. You acknowledge and agree that in the event we stop work or terminate this Agreement as a result of your failure to pay on a timely basis for services rendered by Moss Adams as provided in this Agreement, or if we terminate this Agreement for any other reason, we shall not be liable to you for any damages that occur as a result of our ceasing to render services.

Limitation on Liability

IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR OTHERWISE ARISING OUT OF THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT.

Subpoena or Other Release of Documents

As a result of our services to you, we may be required or requested to provide information or documents to you or a third-party in connection with governmental regulations or activities, or a legal, arbitration or administrative proceeding (including a grand jury investigation), in which we are not a party. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate to protect information from discovery. If you take no action within the time permitted for us to respond or if your action does not result in a judicial order protecting us from supplying requested information, we will construe your inaction or failure as consent to comply with the request. Our efforts in complying with such requests or demands will be deemed a part of this engagement and we shall be entitled to additional compensation for our time and reimbursement for our out-of-pocket expenditures (including legal fees) in complying with such request or demand.

Document Retention Policy

At the conclusion of this engagement, we will return to you all original records you supplied to us. Your District records are the primary records for your operations and comprise the backup and support for the results of this engagement. Our records and files, including our engagement documentation whether kept on paper or electronic media, are our property and are not a substitute for your own records. Our firm policy calls for us to destroy our engagement files and all pertinent engagement documentation after a retention period of seven years (or longer, if required by law or regulation), after which time these items will no longer be available. We are under no obligation to notify you regarding the destruction of our records. We reserve the right to modify the retention period without notifying you. Catastrophic events or physical deterioration may result in our firm's records being unavailable before the expiration of the above retention period.

Except as set forth above, you agree that Moss Adams may destroy paper originals and copies of any documents, including, without limitation, correspondence, agreements, and representation letters, and retain only digital images thereof.

Use of Electronic Communication

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential to the District. We employ measures in the use of electronic communications designed to provide reasonable assurance that data security is maintained. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept we have no control over the unauthorized interception of these communications once they have been sent. Unless you issue specific instructions to do otherwise, we will assume you consent to our use of electronic communications to your representatives and other use of these electronic devices during the term of this MSA as we deem appropriate.

Enforceability

In the event that any portion of this Agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this Agreement.

Entire Agreement

This Professional Services Agreement and Engagement Letter constitute the entire agreement and understanding between Moss Adams and the District. The District agrees that in entering into this Agreement it is not relying and has not relied upon any oral or other representations, promise or statement made by anyone which is not set forth herein.

In the event the parties fail to enter into a new Agreement for each subsequent calendar year in which Moss Adams provides services to the District, the terms and conditions of this PSA shall continue in force until such time as the parties execute a new written Agreement or terminate their relationship, whichever occurs first.

Use of Moss Adams' Name

The District may not use any of Moss Adams' name, trademarks, service marks or logo in connection with the services contemplated by this Agreement or otherwise without the prior written permission of Moss Adams, which permission may be withheld for any or no reason and may be subject to certain conditions.

Use of Third-Party Service Providers

We may use third party service providers in serving you, including software and data storage providers. You understand that Moss Adams does not control the providers' networks, security or availability of services.

Use of Nonlicensed Personnel

Certain engagement personnel who are not licensed as certified public accountants may provide services during this engagement.

Dispute Resolution Procedure and Venue

This Agreement shall be governed by the laws of the state of Washington, without giving effect to any conflicts of laws principles. If a dispute arises out of or relates to the engagement described herein, and if the dispute cannot be settled through negotiations, the parties agree first to try in good faith to settle the dispute by mediation using an agreed upon mediator. If the parties are unable to agree on a mediator, the parties shall petition the state court that would have jurisdiction over this matter if litigation were to ensue and request the appointment of a mediator, and such appointment shall be binding on the parties. Each party shall be responsible for its own mediation expenses, and shall share equally in the mediator's fees and expenses.

If the claim or dispute cannot be settled through mediation, each party hereby irrevocably (a) consents to the exclusive jurisdiction and venue of the appropriate state or federal court located in King County, state of Washington, in connection with any dispute hereunder or the enforcement of any right or obligation hereunder, and (b) WAIVES ITS

RIGHT TO A JURY TRIAL. EACH PARTY FURTHER AGREES THAT ANY SUIT ARISING OUT OF OR RELATED TO THIS AGREEMENT MUST BE FILED WITHIN ONE (1) YEAR AFTER THE CAUSE OF ACTION ARISES.

