



**Special Study Session of the  
Board of Directors with the  
Finance & Audit Committee  
November 28, 2017**



100B Drakes Landing Road, Suite 250, Greenbrae, CA 94904  
Telephone: 415-464-2090 / Fax: 415-464-2094  
Website: [www.marinhealthcare.org](http://www.marinhealthcare.org) / Email: [info@marinhealthcare.org](mailto:info@marinhealthcare.org)

**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.

**CLOSED SESSION AGENDA**

**5:30pm**

- I. Call to Order** Bedard
  - A. Roll Call
  - B. Review of Agenda
  - C. Review of previous Closed Session Minutes of July 25, 2017
  - D. Review of previous Closed Session Minutes of October 31, 2017
- II. Trade Secrets** – Discussion involving trade secrets pursuant to H&S Code Section 32106, concerning new District/Hospital Programs, Services, Facilities and Strategic Planning. Friedenberg
- III. Adjourn Closed Meeting** Bedard

**OPEN SESSION AGENDA**

**5:50pm**

- I. Call to Order** Bedard
  - A. Roll Call
  - B. Approval of Agenda (Action)
  - C. Approval of minutes of Special Closed Study Session of the Board with the Finance & Audit Committee: October 31, 2017 (Action)
  - D. Approval of minutes of Special Open Study Session of the Board with the Finance & Audit Committee: October 31, 2017 (Action)
  - E. Approval of minutes of Regular Meeting: August 29, 2017 (Action)
  - F. Approval of minutes of previous Closed Session: July 25, 2017 (Action)
  - G. General Public Comment – *At this time, any member of the public audience may make statements regarding any items NOT on the agenda. Statements are limited to a maximum of three (3) minutes. Please state your name if you wish to be recorded in the minutes.*
- II. Review / Recommend Approval of Items Discussed in Closed Session (Action)**
- III. Finance** McManus
  - A. Financial Report – October 31, 2017
  - B. 2018 District & District Clinic Budgets (Action)
  - C. Travel Policy Review (Action)
  - D. Investment Committee Report
  - E. Citizens Bond Oversight Committee Report & CFO Report to Community
- IV. Agenda Items for Next Meeting** Bedard
- V. Adjournment** Bedard



**Previous Open Session  
Minutes  
October 31, 2017**



## Marin Healthcare District

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### **SPECIAL STUDY SESSION of the BOARD OF DIRECTORS**

**With the Finance & Audit Committee**

**October 31, 2017, 5:40pm**

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

### **Regular Session Minutes**

#### **I. Call to Order**

##### **A. Roll Call**

- ✓ Board Members present: Chair Ann Sparkman; Vice Chair Harris Simmonds; Secretary Jennifer Hershon. **Board quorum established.**
- ✓ Board of Directors absent: Larry Bedard, Jennifer Rienks.
- ✓ Committee Member Present: Jennifer Hershon. Committee member absent: Larry Bedard. **Committee quorum not established.**
- ✓ Staff Present: Jim McManus, Joel Sklar, Jean Noonan, Ellen Akre, Michael Lighthawk.

##### **A. Approval of Agenda**

##### **B. Approval of Minutes from previous Closed Session, July 25, 2017 (Action)** Action tabled due to lack of committee quorum.

##### **C. Approval of Minutes of Regular Meeting: August 29, 2017 (Action)** Action tabled due to lack of committee quorum.

##### **D. General Public Comment – *At this time, any member of the public audience may make statements regarding any items NOT on the agenda. Statements are limited to a maximum of three (3) minutes. Please state your name if you wish to be recorded in the minutes.***

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

**Motion:** To Approve the Second Amendment to the Professional Services Agreement (PSA) between Marin Healthcare District and Stanford Healthcare Services.

So moved by Director Hershon. Seconded by Director Simmonds.

Discussions ensued following the Closed Session presentation on the following topics:

- Directors Sparkman and Rienks expressed that their preference would have been to bring this particular arrangement before the full board on November 14<sup>th</sup>. However, Dr. Sklar pointed out that the Dr. Katragunta is due to start on November 13<sup>th</sup> and thus the Special Study Session of the Full Board was appropriate.
- Chair Sparkman asked for an explanation about the last minute timing of this presentation. Ellen Akre responded that she and Stanford had been working on the start date for some time. However, the lead person at Stanford's Vascular Surgery department was out on maternity leave and the staff who were filling in were not quite as up to speed as the regular lead person. This caused a delay in finalizing the terms of the contract.
- Mr. McManus informed the committee that the terms and conditions of this arrangement require the arrangement to go before both the MGH and MHD Boards for approval and that the arrangement was presented and approved at the MGH Board Retreat the previous week.
- **Ms. Sparkman asked to see the entire agreement with Stanford.**
- Ms. Hershon confirmed with Ellen Akre that the Fair Market Value (FMV) diligence was performed and included.
- Dr. Simmonds declared that he was in favor of approving the arrangement but management should not make a habit of conducting business in this manner. Member Hershon stated that



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approval can be reflected in the minutes but recommends having a discussion at the November 14<sup>th</sup> board meeting in closed session.

- Ms. Sparkman commented that if another arrangement is brought before the board without enough time to review, staff will need to wait until the next time the board can meet to discuss.

At this point in the discussion, Ann Sparkman called for a vote on the motion. The vote is recorded as follows: Ann Sparkman – Aye; Jennifer Hershon – Aye; Harris Simmonds – Aye. **Motion approved.**

### III. Finance

#### A. Financial Report – September 30, 2017

Balance Sheet (Pg. 10) – The 2<sup>nd</sup> tranche of GO Bonds was issued in September, therefore the Assets Limited to Use category jumped from \$45M to \$288M. With the recent issuance of \$224M, the GO Bond process is now complete. Each month hospital construction costs are significant. In September, we spent \$8.6M for general construction, steel, etc. This level of spending will be ongoing month-to-month.

Revenue Bonds - Over the next three weeks, management is starting the process for the Revenue Bond offering, which does not impact the District. It will be the hospital's responsibility to pay off these bonds. However, since this issuance will increase the hospital's debt, it will need to be approved by both the MHD Finance and Audit Committee and the MHD Board. The Revenue Bond diligence is a longer process than the GO Bonds and will take 4-5 months. Bond counsel will take the lead on managing the appropriate documentation and will prep senior management on possible responses to real time questions from the agencies. One difference between the GO Bond and Revenue Bond processes is that the presentations have to be live, not recorded. Additionally, management may need to ask for one special meeting of both boards, probably in early April of 2018. Finally, the timeline has been set but the key dates are still being developed.

Income Statement (Pg. 11) – This statement is broken up into three sections: Actual District Expenses, Clinic Activity, and Bond-related Revenue/Expense. Revenue of the District is solely from the lease of the hospital and a small amount of investment earnings. Total expenses for the District in September was \$137K. Expenses are a little bit lower per month because of the depreciation of the Parking Garage. Monthly MGH Program Support for the investment in the Behavioral Health Program is \$16.6K or about \$150K YTD.

#### 1206(b) Clinics

Director Simmonds enquired as to the status of the West Marin Clinic in Pt. Reyes. Jim McManus responded, yes, this was a self-managed clinic that was terminated in August.

CAM – Jennifer Hershon commented that it has been a while since this committee or the board had seen a detailed financial breakdown of significant clinic deficits along with corresponding information on the clinics' activities. Jennifer subsequently requested that the committee or the board be presented with a more detailed breakout on CAM's deficit. Mr. McManus agreed that he would present more detail in his report to the committee and the board, not only on CAM, but for the other clinics that are operating at a deficit as well.

Ms. Hershon also asked if Dr. Sklar is still overseeing CAM. Mr. McManus clarified that Dr. Sklar has no administrative, management, or decision making role with CAM. Additionally, when the hospital board is voting on anything to do with CAM, Dr. Sklar must step out of the room and not participate in the discussion. He does, however, still practice within CAM. Those charged with



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oversight for CAM are: Jon Friedenber, COO; Ronni Himi, Practice Manager for CAM; and, Dr. Mark Wexman, Physician Lead.

Further discussions ensued regarding the contracting history of CAM with MGH; the ramping up of new physicians and the impact of new physician performance on the subsidy.

Ann Sparkman stated that she would report to the board on this meeting and asked Jim McManus for help to put together a report of the meeting's discussions and requests.

Jennifer Hershon recapped that the F&A committee requests for more detail on the CAM and other clinics' deficits.

Director Simmonds brought forth a point of interest that hospitals will be increasingly challenged to continue support to ancillary clinics and that he does not feel that these subsidies to the clinics can be sustained. Mr. McManus replied that administration is having those discussions right now during the current budget meetings which includes Prima and the property leases associated with the clinic locations.

