

MARIN HEALTHCARE DISTRICT

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

Telephone: 415-464-2090

Fax: 415-464-2094

Website: www.marinhealthcare.org

Email: info@marinhealthcare.org

BOARD OF DIRECTORS FINANCE & AUDIT COMMITTEE TUESDAY, APRIL 25, 2023 @ 4:00 P.M.

Committee:

Chair: Edward Alfrey, MD

Members: Ann Sparkman, RN/BSN, JD
Leslie Lava

Staff: David Klein, MD, CEO
Eric Brettner, CFO
Colin Leary, General Counsel
Liz Lasnier, Controller

Support: Louis Weiner, EA

Location:

Via Zoom:

<https://mymarinhealth.zoom.us/join>

Meeting ID: 956 4969 9699

Passcode: 398522

Or via Zoom telephone: 1-669-900-9128

AGENDA

- | | | <u>TAB</u> |
|----|--|---------------------|
| 1. | Call to Order / Approval of the Agenda (action) | Alfrey |
| 2. | Approval of the Minutes of the MHD Finance & Audit Committee Meeting of February 28, 2022 (action) | Alfrey #1 |
| 3. | Public Comment
<i>Any member of the audience may make statements regarding any item NOT on the agenda. Statements are limited to a maximum of three (3) minutes. Please state and spell your name if you wish it to be recorded in the minutes.</i> | Alfrey |
| 4. | District Financial Reports
A. February 2023
B. March 2023 | Lasnier
#2
#3 |
| 5. | Discussion of Canterbury Investment Consulting | Leary/Lasnier |
| 6. | Adjournment | Alfrey |

Next meeting: June 27, 2023

A copy of the agenda for the Meeting will be posted and distributed
at least seventy-two (72) hours prior to the meeting.

In compliance with the Americans with Disabilities Act, if you require accommodations to participate in a District meeting please contact the District office at 415-464-2090 at least 48 hours prior to the meeting.

Tab 1

MARIN HEALTHCARE DISTRICT

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Board of Directors Finance and Audit Committee Tuesday, February 28, 2023 @ 4:00 pm Via Zoom

MINUTES

1. Call to Order

Chair Alfrey called the meeting to order at 4:00 pm.

2. Roll Call / Approval of Agenda / Approval of Minutes

Committee members present: Edward Alfrey, MD (Chair); Ann Sparkman; Leslie Lava (Community Member)

Staff members present: David Klein (CEO); Eric Brettner (CFO); Liz Lasnier (Controller); Louis Weiner (EA)

Approval of the Agenda: It was moved, seconded and carried to approve the agenda as presented.

Approval of the Minutes: It was moved, seconded and carried to approve the minutes of the meeting of the committee on October 18, 2022.

3. Public Comment

There was no public comment.

4. District Financial Reports

Mr. Brettner reported on December 2022 and year-end 2022 financials (Tab #2) and commented on several points. Adverse market conditions caused the investment earnings to be unfavorable to budget by \$17.6K for December, and unfavorable to budget by \$580.5K at 2022 year-end. Accrued 2021 legal fees of \$9.4K that were not incurred were credited back to 2022 in December. Election expenses that were not incurred in 2022 were favorable to budget by \$129K. Community education expenses were favorable to budget at year-end by \$28K.

Bond-related revenues and expenses were all normal to budget.

December operating income was favorable to budget by \$113.8K. 2022 year-end operating income was unfavorable to budget by \$213.8K owing to adverse market conditions.

On the balance sheet at 2022 year-end, total liabilities and net assets were \$438,939,189, compared to 2021 year-end of \$453,239,934. Of note are the tax revenues at year-end that go into the sinking fund assets to pay the bond.

January 2023 financials (Tab #3) show that net operating income of \$138.4K was favorable to budget by \$125.3K due to lower expenses and higher investment earnings. Operating expenses of \$32.2K was favorable to budget by \$13.8. Hospital rental revenue increased and will be fully adjusted upward in February when the CPI is determined by the fed, in accordance with the Hospital Lease Agreement.

The January balance sheet shows current accordance with budget.

The District's Investment Policy is being revised to allow for up to 20% equities, which is now being reviewed and finalized with the MHMC Investment Committee and Canterbury

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MINUTES

investment advisors. Dr. Alfrey reminded that stock dividend rates should be considered in the investment strategy.

Dr. Alfrey added that the District should budget for community health projects including, e.g., resources for aging population services and broader community health needs. Mr. Brettner agreed, noting that program planning is done by the Lease & Building Committee, with budget considerations done by this Finance & Audit Committee.

5. Next Meeting Date and Agenda

The next meeting date is Tuesday, April 25, 2023.

6. Adjournment

Chair Alfrey adjourned the meeting at 4:19 pm.