Termination

This Agreement may be terminated by either party, with or without cause, upon ten (10) days' written notice. In such event, we will stop providing services hereunder except on work, mutually agreed upon in writing, necessary to carry out such termination. In the event of termination: (a) you shall pay us for services provided and expenses incurred through the effective date of termination, (b) we will provide you with all finished reports that we have prepared pursuant to this Agreement, (c) neither party shall be liable to the other for any damages that occur as a result of our ceasing to render services, and (d) we will require any new accounting firm that you may retain to execute access letters satisfactory to Moss Adams prior to reviewing our files.

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

WWW.MOSSADAMS.COM
3121 West March Lane, Suite 200
Stockton, CA 95219
T (209) 955-6100 F (209) 955-6199

October 12, 2016

Marin Healthcare District
James McManus, Chief Financial Officer
100B Drake's Landing Road, Suite 250
Greenbrae, California 94904

Re: Nonattest Accounting Services

Dear Mr. McManus:

Thank you for the opportunity to provide bookkeeping services to Marin Healthcare District. This engagement letter is to confirm the terms and objectives of our engagement and the nature of and limitations on the services we will provide. This Engagement Letter and the attached Professional Services Agreement, which is incorporated by this reference, represent the entire agreement (the "Agreement") regarding the services to be rendered by Moss Adams LLP ("Moss Adams," "we," "us," and "our") to Marin Healthcare District ("you," "your," and "District").

Scope of Services

Our bookkeeping services will consist of assisting with preparation of the December 31, 2016 Special Districts Financial Transactions Report to the State Controller's Office from unaudited internal data.

Fees

We estimate that our fees for these services will be $1,875. Our fees will be based on our hourly rates for this type of work. We estimate this engagement will take a total of 12.5 hours. You will also be billed for expenses at our cost as they are incurred.

Limitations

Moss Adams has no responsibility for the services any third party provider ("Provider") may provide to you, including, but not limited to, any software service Provider. This includes, but is not limited to, whether (a) the results of the Provider's services meet applicable contractual and/or legal standards; (b) the Provider makes available to you any data submitted to the Provider; (c) the Provider maintains the necessary administrative, technical, or physical safeguards to protect the security and confidentiality of data submitted to the Provider; or (d) the Provider actually maintains the security and confidentiality of any data submitted to the Provider.

The services contemplated by this Agreement cannot be relied on to identify, detect or disclose errors, fraud, or other illegal acts that may exist, including, but not limited to, any errors or fraud involving

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the District's check register or bank accounts, financial statement misstatements or any wrongdoing within the entity or noncompliance with laws and regulations. We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. In addition, we have no responsibility to identify and communicate significant deficiencies or material weaknesses in your internal control as part of this engagement.

Finally, while we will assist you with journal entries and year-end reconciliations, the District will be responsible for reviewing and approving all financial data.

It is our practice to issue a separate agreement covering additional services. However, absent such a separate agreement, all services we provide you shall be subject to the terms and conditions in the Professional Services Agreement.

We appreciate the opportunity to be of service to you. If you agree with the terms of our engagement as set forth in this Agreement, please sign the enclosed copy of this letter and return it to us with the Professional Services Agreement.

Very truly yours,

Brian P. Conner, for
Moss Adams LLP

Enclosures

ACCEPTED AND AGREED:

This Engagement Letter and the attached Professional Services Agreement set forth the entire understanding of Marin Healthcare District with respect to this engagement and the services to be provided by Moss Adams LLP:

Signature: ____

Print Name:_______________________________________

Title: ____

Date: ____

Client 618259
v. 9/1/2016

PROFESSIONAL SERVICES AGREEMENT

Nonattest Accounting Services

This Professional Services Agreement (the "PSA") together with the Engagement Letter, which is hereby incorporated by reference (collectively the "Agreement"), represents the terms and conditions relating to services to be provided to you by Moss Adams. Terms not defined herein shall have the same meaning as set forth in the Engagement Letter.