Additionally, the board members asked for a review of potential conflicts of interest in district arrangements. (Action)

#### **IV. 2018 Committee Schedule – (Handout)**

#### **V. Agenda Items for Subsequent Meetings**

- A. Detail on Clinic Deficits
- B. Review of potential Conflicts of Interest in District Arrangements

#### **VI. Adjournment – Chair Sparkman thanked the board members and staff and adjourned the meeting at 6:30pm.**



# **Previous Minutes August 29, 2017**



## Marin Healthcare District

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### FINANCE AND AUDIT COMMITTEE

Closed Session & Regular Meeting

August 29, 2017, 5:30pm

#### Members:

**Chair:** Larry Bedard, MD (Remote Location)  
**Member:** Jennifer Hershon, RN, MSN  
**Staff:** James McManus, CFO  
Jean Noonan, Controller  
Michael Lighthawk, Executive Assistant

#### Marin County Location:

MHD Conference Room  
100B Drakes Landing Road, Suite 250  
Greenbrae, CA 94904

#### Remote Location for Dr. Larry Bedard:

Hilton Double Tree Hotel  
1000 Multnomah Street, Room 829  
Portland, OR 97232

### Minutes

#### I. Call to Order

Bedard

- A. Roll Call – Present: Larry Bedard; Jennifer Hershon; James McManus; Jean Noonan; Michael Lighthawk.
- B. Approval of Agenda – Agenda approved.
- C. Approval of Minutes of Regular Meeting: July 25, 2017. Previous minutes approved.
- D. General Public Comment – None.

#### II. Finance

McManus/Noonan

##### A. Financial Report – July 31, 2017

Ms. Noonan prefaced the financial report by informing the committee that management has changed over the District's billing and collections vendor from Marin Medical Practice Concepts (MMPC) to CHMB, Inc., on August 2<sup>nd</sup>. Most of the employees at MMPC that were on the billing and collections side of the organization, took employment with CHMB. The Practice Managers of the MHD Clinics remained employees of MMPC.

Balance Sheet – Cash was down \$900K but intercompany receivables went up \$770K due to the usual timing differences month-to-month. Hospital construction costs continue to grow. The \$7M change in Hospital Construction Costs represents actual invoices received as well as accruals resulting in offsets of Assets Limited to Use (Bond Funds) as well as an increase in accrued expenses (construction services received but not yet paid.)

The upcoming August Financial Close will reflect the receipt of the \$1M retainer paid back by MMPC to the District.

Income Statement – Investment earnings against budget was up \$7K continuing to show good performance in the portfolio through 2017. Depreciation expense is favorable to budget because of how depreciation expense is spread over the course of the year.





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Clinic Performance – The clinics were \$145K off of budget for the month of July due to annual seasonal affects and the MPC/CHMB transition. With this transition the weekly check runs will grow. The West Marin Medical Center will be transitioning back to the physician as of August 1<sup>st</sup>.

### B. **Debt Policy (Action)**

Mr. McManus asked that the committee recommend approval of the MHD Debt Management Policy as presented today. The origination of this policy came from the District's Bond Counsel; Orrick, Herrington & Sutcliffe LLP, in conjunction with the issuance of the remainder of the GO Bonds. This new policy is in response to a new California law that indicates there should be a policy in place for debt programs in all local state agencies. This policy will provide insights into the District's borrowing. The policy has been reviewed by H2C and Colin Coffey of Archer Norris.

**Motion** - The MHD Finance & Audit Committee recommends that the MHD Board of Directors approve the Debt Management Policy as presented. So moved by Chair Bedard. Seconded by Member Hershon.

**Discussion:** Member Hershon referred to the Internal Controls Procedures section of the policy where the District shall comply with other applicable policies. What will be the mechanism whereby the District will "periodically review" compliance with other applicable policies regarding bond issuance?

Mr. McManus responded that some reporting responsibilities are included in the metrics that are reported quarterly. Other reports and protocols are reviewed by the Citizen's Bond Oversight Committee and reported on a quarterly basis to the board of directors. Jean Noonan posts the required Continuing Disclosure Statements annually which are uploaded to the Electronic Municipal Market Access (EMMA) website with a corresponding link posted to the MHD website.

**Friendly Amendment to the Motion** - The committee asked that the policy reflect specifically that the reporting requirements indicated in the policy be brought to this committee on a quarterly basis. Mr. McManus agreed to amend the policy to include this change with the following language: *"The District will periodically, but no less than quarterly, report to the District Finance & Audit Committee to review the reporting requirements in order to remain in compliance with the following:"* (#5. Internal Control Procedures, 2<sup>nd</sup> paragraph).

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

### C. **GO Bond Issuance Update & Rating Agencies' Report**

Mr. McManus reported that management requested two ratings: one from Moody's and a secondary rating from Fitch as well as an underlying rating on the hospital as a standalone



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knowing that we will shortly go out for a Revenue Bond to finish the building project. Following the meeting with Fitch and largely due to Mr. Domanico's presentation, Fitch came back with a AAA rating for the District which is the highest you can get. Additionally, Fitch awarded MGH with an A Minus Stable rating which was far above management's expectations. Pricing of the bonds is expected to be on December 7, 2017. We are expecting to close within a two week period and are expecting a multiple purchasing scenario.

Additionally, in response to Chair Bedard's request, Mr. McManus presented the committee with a memo indicating how family and friends of the District may place an order on this issuance of GO Bonds by December 7<sup>th</sup>. However, there is an expectation that there will be significant activity for the bonds at issuance and an order does not guarantee that the order will go through.

- D. **Investments Update** – The District Corporate portfolio to date has performed at a 1.4% positive vs. a policy index of 2.6%. YTD is 3.9%. Since inception, the portfolio has seen a 4% per year growth. The District's Bond Proceeds Portfolio is at budget of 4.3% as expected.

E. **Citizens' Bond Oversight Committee Update**

Ms. Noonan reviewed the Bond Requisitions as of July 31, 2017. The project fund balance maintained at BNY Mellon was \$56M. To date, the Marin Healthcare District has requested 43 Requisitions for bond funds totaling \$114M.

III. **Agenda Items for Next Meeting**

Bedard

No additional agenda items at this time.

IV. **Adjournment 5:58pm.**

Bedard



# **MHD Financials**

## **October 31, 2017**



**To: MHD Finance Committee**  
**From: Jim McManus, CFO**  
**Re: October 2017 Financial Report**  
**Date: November 17, 2017**

**I. General Comments**

These financial statements contain, in summary format, the balance sheet and net support to the District Clinics. The Clinics, as of October 31, 2017 are comprised of 14 locations and 54 practitioners, and are reported as one combined unit.

**II. FY 2017 Income Statement and Budget**

The Net District Operating Loss for the month was \$114,827 which was favorable to budget by \$14,097. Income included rental revenue from the hospital lease of \$42,542, interest income and net unrealized investment losses of \$4,500. The District incurred total expenses of \$135,014, including depreciation expense of \$111,370 associated with the MGH 2.0 parking garage which was completed under budget in August, 2016. Expenses also included \$16,667 for the Behavioral Health program support.

Contributions to the District Clinics was \$1,159,914 (\$422,094 unfavorable to budget) and was reimbursed by MGH.

**III. Balance Sheet**

**Assets**

Cash at October 31, 2017 of \$3,199,252 decreased by \$255,601 due to the timing of District Clinic expenses and reimbursements. Accounts Receivable decreased by \$329,094 from September relating to billing and collection activity for the clinics.

Intercompany Receivables (Payables) of \$86,983 represent amounts due from/to MGH for Clinic reimbursements.

Tax revenue receivables are \$12,391,747 and represent amounts due from the County of Marin.

In August 2016, the hospital parking facility was completed and placed into service. The cost of the garage was transferred from Hospital Construction Costs to Parking Garage. The asset is being depreciated over a period of 25 years.

Intangible Assets represent the Cardiovascular Associates of Marin (CAM) asset purchase price that was deemed to be for medical records and other intangibles (\$185,844 and \$675,660 respectively). These balances are reduced each month by amortization over a period of 15 years.

The balance of the proceeds from the bonds issued in November 2015 (\$36,500,291) and the proceeds from the bonds issued in September 2017, net of issuance costs, (\$242,800,326) are



*Creating a healthier Marin together.*

reflected in the account "Assets Limited to Use – Bond Funds". Hospital Construction Costs incurred to date are \$154,645,901.

### **Liabilities and Net Assets**

Accounts Payable of \$1,580,575 and Accrued Expenses of \$12,415,326 are comprised of invoices payable and accruals for District, construction, and clinic expenses.

Bonds payable are separated into current (principal due within one year) and non-current (due in greater than one year). Bond Premium represents payments by bond purchasers greater than the face amount of the bond because the stated interest rate of the bonds was higher than the market rate at the date of issuance. The premium is amortized over the life of the bonds as a reduction to interest expense.

The net assets of the District are \$37,369,247.

