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**Special Study Session of the Full Board meeting with the
Finance & Audit Committee
April 25, 2017, 5:45PM – 6:30PM**

Board Member Attendance:

Larry Bedard, MD (Chair, F&A Committee)
Jennifer Hershon, RN, MSN (Member F&A Committee)
Ann Sparkman, JD
Harris Simmonds, MD

Absent: Jennifer Rienks, PhD

Staff Attendance: Jim McManus, CFO
Mark Zielazinski, CITIO
Don Bouey, Legal Counsel
Jean Noonan, Controller
Michael Lighthawk, EA

Open Session Minutes

I. Call to Order

Bedard

- A. Roll Call – Chair Bedard called the open session to order at 5:45pm.
- B. Approval of Agenda – Agenda approved.
- C. Approval of Previous Minutes: January 31, 2017. Minutes approved.
- D. General Public Comment – No public.

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. Approve Recommendation to Full Board on proposed District Operation of the MGH Breast Center & Under Arrangements Program (Action)

Bedard

- A. **Motion:** To recommend the MHD Board of Directors approve the District Operation of the MGH Breast Center & Under Arrangements Program as presented to the MHD Finance & Audit Committee with the following amendments and understanding:
 - 1) Add the phrase “, and report to the Marin Healthcare District.” to the last sentence of both Section 4(l) “Monitoring of Performance” and Section 4(o) “Accreditation” of the Outpatient Diagnostic Services Agreement (Breast Center Arrangements Program).
 - 2) This same reporting requirement to the District shall be included in the Cardiovascular Associates of Marin under arrangements.

Member Hershon so moved. Seconded by Chair Bedard. Vote: All ayes. **Motion passed.**

III. Financial Reports

Noonan

- A. **Issuance of Remaining General Obligation Bonds (Pgs. 7-11)**
Referring to the Projected Costs schedule on pg. 11, Ms. Noonan stated we expect to run out of Bond Funds by November of this year and will go to market for the remainder of the G.O. Bond Funds of \$224M later this year. As the diligence progresses for the issuance, Ms. Noonan will update the committee on the process and progress for the remaining bond funds.
- B. **Status of MGH 2.0 (Pgs. 7-11)**
As of March 31, 2017, \$113M in expenses have been incurred for MGH 2.0 with the majority of funds expended going to the Hospital Replacement Project. Further detail on Project



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Funds expended is on pg. 10 of the packet. Director Simmonds asked if the project is on time and on budget. Ms. Noonan confirmed that is so.

Ms. Noonan reviewed the status of the expenditures for MGH 2.0 as of March 31, 2017 noting that, to date, MHD submitted 35 requisitions for bond funds for a total of \$99.4M leaving a remaining bond fund balance of \$70.7M at Bank of New York Mellon.

C. Financial Reports – Q1 2017 (Pgs. 13-17)

Noonan

Ms. Noonan referred to the Balance Sheet, Income Statement, and Clinic Summary on pgs. 15-17 and summarized the particulars of selected line items including:

- Cash and Cash Equivalents have increased mainly due to the timing of the hospital's reimbursement
- Accounts Receivables increased since year-end due to timing of collections and the additions of the practices of Drs. Murphy & Chase.
- Hospital Construction Costs are at \$87M up \$20M since YE 2016.
- Assets Limited to Use (Bond Funds) are down \$22M (as Construction Costs go up).
- Accrued Expenses – The bulk of the accruals are for the Construction Project which fluctuates period to period as contractors' invoices are received.
- Community Education – YTD expenditures are \$31K against a budget of \$7,500 in order to publish and distribute the annual report. Annual report costs have gone up due to design changes and increased mailing and distribution costs.
- New Clinics – Dr. Chase has been added to the 2 Bon Air Road, Rheumatology practice. The Novato Medical Office opened on March 25th in Novato.
- Cardiology Associates of Marin (CAM) – YTD variance is \$195K. Salary expenses accounted for most of the variance. However, it was noted that CAM is considered a department of MGH and the revenue stream of the hospital offsets the overages. The new CAM agreement is still in negotiation.

IV. Agenda Items for Next Meeting, May 30, 2017

A. 2016 Audited Financials Review - McManus/Noonan

V. Adjournment – Chair Bedard adjourned the meeting at 6:20pm.