Procedures and Limitations

Nonattest accounting services differs significantly from and is substantially less in scope than a preparation, compilation, review or an audit of financial statements. Our services are not an attest service and we do not contemplate performing inquiry, analytical procedures, or other procedures performed in a review. Additionally, our services do not contemplate: (a) obtaining an understanding of the District's internal control, (b) assessing fraud risk, (c) testing accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, or the examination of source documents, or (d) other procedures ordinarily performed in an audit or review engagement. We are not required to, and will not, verify the accuracy or completeness of the information you provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion nor provide any assurance on your accounting records or financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the District or noncompliance with laws and regulations. You agree we have no responsibility to identify and communicate significant deficiencies or material weaknesses in your internal controls as part of this engagement.

As a result of this engagement, Moss Adams assumes no responsibility to provide you with assurance about whether your accounting records or financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity that may have a direct financial statement impact.

We will provide the nonattest accounting services identified; however, all information included in your accounting records and financial statements remains the representation of management. We may perform data entry and provide analyses, schedules, reconciliations and journal entries to you for your review. However, these items and the results of our services should not be relied upon, reproduced or otherwise distributed without the written permission of Moss Adams.

Management's Responsibility

You are responsible for making all financial records and related information, including documents, explanations, and other information, available to us and for the accuracy and completeness of that information, including significant judgments used in the preparation of your financial statements, and the selection of the financial reporting framework to be applied in the preparation of your financial statements. You are also responsible for the fair presentation of the financial statements in accordance with the applicable financial reporting framework. You are responsible for the inclusion of all informative disclosures that are appropriate for the applicable financial reporting framework used to prepare your financial statements. We may advise you about appropriate accounting principles and their application but you are responsible for your accounting records and financial statements. You are also responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of accounting records and financial statements that are free from material misstatement, whether due to fraud or error. You are responsible for preventing and detecting fraud, and for the safeguarding of assets. You are responsible for adjusting your accouting records and financial statements to correct any misstatements. You are also responsible for identifying and ensuring that the District complies with applicable laws and regulations.

You agree that as a condition of our engagement you will provide us, in a timely and orderly way, all information of which you are aware that is relevant to the nonattest accounting services identifeid. This includes all records, documentation, and other matters, and additional information that we may request from you for the purpose of our

engagement, and all such information will be, to the best of your knowledge and belief, truthful and accurate. You agree that you will provide us with unrestricted access to persons within the District of whom we determine it necessary to perform this engagement.

You accept the responsibilities set forth below regarding the engagement:

- Assume all management responsibilities
- Oversee the service, by designating an individual, preferably within senior management who possesses skill, knowledge, and/or experience to oversee the nonattest services. The individual is not required to possess the expertise to perform or reperform the services.
- Evaluate the adequacy and results of the services performed.
- Accept responsibility for the results of the services performed.

It is our understanding that you have been designated by the District to oversee the services outlined in this Agreement and that in the opinion of the District is qualified to do so.

We will not make management decisions or perform management functions, such as authorizing or consummating transactions. We may, however, advise and train your staff in these areas. If any issues or concerns in this area arise during the course of our engagement, we will discuss them with you prior to continuing with the engagement.

Changes in Professional or Accounting Standards

To the extent that future federal, state or professional rule-making activities require modification of our nonattest accounting services, procedures, scope of work, etc., we will advise you of such changes and the impact on our fee estimate. If we are unable to agree on the additional fees, if any, that may be required to implement any new standards that are required to be adopted and applied as part of our engagement, we may terminate this Agreement as provided herein, regardless of the stage of completion.

Fees and Expenses

The District acknowledges that the following circumstances will result in an increase of our fees:

- Failure to adequately prepare for the engagement;
- Failure to complete the preparation work by the applicable due dates;
- An excessive number of adjustments;
- Significant unanticipated transactions, accounting issues, or other such circumstances;
- Delays causing scheduling changes or disruption work;
- Circumstances requiring revisions to work previously completed or delays in resolution of issues that extend the period of time necessary to complete the engagement;
- Issues with the prior accounting firm, prior year account balances or other matters that impact the current year engagement.

We will endeavor to advise you in the event these circumstances occur, however we may be unable to determine the impact on the estimated fee until the conclusion of the engagement. We will bill any additional amounts based on the experience of the individuals involved and the amount of work performed.