**Marin Healthcare District**  
**Balance Sheet**  
**October 31, 2017**

|  | 10/31/2017         | 9/30/2017          | Change             | 12/31/2016         |
|--|--------------------|--------------------|--------------------|--------------------|
| <b>Assets</b>                                  |                    |                    |                    |                    |
| <b>Current Assets</b>                          |                    |                    |                    |                    |
| Cash and Cash Equivalents                      | 3,199,252          | 3,454,853          | (255,601)          | 2,803,128          |
| Net Patient Accounts Receivable                | 3,340,007          | 3,669,101          | (329,094)          | 2,298,670          |
| Other Receivables                              | 63,885             | 66,799             | (2,914)            | 141,958            |
| Intercompany Receivables (Payables)            | 83,838             | (421,058)          | 504,896            | 1,142,733          |
| Inventories                                    | 16,859             | 17,443             | (584)              | 15,692             |
| Tax Revenues Receivable                        | 12,391,747         | 12,391,747         | -                  | 1,776,393          |
| Prepaid Expenses                               | 342,692            | 261,839            | 80,853             | 51,252             |
| <b>Total Current Assets</b>                    | <b>19,438,280</b>  | <b>19,440,724</b>  | <b>(2,444)</b>     | <b>8,229,826</b>   |
| Property, plant, and equipment, net            | 5,161,844          | 5,196,292          | (34,448)           | 5,417,320          |
| Parking Garage, net                            | 23,504,617         | 23,587,089         | (82,472)           | 24,329,340         |
| Hospital Construction Costs                    | 131,141,284        | 123,854,284        | 7,287,000          | 68,351,311         |
| Intangible Assets, net                         | 524,607            | 529,377            | (4,770)            | 572,307            |
| Assets Limited To Use - Bond Funds             | 279,300,617        | 287,534,520        | (8,233,903)        | 96,885,786         |
| Notes Receivable                               | 211,551            | 218,215            | (6,664)            | 210,037            |
| Deposits & Retainers                           | 72,633             | 72,633             | -                  | 1,072,633          |
| <b>Total Non-Current Assets</b>                | <b>439,917,153</b> | <b>440,992,410</b> | <b>(1,075,257)</b> | <b>196,838,734</b> |
| <b>Total Assets</b>                            | <b>459,355,433</b> | <b>460,433,134</b> | <b>(1,077,701)</b> | <b>205,068,560</b> |
| <b>Liabilities and Net assets</b>              |                    |                    |                    |                    |
| <b>Current Liabilities</b>                     |                    |                    |                    |                    |
| Accounts Payable                               | 1,580,575          | 1,644,299          | (63,724)           | 2,475,914          |
| Accrued Expenses                               | 12,415,326         | 13,270,517         | (855,191)          | 9,808,707          |
| Intercompany Payables                          | 1,033,333          | 1,050,000          | (16,667)           | 1,200,000          |
| Current Bond Maturities                        | 6,050,000          | 6,050,000          | -                  | 2,645,000          |
| Current Maturities of Long-Term Obligations    | -                  | -                  | -                  | -                  |
| <b>Total Current Liabilities</b>               | <b>21,079,234</b>  | <b>22,014,816</b>  | <b>(935,582)</b>   | <b>16,129,621</b>  |
| Bonds Payable                                  | 372,690,000        | 372,690,000        | -                  | 154,740,000        |
| Bond Premium                                   | 27,718,364         | 27,743,078         | (24,714)           | 8,353,475          |
| Long-Term Obligations, Less Current Maturities | 498,588            | 501,166            | (2,578)            | 78,044             |
| <b>Total Liabilities</b>                       | <b>421,986,186</b> | <b>422,949,060</b> | <b>(962,874)</b>   | <b>179,301,140</b> |
| <b>Net Assets</b>                              |                    |                    |                    |                    |
| Net Assets - Beginning Balance                 | 25,767,421         | 25,767,421         | -                  | 25,781,263         |
| Net (Loss)/Income                              | 11,601,826         | 11,716,653         | (114,827)          | (13,843)           |
| <b>Total Net Assets</b>                        | <b>37,369,247</b>  | <b>37,484,074</b>  | <b>(114,827)</b>   | <b>25,767,420</b>  |
| <b>Total Liabilities and Net Assets</b>        | <b>459,355,433</b> | <b>460,433,134</b> | <b>(1,077,701)</b> | <b>205,068,560</b> |

**Marin Healthcare District**  
**Income Statement - Actual vs. Budget**  
**For the Ten Months Ended October 31, 2017**

|  | October Month-to-Date |                    |                 | October Year-to-Date |                      |                     |
|--|-----------------------|--------------------|-----------------|----------------------|----------------------|---------------------|
|  | Actual                | Budget             | Variance        | Actual               | Budget               | Variance            |
| Rental Revenue   | \$42,542              | \$42,500           | \$42            | \$425,417            | \$425,000            | \$417               |
| Other Revenue  | 0                     | 0                  | 0               | 0                    | 0                    | 0                   |
| Investment Earnings  | (4,500)               | 250                | (4,750)         | 52,183               | 2,500                | 49,683              |
| <b>Total Income</b>  | <b>38,042</b>         | <b>42,750</b>      | <b>(4,708)</b>  | <b>477,600</b>       | <b>427,500</b>       | <b>50,100</b>       |
| Legal Fees   | 2,006                 | 3,333              | 1,327           | 26,457               | 33,333               | 6,876               |
| Accounting Fees  | 1,667                 | 1,667              | 0               | 17,500               | 16,667               | (833)               |
| Board Compensation   | 1,600                 | 1,017              | (583)           | 9,100                | 10,167               | 1,067               |
| Board Expenses   | 1,704                 | 2,083              | 379             | 11,367               | 20,833               | 9,466               |
| Depreciation Expense   | 111,370               | 142,907            | 31,537          | 1,113,696            | 1,429,070            | 315,374             |
| Consulting Fees  | 0                     | 0                  | 0               | 0                    | 0                    | 0                   |
| Charitable Contributions                                     | 0                     | 500                | 500             | 0                    | 5,000                | 5,000               |
| Community Education  |                       | 2,500              | 2,500           | 31,359               | 25,000               | (6,359)             |
| Dues   | 0                     | 1,000              | 1,000           | 6,000                | 10,000               | 4,000               |
| MGH Program Support  | 16,667                | 16,667             | 0               | 166,667              | 166,667              | 0                   |
| Advertising  | 0                     | 0                  | 0               | 11,565               | 0                    | (11,565)            |
| <b>Total Expense</b>   | <b>135,014</b>        | <b>171,674</b>     | <b>36,660</b>   | <b>1,393,711</b>     | <b>1,716,737</b>     | <b>323,026</b>      |
| <b>Net District Operating Income</b>                         | <b>(96,972)</b>       | <b>(128,924)</b>   | <b>31,952</b>   | <b>(916,111)</b>     | <b>(1,289,237)</b>   | <b>373,126</b>      |
| <b>Non-Operating Income/Expense</b>                          |                       |                    |                 |                      |                      |                     |
| <b>Clinic Activity</b>                                       |                       |                    |                 |                      |                      |                     |
| Net Loss From Clinics  | (1,159,914)           | (737,820)          | (422,094)       | (8,921,104)          | (7,399,087)          | (1,522,017)         |
| MGH Clinic Reimbursement                                     | 1,147,502             | 737,820            | 409,682         | 8,921,104            | 7,399,087            | 1,522,017           |
| <b>Net Clinic Activity</b>                                   | <b>(12,412)</b>       | <b>0</b>           | <b>(12,412)</b> | <b>0</b>             | <b>0</b>             | <b>0</b>            |
| <b>Bond-Related Revenue/Expense</b>                          |                       |                    |                 |                      |                      |                     |
| Tax Revenue  | 0                     | 0                  | 0               | 13,234,877           | 0                    | 13,234,877          |
| Bond Fund Earnings (transferred to construction in progress) | 0                     | 0                  | 0               | 0                    | 0                    | 0                   |
| Bond Issuance Costs  | (5,443)               | 0                  | (5,443)         | (716,939)            | 0                    | (716,939)           |
| <b>Net Income/(Loss)</b>                                     | <b>(\$114,827)</b>    | <b>(\$128,924)</b> | <b>\$14,097</b> | <b>\$11,601,827</b>  | <b>(\$1,289,237)</b> | <b>\$12,891,064</b> |