Tab 2



To: MHD Finance and Audit Committee
From: Eric Brettner, CFO *EB*
Re: February 2023 Financial Report
Date: March 15, 2023

I. General Comments

These financial statements contain, in summary format, the balance sheet and income statement.

II. Income Statement and Budget

The District's net operating loss for the month was \$72,147 which was unfavorable to budget by \$85,213. The unfavorable variance is driven by lower than expected investment earnings offset by lower than budgeted expenses. Rental revenue from the hospital lease was \$50,539 in February. Investment earnings were comprised of \$11,601 dividend and interest income as well as \$6,850 of realized losses and a \$92,612 decrease in the value of investments. The District incurred total operating expenses of \$34,825 which was favorable to budget by \$11,174. The favorable variance was due to lower than budgeted legal expenses, and community education. Depreciation expense was \$989,898 in February. Bond Related Revenues and Expenses included \$1,355,150 of accrued tax revenues less bond fund earnings, and \$1,189,889 of bond interest expense.

III. Balance Sheet

Assets

Cash at February 28, 2023 of \$684,462 decreased by \$38,405. The decrease was due to transfers to the Hospital and to the Network for program support and payments of related party payables. Investment account balances of \$3,492,444 decreased by \$87,898 from the prior month due to a \$92,612 decrease in the value of investments. Tax revenue receivables are \$8,538,247 and represent amounts due from the County of Marin. The payments received from the County are deposited directly into the bond fund accounts.

The tax payments received from the County, together with the balance of the proceeds from the bonds issued in November 2015 and September 2017, net of issuance costs, are reflected in the account "Assets Limited to Use – Interest & Sinking Funds". These funds total \$3,254,861 at February 28, 2023 to be used for bond principal and interest payments. The decrease of \$7,568,483 from the prior month is due to payment of interest.

**Liabilities and Net Assets**

Interest payable of \$1,271,258 decreased by \$6,356,292 from the prior month due to the accrual of interest. Accrued expenses of \$34,726 are primarily comprised of accruals for audit fees.

Related party receivables of \$2,481 include \$2,414 due from the Network for bank fees and clinic receipts and \$67 due from the Hospital for payments relating to equipment expenses paid on behalf of the Hospital.

Bonds payable are separated into current (principal due within one year) and non-current (due in greater than one year). The current payable amount of \$955,000 is due in August 2023. 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 \$43,489,920.

Marin Healthcare District
Balance Sheet
February 28, 2023

	2/28/2023	1/31/2023	Change	12/31/2022
Assets				
Current Assets				
Cash	684,462	722,867	(38,405)	748,674
Investment	3,492,444	3,580,342	(87,898)	3,463,546
Tax Revenues Receivable	8,538,247	7,242,196	1,296,051	6,216,670
Prepaid Expenses	4,000	5,000	(1,000)	6,000
Total Current Assets	12,719,153	11,550,405	1,168,748	10,434,890
Property, plant, and equipment, net	395,872,965	396,775,519	(902,554)	397,683,703
Parking Garage, net	20,101,183	20,183,655	(82,472)	20,266,128
Assets Limited To Use - Building Funds	-	8,514	(8,514)	8,486
Assets Limited To Use - Interest & Sinking Funds	3,254,861	10,823,344	(7,568,483)	10,509,982
Deposits & Retainers	36,000	36,000	-	36,000
Total Non-Current Assets	419,265,009	427,827,032	(8,562,023)	428,504,299
Total Assets	431,984,162	439,377,437	(7,393,275)	438,939,189
Liabilities and Net assets				
Current Liabilities				
Accounts Payable	1,260	-	1,260	420
Interest Payable	1,271,258	7,627,550	(6,356,292)	6,356,291
Accrued Expenses	34,726	33,476	1,250	58,318
Other Current Liabilities	-	-	-	-
Related Party Payables	(2,481)	58,859	(61,340)	81,972
Current Bond Maturities	955,000	955,000	-	955,000
Total Current Liabilities	2,259,763	8,674,885	(6,415,122)	7,452,001
Bonds Payable	363,790,000	363,790,000	-	363,790,000
Bond Premium	22,444,479	22,525,848	(81,369)	22,607,217
Total Liabilities	388,494,242	394,990,733	(6,496,491)	393,849,218
Net Assets				
Net Assets	45,089,971	45,089,971	-	55,317,305
Net (Loss)/Income	(1,600,051)	(703,267)	(896,784)	(10,227,334)
Total Net Assets	43,489,920	44,386,704	(896,784)	45,089,971
Total Liabilities and Net Assets	431,984,162	439,377,437	(7,393,275)	438,939,189