Billings are due upon presentation and become delinquent if not paid within 30 days of the invoice date. Any past due fee under this Agreement shall bear interest at the highest rate allowed by law on any unpaid balance. In addition to

fees, you may be billed for expenses and any applicable sales and gross receipts tax. Direct expenses may be charged based on out-of-pocket expenditures, per diem allotments, and mileage reimbursements, depending on the nature of the expense. Indirect expenses, such as processing and copying, are passed through at our estimated clerical and equipment cost and may be charged as a flat fee. If we elect to suspend our engagement for nonpayment, we may not resume our work until the account is paid in full. If we elect to terminate our services for nonpayment, or as otherwise provided in this Agreement, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our work. You will be obligated to compensate us for fees earned for services rendered and to reimburse us for expenses. You acknowledge and agree that in the event we stop work or terminate this Agreement as a result of your failure to pay on a timely basis for services rendered by Moss Adams as provided in this Agreement, or if we terminate this Agreement for any other reason, we shall not be liable to you for any damages that occur as a result of our ceasing to render services.

If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. Limitation on Liability

YOU AGREE THAT MOSS ADAMS' TOTAL LIABILITY FOR ANY AND ALL DAMAGES WHATSOEVER ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT FROM ANY CAUSE, INCLUDING BUT NOT LIMITED TO CONTRACT LIABILITY OR MOSS ADAMS' NEGLIGENCE, ERRORS, OMISSIONS, STRICT LIABILITY, BREACH OF CONTRACT OR BREACH OF WARRANTY SHALL NOT, IN THE AGGREGATE, EXCEED THE FEES PAID TO MOSS ADAMS UNDER THIS AGREEMENT.

IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR OTHERWISE ARISING OUT OF THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT.

Indemnity

You will defend, indemnify and hold harmless Moss Adams and its employees (Indemnified Persons) from any and all liabilities and expenses, including reasonable attorney's fees, arising out of any action by a third party related to this engagement and will assume the defense thereof with counsel suitable to Moss Adams. No employee of Moss Adams or Indemnified Person shall be subjected to any personal liability whatsoever, nor will any such claim be asserted by or on behalf of any other party relying on the services rendered under this Agreement.

Intellectual Property

We may use intellectual property in performing our services, including without limitation, data, software, designs, utilities, tools, spreadsheets, models, systems, ideas, methods and techniques ("Materials"). In the event you receive access to Materials during the performance of our services, such items are provided solely for your internal use and in an "as is" condition without warranty of any kind. We assume no responsibility for results obtained by anyone other than Moss Adams from use of such items. We retain all intellectual property rights in the Materials (including any developments, improvements, and knowledge generated during the performance of our services), and in any working papers compiled in connection with the services.

District will own all final deliverables prepared for and delivered to District, excluding any Materials contained or embodied therein ("Deliverables"). District shall have a non-exclusive, non-transferable license to use Materials solely for the purposes for which they are delivered to the extent they form part of a Deliverable. Notwithstanding anything to the contrary, we may retain a copy of all Deliverables in our files for archival purposes.

Subpoena or Other Release of Documents

As a result of our services to you, we may be required or requested to provide information or documents to you or a third-party in connection with governmental regulations or activities, or a legal, arbitration or administrative proceeding (including a grand jury investigation), in which we are not a party. You may, within the time permitted for

our firm to respond to any request, initiate such legal action as you deem appropriate to protect information from discovery. If you take no action within the time permitted for us to respond or if your action does not result in a judicial order protecting us from supplying requested information, we will construe your inaction or failure as consent to comply with the request. Our efforts in complying with such requests or demands will be deemed a part of this engagement and we shall be entitled to additional compensation for our time and reimbursement for our out-of-pocket expenditures (including legal fees) in complying with such request or demand.

Internal Use and Third Parties

All services under this Agreement shall be solely for your informational purposes and internal use, and no engagement creates privity between Moss Adams and any person or party other than you ("third party"). None of our services are intended for the express or implied benefit of any third party, and no third party is entitled to rely on the services we provide you, including without limitation, any advice, opinions, or reports. In the event of any such reliance, you agree to indemnify and hold harmless Moss Adams and its personnel from all third-party claims, liabilities, costs, and expenses.