Marin Healthcare District  
1206b Clinics  
Summary of Profit & Loss - Accrual Basis  
For the Ten Months Ended October 31, 2017

| Managed Clinics                   | # MD/NP | # Of Months | MTD       |           |           | Monthly Invest/MD | YTD         |             |           | Avg. Annual Invest/MD |
|-----------------------------------|---------|-------------|-----------|-----------|-----------|-------------------|-------------|-------------|-----------|-----------------------|
|                                   |         |             | Actual    | Budget    | Variance  |                   | Actual      | Budget      | Variance  |                       |
| San Rafael Medical Center         | 0.80    | 10.00       | 297       | (2,642)   | 2,939     | 372               | (16,745)    | (26,420)    | 9,675     | (25,117)              |
| North Marin Internal (Novato)     |         |             |           |           |           |                   |             |             |           |                       |
| Marin Medical Group (MMG)         | 3.50    | 10.00       | (41,244)  | (41,876)  | 632       | (11,784)          | (509,504)   | (418,760)   | (90,744)  | (174,687)             |
| El-Ghoneimy                       | 1.00    | 10.00       | (6,458)   | (2,972)   | (3,486)   | (6,458)           | (58,097)    | (29,720)    | (28,377)  | (69,716)              |
| Tamalpais Internal Medicine (TIM) | 2.82    | 10.00       | 15,223    | (6,085)   | 21,308    | 5,398             | (40,145)    | (60,850)    | 20,705    | (17,083)              |
| Cardiology Associates (CAM)       | 15.65   | 10.00       | (662,558) | (424,325) | (238,233) | (42,336)          | (4,800,035) | (4,240,758) | (559,277) | (368,054)             |
| Urology                           | 4.00    | 10.00       | (53,347)  | (54,940)  | 1,593     | (13,337)          | (824,012)   | (532,656)   | (291,356) | (247,204)             |
| Vascular Surgery                  | 4.00    | 10.00       | (152,047) | (90,365)  | (61,682)  | (38,012)          | (965,553)   | (904,008)   | (61,545)  | (289,666)             |
| Marin Endocrine                   | 3.85    | 10.00       | (37,655)  | (30,526)  | (7,129)   | (9,781)           | (452,206)   | (299,296)   | (152,910) | (140,947)             |
| 2 Bon Air - Rheumatology/Chase    | 2.62    | 10.00       | (5,052)   | 7,039     | (12,091)  | (1,928)           | (64,286)    | 91,382      | (155,668) | (29,444)              |
| Murphy                            | 3.60    | 10.00       | 15,384    | (6,291)   | 21,675    | 4,273             | (92,994)    | (71,174)    | (21,820)  | (30,998)              |
| Novato Medical Office             | 5.00    | 10.00       | 6,315     | (20,970)  | 27,285    | 1,263             | (430,714)   | (274,940)   | (155,774) | (103,371)             |

|               |              |  |                    |                    |                    |  |                      |                      |                      |  |
|---------------|--------------|--|--------------------|--------------------|--------------------|--|----------------------|----------------------|----------------------|--|
| <b>Totals</b> | <b>46.84</b> |  | <b>(\$921,142)</b> | <b>(\$673,953)</b> | <b>(\$247,189)</b> |  | <b>(\$8,254,292)</b> | <b>(\$6,767,200)</b> | <b>(\$1,487,092)</b> |  |
|---------------|--------------|--|--------------------|--------------------|--------------------|--|----------------------|----------------------|----------------------|--|

|                 |      |       |           |           |         |         |            |            |         |            |
|-----------------|------|-------|-----------|-----------|---------|---------|------------|------------|---------|------------|
| Palliative Care | 1.00 | 10.00 | (\$4,706) | (\$8,183) | \$3,477 | (4,706) | (\$73,625) | (\$81,830) | \$8,205 | (\$88,350) |
|-----------------|------|-------|-----------|-----------|---------|---------|------------|------------|---------|------------|

|                       |      |       |            |            |            |  |             |             |          |  |
|-----------------------|------|-------|------------|------------|------------|--|-------------|-------------|----------|--|
| Clinic Administration | 0.00 | 10.00 | (\$71,874) | (\$24,229) | (\$47,645) |  | (\$195,320) | (\$235,507) | \$40,187 |  |
|-----------------------|------|-------|------------|------------|------------|--|-------------|-------------|----------|--|

| Self - Managed Clinics                | # MD/NP     | # Of Months | MTD               |                  |                  | Monthly Invest/MD | YTD                |                   |                   | Avg. Annual Invest/MD |
|---------------------------------------|-------------|-------------|-------------------|------------------|------------------|-------------------|--------------------|-------------------|-------------------|-----------------------|
|                                       |             |             | Actual            | Budget           | Variance         |                   | Actual             | Budget            | Variance          |                       |
| West Marin Medical Center (Pt. Reyes) | 0.00        | 10.00       | (13,679)          | (8,928)          | (4,751)          |                   | (128,593)          | (89,280)          | (39,313)          |                       |
| Soluna Health                         | 0.00        | 0.00        | (42)              | 0                | (42)             |                   | (419)              | 0                 | (419)             |                       |
| <b>Totals</b>                         | <b>0.00</b> |             | <b>(\$13,721)</b> | <b>(\$8,928)</b> | <b>(\$4,793)</b> |                   | <b>(\$129,011)</b> | <b>(\$89,280)</b> | <b>(\$39,731)</b> |                       |

|  |              |  |                      |                    |                    |  |                      |                      |                      |  |
|--|--------------|--|----------------------|--------------------|--------------------|--|----------------------|----------------------|----------------------|--|
| <b>Totals Before Behavioral Health</b> | <b>47.84</b> |  | <b>(\$1,011,443)</b> | <b>(\$715,293)</b> | <b>(\$296,150)</b> |  | <b>(\$8,652,249)</b> | <b>(\$7,173,817)</b> | <b>(\$1,478,432)</b> |  |
|--|--------------|--|----------------------|--------------------|--------------------|--|----------------------|----------------------|----------------------|--|

|                            |      |       |             |            |             |            |             |             |            |            |
|----------------------------|------|-------|-------------|------------|-------------|------------|-------------|-------------|------------|------------|
| Behavioral Health (Note 1) | 6.40 | 10.00 | (\$148,472) | (\$22,527) | (\$125,945) | (\$23,199) | (\$268,856) | (\$225,270) | (\$43,586) | (\$50,410) |
|----------------------------|------|-------|-------------|------------|-------------|------------|-------------|-------------|------------|------------|

|                          |              |  |                      |                    |                    |  |                      |                      |                      |  |
|--------------------------|--------------|--|----------------------|--------------------|--------------------|--|----------------------|----------------------|----------------------|--|
| <b>Total All Clinics</b> | <b>54.24</b> |  | <b>(\$1,159,914)</b> | <b>(\$737,820)</b> | <b>(\$422,094)</b> |  | <b>(\$8,921,104)</b> | <b>(\$7,399,087)</b> | <b>(\$1,522,017)</b> |  |
|--------------------------|--------------|--|----------------------|--------------------|--------------------|--|----------------------|----------------------|----------------------|--|

Note 1 - Up to \$200K of Behavioral Health Clinic losses is included in the Program Support payments by the District to MGH





# **2018 District & District Clinics' Budget**


|    |   |                       |  |                             |                   |                      |
|----|---|-----------------------|--|-----------------------------|-------------------|----------------------|
|    | <b>Marin Healthcare District</b>        |                       |  |                             |                   |                      |
|    | <b>Budget</b>                           |                       |  |                             |                   |                      |
|    | <b>FYE: December 31, 2018</b>           |                       |  |                             |                   |                      |
|    |   |                       |  |                             |                   |                      |
|    |   |                       | <b>1/1/17 through 9/30/17<br/>(9 months)</b> |                             |                   |                      |
|    |   | <b>FY2017 Budget</b>  | <b>To Date -<br/>Budget</b>                  | <b>To Date -<br/>Actual</b> | <b>Variance</b>   | <b>FY2018 Budget</b> |
| 1  | <b>Receipts</b>                         |                       |  |                             |                   |                      |
| 2  | MGHC Cash Rental Income - Lease         | \$510,000             | \$382,500                                    | \$382,875                   | \$375             | \$521,221            |
| 3  | Interest Income                         | 3,000                 | 2,250  | -                           | (2,250)           | 3,000                |
| 4  | Investment Earnings                     | -                     | -  | 56,683                      | 56,683            | -                    |
| 5  | Tax Revenue                             | -                     | -  | -                           | -                 | 13,155,000           |
| 6  | <b>Total Receipts</b>                   | <b>\$513,000</b>      | <b>\$384,750</b>                             | <b>\$439,558</b>            | <b>\$54,808</b>   | <b>\$13,679,221</b>  |
| 7  |   |                       |  |                             |                   |                      |
| 8  | <b>Disbursements</b>                    |                       |  |                             |                   |                      |
| 9  | Legal Fees - Counsel - General          | 40,000                | 30,000                                       | 24,451                      | 5,549             | 40,000               |
| 10 | Auditor Expenses                        | 20,000                | 15,000                                       | 15,833                      | (833)             | 30,000               |
| 11 | Board Compensation                      | 12,200                | 9,150  | 7,500                       | 1,650             | 12,200               |
| 12 | Board Expenses - Meetings & Travel      | 25,000                | 18,750                                       | 9,662                       | 9,088             | 25,000               |
| 13 | Assn of California Healthcare Districts | 12,000                | 9,000  | 6,000                       | 3,000             | 12,000               |
| 14 | Charitable Contributions                | 6,000                 | 4,500  | -                           | 4,500             | 6,000                |
| 15 | Consulting                              | -                     | -  | -                           | -                 | -                    |
| 16 | Community Communications & Education    | 30,000                | 22,500                                       | 31,359                      | (8,859)           | 50,000               |
| 17 | Lafco Allocation                        | -                     | -  | -                           | -                 | -                    |
| 18 | Depreciation                            | 1,714,884             | 1,286,163                                    | 1,002,326                   | 283,837           | 1,814,909            |
| 19 | 1206b Mental Health Clinic Support      | 200,000               | 150,000                                      | 150,000                     | -                 | 200,000              |
| 20 | Advertising                             | -                     | -  | 11,565                      | (11,565)          | -                    |
| 21 | <b>Total Disbursements</b>              | <b>2,060,084</b>      | <b>1,545,063</b>                             | <b>1,258,696</b>            | <b>286,367</b>    | <b>2,190,109</b>     |
| 22 |   |                       |  |                             |                   |                      |
| 23 | <b>Net Income/(Loss)</b>                | <b>\$ (1,547,084)</b> | <b>\$ (1,160,313)</b>                        | <b>\$ (819,138)</b>         | <b>\$ 341,175</b> | <b>\$ 11,489,112</b> |
| 24 |   |                       |  |                             |                   |                      |
| 25 | <b>Cash Flow</b>                        |                       |  |                             |                   |                      |
| 26 | Net Income/(Loss)                       | (\$1,547,084)         |  |                             |                   | \$11,489,112         |
| 27 | Add Back:                               |                       |  |                             |                   |                      |
| 28 | Depreciation                            | 1,714,884             |  |                             |                   | 1,814,909            |
| 29 |   |                       |  |                             |                   |                      |
| 30 | <b>Net Cash Flow</b>                    | <b>\$167,800</b>      |  |                             |                   | <b>\$13,304,021</b>  |

