



100B Drakes Landing Road, Suite 250, Greenbrae, CA 94904
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Special Study Session of The Board Of Directors
with the Finance & Audit Committee

November 28, 2017

Location: Marin Healthcare District, 100B Drakes Landing Road, Suite 250, Greenbrae, CA 94904

Board of Directors: Ann Sparkman, JD (Chair), Harris "Hank" Simmonds, MD (Vice Chair), Jennifer Hershon, RN, MSN (Secretary), Larry Bedard, MD (Director), Jennifer Rienks, PhD (Director).

Committee: Larry Bedard, MD (Chair), Jennifer Hershon, RN, MSN (Member).

Staff: Jim McManus, CFO; Jean Noonan, Controller; Michael Lighthawk, EA; Lee Domanico, CEO; Jon Friedenberg, COO.

OPEN MEETING MINUTES

- I. **Call to Order** – Chair Bedard called the Open Meeting of the Special Study Session of the Board with the Finance and Audit Committee to order at 6:00pm.
 - A. Roll Call – All board and committee members present.
 - B. Approval of Agenda – **Agenda Approved.**
 - C. Approval of previous Closed Session Minutes of July 25, 2017 – **Minutes approved.**
 - D. Approval of previous Regular Committee Meeting of August 29, 2017 - **Minutes approved.**
 - E. Approval of minutes of Special Closed Study Session of the Board with the Finance & Audit Committee: October 31, 2017 - **Minutes Approved.**
 - F. Approval of minutes of Special Open Study Session of the Board with the Finance & Audit Committee: October 31, 2017 - **Minutes Approved.**
 - G. General Public Comment – No public comment.

II. Review / Recommend Approval of Items Discussed in Closed Session (Action)

Motion: To recommend final approval by the full board for the Compensation Terms of Renewal of Professional Services Agreement for Cardiology Services in the District's 1206(b) Cardiology Clinic, and of the Renewal of the Co-Management Agreement for the MHD-MGH Cardiovascular Service Line.

Vote: All ayes. **Motion passed.**

III. Finance

A. Financial Report – October 31, 2017

Balance Sheet – Jim McManus pointed out that Tax Revenue Receivables due from the County of Marin are \$12.3M. There has been a significant increase in bond funds that are "Assets Limited to Use" for MGH 2.0 construction costs.

The balance of proceeds from bonds issued in November 2015 (\$36.5M) and the proceeds from the bonds issued in September 2017 (net of issuance costs) of \$242.8M are reflected in the account "Assets Limited to Use – Bond Funds". MGH 2.0 Construction Costs to date are \$154.6M.

The net assets of the District are \$37.3M.

Income Statement – The Rental Revenue from the hospital lease is the only predictable source of income for the District. Significant expenses include Depreciation on the parking garage, Legal Fees, and MGH Program Support. The District continues to be in a favorable financial position.



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Clinic Activity – Clinic contributions are at about \$1.5M for all practices in October. There have been significant increases in property leases for the clinics. Members Rienks and Hershon requested more drill down in the Clinic Reports. Mr. McManus concurred that each clinic is undergoing review and will present more financial detail on clinic operations in subsequent meetings.

B. 2018 District & District Clinic Budgets (Actions)

District Budget - Jim McManus clarified that two Budgets are being presented; one for the Marin Healthcare District and one for the MHD 1206(b) Clinics. The proposed District Budget illustrates the Fiscal Year 2017 Budget; Year-to-Date Budget & Actual; Variance and the proposed 2018 Budget noting there is a slight increase in the lease between the District and the Hospital.

Disbursements are expected to be close to the 2017 Actuals and Budget with an expected change expected in depreciation on line 19 for support to Behavioral Health.

Motion: To recommend that the MHD Board of Directors accept the FY2018 Budget for the Marin Healthcare District as presented. **Vote:** All ayes. **Motion passed.**

1206(b) Clinic Budget – Annualized Net Income of the District Clinics is a negative \$10.4M. Projected 2017 Variance is \$5.3M. with primary components being significant contributions to Cardiology, Urology, Marin Endocrine and Rheumatology (Dr. Chase). Purchased Services are significantly reduced due to the transfer of operational management to CHMB. Other cost reductions are seen from the consolidation services and running the clinic supplies through the hospital systems.

Motion: To recommend that the MHD Board of Directors accept the FY2018 Budget for the Marin Healthcare District 1206(b) Clinics as presented. **Vote:** All ayes. **Motion passed.**

C. Travel Policy Review (Action)

Discussions ensued regarding appropriate mileage reimbursement, means of transportation and tipping expenses. There were no changes suggested for the MHD Travel Policy except the policy will reflect the current date of review. **No action taken.**

D. Investment Committee Report – Ms. Noonan reported Actual Investment Earnings for the Year-to-Date October 31st of \$52,183.

E. Citizens Bond Oversight Committee (CBOC) Report & CFO Report to Community
Jim McManus provided background on the CBOC and the requirement of the applicable Government Code that the Chief fiscal Officer must submit an annual report after the issuance of General Obligation Bonds. This report is posted to the CBOC webpage on the MHD website. Jim further explained the nature of required public postings for California District Hospitals.

IV. Agenda Items for Next Meeting

- The committee requests a comprehensive performance review of all 1206(b) Clinics.

V. Adjournment – Chair Bedard adjourned the meeting at 6:40pm.