Document Retention Policy

At the conclusion of this engagement, we will return original records you supplied to us. Your District records are the primary records for your operations and comprise the backup and support for the results of this engagement. Our records and files, including our engagement documentation, whether kept on paper or electronic media, are our property and are not a substitute for your own records. Our policy calls for us to destroy our engagement files and all pertinent engagement documentation after a retention period of seven years (or longer, if required by law or regulation), after which time these items will no longer be available. We are under no obligation to notify you regarding the destruction of our records. We reserve the right to modify the retention period without notifying you. Catastrophic events or physical deterioration may result in our firm's records being unavailable before the expiration of the above retention period.

Except as set forth above, you agree that Moss Adams may destroy paper originals and copies of any documents, including, without limitation, correspondence, agreements, and representation letters, and retain only digital images thereof.

Use of Electronic Communication

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential to the District. Our firm employs measures in the use of facsimile machines and computer technology designed to provide reasonable assurance that data security is maintained. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept we have no control over the unauthorized interception of these communications once they have been sent. Unless you issue specific instructions to do otherwise, we will assume you consent to our use of facsimile transmissions to your representatives and other use of these electronic devices during this engagement as we deem appropriate.

Enforceability

In the event any portion of this Agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this Agreement.

Entire Agreement

This Professional Services Agreement and Engagement Letter constitute the entire agreement and understanding between Moss Adams and the District. The District agrees that in entering into this Agreement it is not relying and has not relied upon any oral or other representations, promise or statement made by anyone which is not set forth herein.

In the event the parties fail to enter into a new Agreement for each subsequent calendar year in which Moss Adams provides services to the District, the terms and conditions of this PSA shall continue in force until such time as the parties execute a new written Agreement or terminate their relationship, whichever occurs first.

Use of Moss Adams' Name

The District may not use any of Moss Adams' name, trademarks, service marks or logo in connection with the services contemplated by this Agreement or otherwise without the prior written permission of Moss Adams, which permission may be withheld for any or no reason and may be subject to certain conditions.

Use of Third-Party Service Providers

We may use third party service providers in serving you, including software and data storage providers. You understand that Moss Adams does not control the providers' networks, security or availability of services.

Use of Nonlicensed Personnel

Certain engagement personnel, who are not licensed as certified public accountants, may provide services during this engagement.

Dispute Resolution Procedure, Venue and Limitation Period

This Agreement shall be governed by the laws of the state of Washington, without giving effect to any conflicts of laws principles. If a dispute arises out of or relates to the engagement described herein, and if the dispute cannot be settled through negotiations, the parties agree first to try in good faith to settle the dispute by mediation using an agreed upon mediator. If the parties are unable to agree on a mediator, the parties shall petition the state court that would have jurisdiction over this matter if litigation were to ensue and request the appointment of a mediator, and such appointment shall be binding on the parties. Each party shall be responsible for its own mediation expenses, and shall share equally in the mediator's fees and expenses.

If the claim or dispute cannot be settled through mediation, each party hereby irrevocably (a) consents to the exclusive jurisdiction and venue of the appropriate state or federal court located in King County, state of Washington in connection with any dispute hereunder or the enforcement of any right or obligation hereunder, and (b) WAIVES ITS RIGHT TO A JURY TRIAL. EACH PARTY FURTHER AGREES THAT ANY SUIT ARISING OUT OF OR RELATED TO THIS AGREEMENT MUST BE FILED IN A COURT OF PROPER JURISDICTION WITHIN ONE (1) YEAR AFTER THE CAUSE OF ACTION ARISES.

Termination

This Agreement may be terminated by either party, with or without cause, upon ten (10) days' written notice. In such event, we will stop providing services hereunder except on work, mutually agreed upon in writing, necessary to carry out such termination. In the event of termination, (a) you shall pay us for services provided and expenses incurred through the effective date of termination, (b) we will provide you with all finished deliverables that we have prepared pursuant to this Agreement, (c) neither party shall be liable to the other for any damages that occur as a result of our ceasing to render services, and (d) we will require any new accounting firm that you may retain to execute access letters satisfactory to Moss Adams prior to reviewing our files.