# Marin Healthcare District Clinics

|                                | 2017 Budget        | YTD Sep 2017<br>Annualized | 2018 Budget          | Variance to FY<br>2017 Projected | % Change<br>2017 v 2018 |
|--------------------------------|--------------------|----------------------------|----------------------|----------------------------------|-------------------------|
| <u>Revenue</u>                 |                    |                            |                      |                                  |                         |
| OP Patient Services Revenue    | 24,003,071         | 22,208,246                 | 24,436,682           | 2,228,436                        | 10.0%                   |
| <b>Net Patient Revenue</b>     | <b>24,003,071</b>  | <b>22,208,246</b>          | <b>24,436,682</b>    | <b>2,228,436</b>                 | <b>10.0%</b>            |
| <u>Other Operating Revenue</u> |                    |                            |                      |                                  |                         |
| MIPA / Medicare Bonus          | 277,921            | 570,154                    | 338,076              | (232,078)                        | -40.7%                  |
| SNF Income                     | 147,000            | 152,220                    | 144,283              | (7,937)                          | -5.2%                   |
| Other Operating Revenue        | 578,677            | 293,647                    | 1,092,909            | 799,262                          | 272.2%                  |
| Total Other Operating Revenue  | 1,003,598          | 1,016,021                  | 1,575,268            | 559,247                          | 55.0%                   |
| <b>Total Income</b>            | <b>25,006,669</b>  | <b>23,224,267</b>          | <b>\$ 26,011,950</b> | <b>2,787,683</b>                 | <b>12.0%</b>            |
| <u>Expenses</u>                |                    |                            |                      |                                  |                         |
| MD Compensation                | 15,880,108         | 16,066,078                 | 18,947,083           | 2,881,005                        | 17.9%                   |
| NP Compensation                | 1,228,643          | 1,145,728                  | 1,666,068            | 520,340                          | 45.4%                   |
| Salaries & Wages               | 7,401,057          | 7,526,342                  | 9,442,026            | 1,915,684                        | 25.5%                   |
| Employee Benefits              | 1,126,121          | 1,009,370                  | 948,279              | (61,091)                         | -6.1%                   |
| Purchased Services             | 2,565,585          | 2,522,548                  | 1,962,318            | (560,230)                        | -22.2%                  |
| Professional Fees              | 130,010            | 118,438                    | 195,258              | 76,820                           | 64.9%                   |
| Supplies                       | 1,697,137          | 1,604,404                  | 1,443,813            | (160,591)                        | -10.0%                  |
| Depreciation                   | 144,826            | 150,369                    | 150,082              | (287)                            | -0.2%                   |
| Rent & Leases                  | 2,559,327          | 2,397,410                  | 2,652,502            | 255,092                          | 10.6%                   |
| Interest                       | 23,605             | 691                        | 716                  | 25                               | 3.7%                    |
| Insurance                      | 218,355            | 155,793                    | 476,625              | 320,832                          | 205.9%                  |
| Utilities                      | 311,796            | 196,825                    | 198,698              | 1,873                            | 1.0%                    |
| Other                          | 594,171            | 695,073                    | 805,073              | 110,000                          | 15.8%                   |
| <b>Total Expenses</b>          | <b>33,880,741</b>  | <b>33,589,069</b>          | <b>\$ 38,888,541</b> | <b>5,299,472</b>                 | <b>15.8%</b>            |
| <b>Net Income / (Loss)</b>     | <b>(8,874,072)</b> | <b>(10,364,803)</b>        | <b>(12,876,591)</b>  | <b>(2,511,788)</b>               | <b>24.2%</b>            |
| <b>RVUs</b>                    | <b>278,398</b>     | <b>259,883</b>             | <b>288,448</b>       | <b>28,565</b>                    | <b>11.0%</b>            |
| <b>Rev/RVU</b>                 | <b>89.82</b>       | <b>89.36</b>               | <b>90.18</b>         | <b>0.81</b>                      | <b>0.9%</b>             |
| <b>Cost/RVU (total)</b>        | <b>121.70</b>      | <b>129.25</b>              | <b>134.82</b>        | <b>5.57</b>                      | <b>4.3%</b>             |
| <b>Cost/RVU (MD)</b>           | <b>57.04</b>       | <b>61.82</b>               | <b>65.69</b>         | <b>3.87</b>                      | <b>6.3%</b>             |



## **Travel Policies Review**

|   |   |   |
|---|---|---|
|  | Policy #<br>Originated by:<br>Origination date:<br>Current review date:<br>Current revision date:<br>Approved by: | FIN 1600<br>Office of the CFO<br>03/2010<br>-<br>n/a<br>, CEO |
| <b>POLICY: TRAVEL EXPENSE REIMBURSEMENT</b>                                       |   |   |

## I. PURPOSE

The purpose of this policy is to establish guidelines for travel and travel-related expense reimbursement so that all persons involved are aware of the process, the definitions, and the payment of out-of-pocket expenses.

## II. POLICY

Marin Healthcare District (MHD) will reimburse travel and travel-related expenses incurred by District officials, employees, volunteers, and contracted consultants to attend MHD meetings and approved activities provided the following procedures are followed.

## III. PROCEDURE

### Out-of-Pocket Expenses

1. An employee or Board Director who wishes reimbursement for travel and travel-related expenses must complete, sign and submit a ***MHD Travel Expense Reimbursement Form*** along with all supporting receipts to his/her supervisor within thirty (30) days of the ending date of travel. The Chair of the Board of Directors shall review/approve expense reimbursements submitted by the other Directors and by the CEO. The employee's / Board Director's signature serves as an affidavit that the claim for reimbursement is valid.
2. A separate ***MHD Travel Expense Reimbursement Form*** shall be submitted for expenses incurred in separate months. For example, if travel began in one month and ended in the following month, the expenses will be separated by month and recorded onto two forms.
3. Personal automobile expenses are reimbursed at the current IRS mileage rate in effect at the time of travel. Trips to/from the airport near the city of residence are only reimbursable if the mileage of the airport trip exceeds the mileage to the District office; if so, the mileage to/from the airport near the city of residence is reimbursable to the extent of the excess mileage of the airport trip.

4. Airline travel should be booked far enough in advance (e.g., greater than fourteen days) if possible to take advantage of advance purchase fares. Reimbursement will be approved only for coach fares; no business or first class tickets will be approved.
5. Lodging expenses for approved travel will be reimbursed for actual cost of room and applicable occupancy tax(es) up to the rates set forth by the U.S. General Services Administration. The rates can be accessed on the Internet at: [www.gsa.gov](http://www.gsa.gov). Lodging receipts should be itemized to differentiate the charges. Personal expenses associated with lodging (e.g., movies, entertainment, mini bar items, etc.) are not reimbursable.
6. Meals and Incidentals during approved travel will be reimbursed for actual expenses up to the rates set forth by the U.S. General Services Administration. The rates can be accessed on the Internet at: [www.gsa.gov](http://www.gsa.gov). Federal travel regulations define “incidental expenses” as fees and tips given to porters, baggage carriers, bellhops, hotel maids, stewards and stewardesses. Federal per diem rates for various places are accessed on the Internet as [www.gsa.gov](http://www.gsa.gov).

**Trips of 24 hours or longer:**

For each full 24-hour period of travel, an employee may claim reimbursement only for their actual expense up to the allowable limits and must submit supporting receipts.

First day of travel:

- If trip begins at or before 6 am - Breakfast may be claimed
- If trip begins at or before 11 am - Lunch may be claimed
- If trip begins at or before 5 pm - Dinner may be claimed


Continuing after 24 hours:

- If trip ends at or after 8 am - Breakfast may be claimed
- If trip ends at or after 2 pm - Lunch may be claimed
- If trip ends at or after 7 pm - Dinner may be claimed

**Trips less than 24 hours:**

Employees may **not** claim lunch or incidentals on one-day trips. When trips are less than 24 hours and there is no overnight stay, meals claimed are taxable. For travel lasting less than 24 hours, employees may claim breakfast and/or dinner (as noted above), based on the following timeframes:

- If trip begins at or before 6 am and ends at or after 9 am - Breakfast may be claimed
- If trip begins at or before 4 pm and ends at or after 7 pm - Dinner may be claimed

|   |   |  |
|---|---|--|
|  | Policy #<br>Originated by:<br>Origination date:<br>Current review date:<br>Current revision date:<br>Approved by: | FIN 1601<br>Office of the CHRO<br>03/2010<br>01/2011<br>n/a<br>, CEO |
| <b>POLICY: NON-TRAVEL EXPENSE REIMBURSEMENT</b>                                   |   |  |

## I. PURPOSE

The purpose of this policy is to establish guidelines for non-travel, business-related expense reimbursement so that all persons involved are aware of the process, the definitions, and the payment of out-of-pocket expenses.

## II. POLICY

Marin Healthcare District (MHD) will reimburse business expenses incurred by District officials, employees, volunteers, and contracted consultants to attend MHD meetings or activities provided that the following procedures are followed.

## III. PROCEDURE

### Out-of-Pocket Expenses

1. An employee who wishes reimbursement for non-travel, business-related expense(s) must complete, sign and submit a ***MHD Non-Travel Expense Claim Form*** along with all supporting receipts to his/her supervisor within thirty (30) days of the incurred expense(s). The employee's signature serves as an affidavit that the claim for reimbursement is valid.
2. A separate ***MHD Non-Travel Expense Claim Form*** shall be submitted for expenses incurred in separate months.
3. Registration fees for approved conferences, seminars and training will be paid in advance by the MHD. The request for payment of registration fees must be submitted in advance to the MHD Chief Executive Officer along with the completed registration form, and the course schedule or agenda. If the request is not received in time for regular processing by the Accounting office, necessitating the fees to be paid out-of-pocket by the MHD official or employee, the out-of-pocket fees shall be listed on the ***MHD Non-Travel Expense Claim Form*** to request reimbursement.



# **CBOC Report & CFO Report to Community**





November 15, 2017

TO: Marin Healthcare District Board  
Citizens Bond Oversight Committee

FROM: James P. McManus, Chief Financial Officer  
Marin Healthcare District

SUBJECT: Annual Report of Sources & Uses of Marin Healthcare District General  
Obligation (GO) Bonds

---

Pursuant to Government Code Section 53411, the Chief Fiscal Officer is required to file a report with the Governing Body of the District each January 1<sup>st</sup> after issuance of General Obligation Bonds. In a communication to the Marin Healthcare District Board and Bond Oversight Committee dated December 18, 2015, the reporting period of October 31 of each year was selected. This report covers all bond activity of the District for the period November 1, 2016 through October 31, 2017 and is formatted in accordance with subparts (a) and (b) of Government Code Section 53411.

(a) The amount of funds collected and expended.

On September 26, 2017, the Marin Healthcare District issued and received \$224,000,000 representing the remainder of the \$394,000,000 General Obligation Bonds, Election of 2013, Series 2017A. The bonds issued are nontaxable.

Proceeds from the issuance of the bonds are held by the Bank of New York Mellon (BNY) Trust Company, also known as the Paying Agent. The Marin Healthcare District issues requisitions, authorizing BNY to pay for expenditures associated with the Voter Measure detailed in (b) below.

(b) The status of any project required or authorized to be funded as identified in subdivision (a) of Section 53410 (specific purposes of the Bond).

Voter Measure F

Measure F which was approved on November 5, 2013 was placed on the ballot as a result of the Board's determination that the District needs funds to:

- Make seismic upgrades to Marin General Hospital (MGH) to meet stricter California earthquake standards and keep open Marin County's only Designated Trauma Center;
- Expand and enhance emergency and other medical facilities;
- Provide modernized medical facilities for treatment of heart, stroke, cancer and other diseases



*Creating a healthier Marin together.*

During the reporting period, construction continued on the Marin General Hospital Replacement project branded as MGH2.0. Significant milestones completed included the excavation and completion of the foundation, installation of the steel structure and site utilities.

For the reporting period ending October 31, 2017, 23 requisitions totaling \$60,801,202 were issued to BNY authorizing payment for the following expenditures associated with the Measure F:

|  | <u>Reporting Period<br/>Ending 10/31/2017</u> | <u>Project Total</u> |
|--|---|----------------------|
| <u>Hospital Replacement Project Expenditures</u> |   |                      |
| • Hospital Replacement                           | \$56,259,866                                  | \$ 93,824,666        |
| • West-Wing Make Ready                           | 3,316,617                                     | 15,425,255           |
| • West-Wing Ground + L1                          |   | 305,172              |
| • Sitework                                       |   | 86,681               |
| Total Hospital Replacement Project Expenditures  | \$59,576,483                                  | \$109,641,774        |
| <br><u>Parking Garage Expenditures</u>           |   |                      |
| • Parking Structure                              | 1,224,719                                     | 24,528,399           |
| <br>Total  | <br>\$60,801,202                              | <br>\$134,170,173    |

#### Citizens Bond Oversight Committee

In accordance with Measure F, a six member Citizens Bond Oversight Committee was created for the purpose of informing the public about expenditures of Measure F bond funds and to ensure that proceeds are expended for the purposes described in Measure F. This Committee meets quarterly and operates under a Charter which has been approved by the Governing Board of the Marin Healthcare District.

For additional information and periodic updates, please visit the Marin Healthcare District website at: <http://www.marinhealthcare.org/marin-general-hospital/bond-committee>.

# Bond Requisitions

- As of October 31, 2017, the project fund balance maintained at Bank of New York Mellon was \$36,430,804.74
- To date, MHD has requested 47 requisitions of bond funds as follows:

| Requisition | Date Paid  | Hospital Replacement | West Wing Make Ready | Sitework  | West Wing Renovation | Hillside Parking Structure | Total         |
|-------------|------------|----------------------|----------------------|-----------|----------------------|----------------------------|---------------|
| 1           | 12/18/2015 | 15,468,599.16        | 3,545,033.43         | 86,680.70 | 301,472.04           | 9,916,287.93               | 29,318,073.26 |
| 2           | 12/18/2015 | 6,829.40             | 45,407.40            | -         | -                    | 1,342,439.02               | 1,394,675.82  |
| 3           | 12/31/2015 | 1,733,061.80         | 1,113,195.70         | -         | -                    | 7,500.00                   | 2,853,757.50  |
| 4           | 2/10/2016  | 4,301,014.57         | 1,210,694.71         | -         | -                    | 2,581,072.52               | 8,092,781.80  |
| 5           | 2/25/2016  | 1,694,775.67         | 104,546.60           | -         | -                    | 1,045,944.02               | 2,845,266.29  |
| 6           | 3/4/2016   | 135,293.86           | 665,495.00           | -         | -                    | 36,085.91                  | 836,874.77    |
| 7           | 3/14/2016  | 770,969.12           | 53,760.83            | -         | -                    | 1,381,324.26               | 2,206,054.21  |
| 8           | 3/22/2016  | 550.00               | -                    | -         | -                    | -                          | 550.00        |
| 9           | 4/6/2016   | 193,781.25           | 891,257.50           | -         | -                    | 19,988.91                  | 1,105,027.66  |
| 10          | 4/12/2016  | 569,216.35           | 111,563.39           | -         | -                    | 1,572,180.96               | 2,252,960.70  |
| 11          | 4/25/2016  | 826,269.32           | -                    | -         | -                    | 41,333.00                  | 867,602.32    |
| 12          | 5/10/2016  | 616,625.10           | 718,475.00           | -         | -                    | 805.00                     | 1,335,905.10  |
| 13          | 5/24/2016  | 981,151.49           | 1,090,745.83         | -         | -                    | 1,641,958.26               | 3,713,855.58  |
| 14          | 6/17/2016  | 318,748.31           | 98,805.24            | -         | 3,700.00             | 152,128.52                 | 573,382.07    |
| 15          | 6/21/2016  | 765,435.16           | 49,942.00            | -         | -                    | 1,134,320.82               | 1,949,697.98  |
| 16          | 7/8/2016   | 287,438.39           | 862,449.00           | -         | -                    | 10,719.41                  | 1,160,606.80  |
| 17          | 7/29/2016  | 730,142.97           | 448,345.00           | -         | -                    | 1,042,196.16               | 2,220,684.13  |
| 18          | 8/3/2016   | 833,704.70           | -                    | -         | -                    | 26,435.00                  | 860,139.70    |
| 19          | 8/26/2016  | 196,531.25           | 4,255.00             | -         | -                    | 3,799.50                   | 204,585.75    |
| 20          | 8/30/2016  | 644,231.81           | 19,913.22            | -         | -                    | 1,176,595.98               | 1,840,741.01  |
| 21          | 9/13/2016  | 191,625.50           | 256,074.61           | -         | -                    | 1,128.41                   | 448,828.52    |
| 22          | 9/26/2016  | 2,741,092.61         | 517,823.00           | -         | -                    | 112,488.32                 | 3,371,403.93  |

# Bond Requisitions

| Requisition  | Date Paid  | Hospital Replacement | West Wing Make Ready | Sitework         | West Wing Renovation | Hillside Parking Structure | Total                 |
|--------------|------------|----------------------|----------------------|------------------|----------------------|----------------------------|-----------------------|
| 23           | 10/12/2016 | 272,501.29           | 35,879.36            | -                | -                    | -                          | 308,380.65            |
| 24           | 10/25/2016 | 3,285,210.45         | 264,975.50           | -                | -                    | 56,948.56                  | 3,607,134.51          |
| 25           | 11/16/2016 | 129,385.50           | 53,795.97            | -                | -                    | 3,333.91                   | 186,515.38            |
| 26           | 11/18/2016 | 2,678,596.05         | 61,103.00            | -                | -                    | 103,138.47                 | 2,842,837.52          |
| 27           | 12/8/2016  | 315,307.37           | -                    | -                | -                    | 1,243.73                   | 316,551.10            |
| 28           | 12/23/2016 | 2,879,611.73         | 288,647.39           | -                | -                    | 60,612.99                  | 3,228,872.11          |
| 29           | 1/10/2017  | 118,025.00           | 12,000.00            | -                | -                    | -                          | 130,025.00            |
| 30           | 1/18/2017  | 4,721,867.85         | 943,517.17           | -                | -                    | 689,315.45                 | 6,354,700.47          |
| 31           | 2/6/2017   | 279,749.25           | -                    | -                | -                    | -                          | 279,749.25            |
| 32           | 2/15/2017  | 1,476,733.16         | 12,000.00            | -                | -                    | 1,128.41                   | 1,489,861.57          |
| 33           | 2/28/2017  | 4,044,452.65         | 243,338.87           | -                | -                    | 161,485.75                 | 4,449,277.27          |
| 34           | 3/21/2017  | 431,110.81           | 12,000.00            | -                | -                    | 61,331.80                  | 504,442.61            |
| 35           | 3/27/2017  | 6,082,790.94         | 94,981.00            | -                | -                    | 88,492.52                  | 6,266,264.46          |
| 36           | 4/10/2017  | 351,325.80           | 33,535.84            | -                | -                    | -                          | 384,861.64            |
| 37           | 5/2/2017   | 4,622,016.21         | 71,334.00            | -                | -                    | 49,842.91                  | 4,743,193.12          |
| 38           | 5/15/2017  | 65,273.70            | 12,000.00            | -                | -                    | -                          | 77,273.70             |
| 39           | 6/6/2017   | 4,602,592.11         | 66,914.00            | -                | -                    | -                          | 4,669,506.11          |
| 40           | 6/9/2017   | 84,026.70            | 12,000.00            | -                | -                    | -                          | 96,026.70             |
| 41           | 6/15/2017  | 60,758.24            | 301,790.00           | -                | -                    | 270.00                     | 362,818.24            |
| 42           | 7/7/2017   | 3,872,069.31         | 12,000.00            | -                | -                    | -                          | 3,884,069.31          |
| 43           | 7/31/2017  | 450,363.11           | -                    | -                | -                    | 4,522.88                   | 454,885.99            |
| 44           | 8/17/2017  | 5,233,667.25         | 400,177.00           | -                | -                    | -                          | 5,633,844.25          |
| 45           | 9/6/2017   | 5,940,692.00         | 418,813.00           | -                | -                    | -                          | 6,359,505.00          |
| 46           | 9/25/2017  | 111,647.16           | 24,000.00            | -                | -                    | -                          | 135,647.16            |
| 47           | 10/11/2017 | 7,707,804.33         | 242,670.00           | -                | -                    | -                          | 7,950,474.33          |
| <b>Total</b> |            | <b>93,824,665.76</b> | <b>15,425,254.56</b> | <b>86,680.70</b> | <b>305,172.04</b>    | <b>24,528,399.29</b>       | <b>134,170,172.35</b> |

# MGH 2.0

- ✓ Total project cost is estimated at \$534,864,000.
- ✓ Additional funding from ongoing operations, philanthropic resources and revenue bonds (estimated in 2018) will be used to bridge the gap from \$394M to \$535M.
- ✓ As of October 31, 2017, \$154.8M in expenses have been incurred for MGH 2.0 as follows:

|                              |                 |
|------------------------------|-----------------|
| • Hospital Replacement       | <b>\$110.6M</b> |
| • Hillside Parking Structure | <b>\$26.1M</b>  |
| • West Wing Make Ready       | <b>\$17.2M</b>  |
| • West Wing Renovation       | <b>\$0.6M</b>   |
| • Site Work                  | <b>\$0.3M</b>   |
| • Total                      | <b>\$154.8M</b> |

# Project Funds Expended

| Spec Section | Specification Name                                       |                    | 2010             | 2011             | 2012             | 2013           | 2014             | 2015              | 2016              | 10/31/17          | Total              |
|--------------|--|--------------------|------------------|------------------|------------------|----------------|------------------|-------------------|-------------------|-------------------|--------------------|
|              | <b>Hillside Parking Structure</b>                        |                    |                  |                  |                  |                |                  |                   |                   |                   |                    |
| 1.00000      | Property Acquisition                                     | -                  | -                | -                | -                | -              | -                | -                 | -                 | -                 | -                  |
| 2.00000      | Design   | 1,181,000          | -                | -                | 245,778          | 47,074         | 656,553          | 432,935           | 297,956           | 378,456           | 2,058,752          |
| 3.00000      | Permits & Fees   | 817,000            | -                | -                | -                | -              | 20,802           | 438,599           | 145,657           | 96,140            | 701,198            |
| 4.00000      | Construction   | 23,709,000         | -                | -                | -                | -              | -                | 12,223,999        | 10,251,147        | (136,067)         | 22,339,079         |
| 5.00000      | Owner Purchased FF&E                                     | 30,000             | -                | -                | -                | -              | -                | -                 | 163,853           | 407,500           | 571,353            |
| 6.00000      | Major Medical Equipment                                  | -                  | -                | -                | -                | -              | -                | -                 | -                 | (35,920)          | (35,920)           |
| 7.00000      | Data / Communications                                    | 225,000            | -                | -                | -                | -              | -                | 12,217            | 59,699            | 440,803           | 512,719            |
| <b>A</b>     | <b>Total Hillside Parking Structure Costs</b>            | <b>25,962,000</b>  | <b>-</b>         | <b>-</b>         | <b>245,778</b>   | <b>47,074</b>  | <b>677,355</b>   | <b>13,107,750</b> | <b>10,918,312</b> | <b>1,150,912</b>  | <b>26,147,181</b>  |
|              | <b>B Sitework Project</b>                                |                    |                  |                  |                  |                |                  |                   |                   |                   |                    |
| 1.00000      | Property Acquisition                                     | -                  | -                | -                | -                | -              | -                | -                 | -                 | -                 | -                  |
| 2.00000      | Design   | 1,314,000          | -                | 79,624           | -                | 183,393        | -                | -                 | -                 | -                 | 263,017            |
| 3.00000      | Permits & Fees   | 702,000            | -                | -                | -                | -              | -                | -                 | -                 | -                 | -                  |
| 4.00000      | Construction   | 9,245,000          | -                | -                | -                | -              | -                | -                 | -                 | -                 | -                  |
| 5.00000      | Owner Purchased FF&E                                     | -                  | -                | -                | -                | -              | -                | -                 | -                 | -                 | -                  |
| 6.00000      | Major Medical Equipment                                  | -                  | -                | -                | -                | -              | -                | -                 | -                 | -                 | -                  |
| 7.00000      | Data / Communications                                    | 100,000            | -                | -                | -                | -              | -                | -                 | -                 | -                 | -                  |
| <b>B</b>     | <b>Total Sitework Project Costs</b>                      | <b>11,361,000</b>  | <b>-</b>         | <b>79,624</b>    | <b>-</b>         | <b>183,393</b> | <b>-</b>         | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>263,017</b>     |
|              | <b>C Hospital Replacement Building Project</b>           |                    |                  |                  |                  |                |                  |                   |                   |                   |                    |
| 1.00000      | Property Acquisition                                     | -                  | -                | -                | -                | -              | -                | -                 | -                 | -                 | -                  |
| 2.00000      | Design   | 27,797,000         | 5,307,908        | 1,562,490        | 878,666          | 682,814        | 4,705,174        | 12,550,989        | 6,159,089         | 472,753           | 32,319,884         |
| 3.00000      | Permits & Fees   | 16,072,000         | -                | -                | -                | -              | -                | 2,863,363         | 1,391,745         | 3,276,754         | 7,531,862          |
| 4.00000      | Construction   | 348,281,000        | -                | -                | -                | -              | -                | 99,878            | 19,509,752        | 49,864,672        | 69,474,301         |
| 5.00000      | Owner Purchased FF&E                                     | 8,612,000          | -                | -                | -                | -              | -                | -                 | 8,177             | -                 | 8,177              |
| 6.00000      | Major Medical Equipment                                  | 31,745,000         | -                | -                | -                | -              | -                | -                 | 614,415           | 589,511           | 1,203,926          |
| 7.00000      | Data / Communications                                    | 7,446,000          | -                | -                | -                | -              | -                | 6,132             | -                 | 5,000             | 11,132             |
| <b>C</b>     | <b>Total Hospital Replacement Building Project Costs</b> | <b>439,953,000</b> | <b>5,307,908</b> | <b>1,562,490</b> | <b>878,666</b>   | <b>682,814</b> | <b>4,705,174</b> | <b>15,520,362</b> | <b>27,683,178</b> | <b>54,208,690</b> | <b>110,549,283</b> |
|              | <b>D West Wing Make Ready Project</b>                    |                    |                  |                  |                  |                |                  |                   |                   |                   |                    |
| 1.00000      | Property Acquisition                                     | -                  | -                | -                | -                | -              | -                | -                 | -                 | -                 | -                  |
| 2.00000      | Design   | 1,385,000          | -                | 178,616          | 18               | 24,093         | 438,524          | 1,930,128         | 470,949           | 150,000           | 3,192,327          |
| 3.00000      | Permits & Fees   | 538,000            | -                | -                | -                | -              | -                | 100,718           | 356,214           | 500,000           | 956,931            |
| 4.00000      | Construction   | 16,577,000         | -                | -                | -                | -              | -                | 3,375,173         | 6,920,092         | 2,791,823         | 13,087,088         |
| 5.00000      | Owner Purchased FF&E                                     | 100,000            | -                | -                | -                | -              | -                | -                 | -                 | -                 | -                  |
| 6.00000      | Major Medical Equipment                                  | -                  | -                | -                | -                | -              | -                | -                 | -                 | -                 | -                  |
| 7.00000      | Data / Communications                                    | -                  | -                | -                | -                | -              | -                | 337               | 432               | -                 | 769                |
| <b>D</b>     | <b>Total West Wing Make Ready Project Costs</b>          | <b>18,600,000</b>  | <b>-</b>         | <b>178,616</b>   | <b>18</b>        | <b>24,093</b>  | <b>438,524</b>   | <b>5,406,355</b>  | <b>7,747,686</b>  | <b>3,441,823</b>  | <b>17,237,114</b>  |
|              | <b>E West Wing Renovation</b>                            |                    |                  |                  |                  |                |                  |                   |                   |                   |                    |
|              | Design   | 3,968,000          | -                | 296,623          | -                | -              | -                | 301,472           | 3,700             | -                 | 601,795            |
|              | Permit   | 2,116,000          | -                | -                | -                | -              | -                | -                 | -                 | -                 | -                  |
|              | Construction   | 32,904,000         | -                | -                | -                | -              | -                | -                 | -                 | -                 | -                  |
| <b>E</b>     | <b>Total West Wing Renovation Costs</b>                  | <b>38,988,000</b>  | <b>-</b>         | <b>296,623</b>   | <b>-</b>         | <b>-</b>       | <b>-</b>         | <b>301,472</b>    | <b>3,700</b>      | <b>-</b>          | <b>601,795</b>     |
| <b>F</b>     | <b>Total Project Costs</b>                               | <b>534,864,000</b> | <b>5,307,908</b> | <b>2,117,353</b> | <b>1,124,462</b> | <b>937,373</b> | <b>5,821,053</b> | <b>34,335,939</b> | <b>46,352,875</b> | <b>58,801,425</b> | <b>154,798,390</b> |

# Projected Costs

| Spec Section | Specification Name                               | 2017       | 2018        | 2019        | 2020       | 9/30/21   | Total Budget Remaining | Total       |
|--------------|--|------------|-------------|-------------|------------|-----------|------------------------|-------------|
|              |  |            |             |             |            |           |                        |             |
|              | Hillside Parking Structure                       |            |             |             |            |           |                        |             |
| 1.00000      | Property Acquisition                             | -          | -           | -           | -          | -         | -                      | -           |
| 2.00000      | Design   | -          | -           | -           | -          | -         | -                      | 2,058,752   |
| 3.00000      | Permits & Fees                                   | -          | -           | -           | -          | -         | -                      | 701,198     |
| 4.00000      | Construction                                     | -          | -           | -           | -          | -         | -                      | 22,339,079  |
| 5.00000      | Owner Purchased FF&E                             | -          | -           | -           | -          | -         | -                      | 571,353     |
| 6.00000      | Major Medical Equipment                          | -          | -           | -           | -          | -         | -                      | (35,920)    |
| 7.00000      | Data / Communications                            | -          | -           | -           | -          | -         | -                      | 512,719     |
| A            | Total Hillside Parking Structure Costs           | -          | -           | -           | -          | -         | -                      | 26,147,181  |
|              |  |            |             |             |            |           |                        |             |
|              |  |            |             |             |            |           |                        |             |
| B            | Sitework Project                                 |            |             |             |            |           |                        |             |
| 1.00000      | Property Acquisition                             | -          | -           | -           | -          | -         | -                      | -           |
| 2.00000      | Design   | 43,192     | 586,857     | 420,934     | -          | -         | 1,050,983              | 1,314,000   |
| 3.00000      | Permits & Fees                                   | -          | 401,143     | 300,857     | -          | -         | 702,000                | 702,000     |
| 4.00000      | Construction                                     | -          | 5,328,682   | 3,916,318   | -          | -         | 9,245,000              | 9,245,000   |
| 5.00000      | Owner Purchased FF&E                             | -          | -           | -           | -          | -         | -                      | -           |
| 6.00000      | Major Medical Equipment                          | -          | -           | -           | -          | -         | -                      | -           |
| 7.00000      | Data / Communications                            | -          | 57,143      | 42,857      | -          | -         | 100,000                | 100,000     |
| B            | Total Sitework Project Costs                     | 43,192     | 6,373,825   | 4,680,966   | -          | -         | 11,097,983             | 11,361,000  |
|              |  |            |             |             |            |           |                        |             |
| C            | Hospital Replacement Building Project            |            |             |             |            |           |                        |             |
| 1.00000      | Property Acquisition                             | -          | -           | -           | -          | -         | -                      | -           |
| 2.00000      | Design   | 150,000    | 900,000     | 900,000     | 225,000    | -         | 2,175,000              | 34,494,884  |
| 3.00000      | Permits & Fees                                   | 494,436    | 2,966,615   | 1,898,959   | -          | -         | 5,360,010              | 12,891,872  |
| 4.00000      | Construction                                     | 20,679,224 | 160,605,224 | 94,520,990  | 3,128,572  | -         | 278,934,010            | 348,408,311 |
| 5.00000      | Owner Purchased FF&E                             | 990,938    | 6,750,290   | -           | -          | -         | 7,741,228              | 7,749,405   |
| 6.00000      | Major Medical Equipment                          | 952,350    | 15,951,863  | 12,698,000  | -          | -         | 29,602,213             | 30,806,139  |
| 7.00000      | Data / Communications                            | 186,150    | 4,524,376   | 2,054,735   | -          | -         | 6,765,261              | 6,776,393   |
| C            | Total Hospital Replacment Building Project Costs | 23,453,098 | 191,698,368 | 112,072,684 | 3,353,572  | -         | 330,577,722            | 441,127,004 |
|              |  |            |             |             |            |           |                        |             |
| D            | West Wing Make Ready Project                     |            |             |             |            |           |                        |             |
| 1.00000      | Property Acquisition                             | -          | -           | -           | -          | -         | -                      | -           |
| 2.00000      | Design   | -          | -           | -           | -          | -         | -                      | 3,192,327   |
| 3.00000      | Permits & Fees                                   | -          | -           | -           | -          | -         | -                      | 956,931     |
| 4.00000      | Construction                                     | -          | -           | -           | -          | -         | -                      | 13,087,088  |
| 5.00000      | Owner Purchased FF&E                             | -          | -           | -           | -          | -         | -                      | -           |
| 6.00000      | Major Medical Equipment                          | -          | -           | -           | -          | -         | -                      | -           |
| 7.00000      | Data / Communications                            | -          | -           | -           | -          | -         | -                      | 769         |
| D            | Total West Wing Make Ready Project Costs         | -          | -           | -           | -          | -         | -                      | 17,237,114  |
|              |  |            |             |             |            |           |                        |             |
| E            | West Wing Renovation                             |            |             |             |            |           |                        |             |
|              | Design   | -          | 317,440     | 2,515,499   | 536,966    | -         | 3,369,905              | 3,971,700   |
|              | Permit   | -          | -           | 1,198,253   | 793,012    | 124,736   | 2,116,001              | 2,116,001   |
|              | Construction                                     | -          | 79,350      | 2,813,718   | 20,885,337 | 9,125,595 | 32,904,000             | 32,904,000  |
| E            | Total West Wing Renovation Costs                 | -          | 396,790     | 6,527,470   | 22,215,315 | 9,250,331 | 38,389,906             | 38,991,701  |
|              |  |            |             |             |            |           |                        |             |
|              |  |            |             |             |            |           |                        |             |
| F            | Total Project Costs                              | 23,496,290 | 198,468,983 | 123,281,120 | 25,568,887 | 9,250,331 | 380,065,610            | 534,864,000 |