Marin Healthcare District
Income Statement - Actual vs. Budget
February 28, 2023

	2/28/2023			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Rental Revenue	50,539	53,743	(3,204)	104,281	107,485	(3,204)
Investment Earnings	(87,861)	5,322	(93,183)	28,977	10,644	18,333
Total Income	(37,322)	59,065	(96,387)	133,258	118,129	15,129
Legal Fees	3,247	5,000	1,753	5,197	10,000	4,803
Accounting Fees	4,364	2,000	(2,364)	8,728	4,000	(4,728)
Board Compensation	1,260	1,500	240	1,995	3,000	1,005
Board Expenses	787	2,083	1,296	787	4,167	3,380
Consulting Fees	-	-	-	-	-	-
Election Expenses	-	-	-	-	-	-
Charitable Contributions	-	3,833	3,833	-	7,667	7,667
Community Education	-	5,833	5,833	-	11,667	11,667
Dues	1,000	1,000	-	2,000	2,000	-
Advertising	-	583	583	-	1,167	1,167
MHMC Program Support	16,667	16,667	-	33,333	33,333	-
MHMCN Program Support	7,500	7,500	-	15,000	15,000	-
Total Expense	34,825	45,999	11,174	67,040	92,001	24,961
Net Operating Income (Loss) Before Depreciation, Bond Related Revenue and Expense, and Other Non Operating Expenses	(72,147)	13,066	(85,213)	66,218	26,128	40,090
Depreciation Expense	989,898	992,502	2,604	1,980,555	1,985,005	4,450
Net Operating Income (Loss) Before Bond Related Revenue and Expense and Other Non Operating Expenses	(1,062,045)	(979,436)	(82,609)	(1,914,337)	(1,958,877)	44,540
Bond-Related Revenue(Expense)						
Tax Revenue	1,317,352	1,317,352	-	2,634,703	2,634,703	-
Bond Fund Earnings	37,798	-	37,798	59,362	-	59,362
Bond Interest Expense	(1,189,889)	(1,188,563)	(1,326)	(2,379,779)	(2,377,126)	(2,653)
Net Income (Loss)	(896,784)	(850,647)	(46,137)	(1,600,051)	(1,701,300)	101,249

Tab 3



To: MHD Finance and Audit Committee
From: Eric Brettner, CFO *EB*
Re: March 2023 Financial Report
Date: April 17, 2023

I. General Comments

These financial statements contain, in summary format, the balance sheet and income statement.

II. Income Statement and Budget

The District's net operating income for the month was \$102,840 which was favorable to budget by \$89,774. The favorable variance is driven by higher than expected investment earnings and lower than expected operating expenses. Rental revenue from the hospital lease was \$52,141 in March. Investment earnings were comprised of \$14,878 dividend and interest income as well as \$5,242 of realized losses and a \$65,389 increase in the value of investments. The District incurred total operating expenses of \$24,326 which was favorable to budget by \$21,673. The favorable variance was due to lower than budgeted legal expenses, community education, and an adjustment to accounting fees related to the 2022 audit. Depreciation expense was \$989,898 in March. Bond Related Revenues and Expenses included \$1,328,342 of accrued tax revenues less bond fund earnings, and \$1,189,889 of bond interest expense.

III. Balance Sheet

Assets

Cash at March 31, 2023 of \$673,149 decreased by \$11,313. The decrease was due to payments of audit fees. Investment account balances of \$3,565,216 increased by \$72,772 from the prior month due to a \$65,389 increase in the value of investments. Tax revenue receivables are \$10,481,051 and represent amounts due from the County of Marin. The payments received from the County are deposited directly into the bond fund accounts.

The tax payments received from the County, together with the balance of the proceeds from the bonds issued in November 2015 and September 2017, net of issuance costs, are reflected in the account "Assets Limited to Use – Interest & Sinking Funds". These funds total \$3,345,567 at March 31, 2023 to be used for bond principal and interest payments.

**Liabilities and Net Assets**

Interest payable of \$2,542,516 increased by \$1,271,258 from the prior month due to the accrual of interest. Accrued expenses of \$10,137 are primarily comprised of accruals for audit fees.

Related party receivables of \$19,957 include \$3,579 due from the Network for bank fees and clinic receipts and \$16,378 due from the Hospital for payments relating to audit fees.

Bonds payable are separated into current (principal due within one year) and non-current (due in greater than one year). The current payable amount of \$955,000 is due in August 2023. 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 \$43,446,482.

Marin Healthcare District
Balance Sheet
March 31, 2023

	3/31/2023	2/28/2023	Change	12/31/2022
Assets				
Current Assets				
Cash	673,149	684,462	(11,313)	748,674
Investment	3,565,216	3,492,444	72,772	3,463,546
Tax Revenues Receivable	10,481,051	9,243,414	1,237,637	6,921,837
Prepaid Expenses	3,000	4,000	(1,000)	6,000
Total Current Assets	14,722,416	13,424,320	1,298,096	11,140,057
Property, plant, and equipment, net	394,965,539	395,872,965	(907,426)	397,683,703
Parking Garage, net	20,018,711	20,101,183	(82,472)	20,266,128
Assets Limited To Use - Building Funds	2	-	2	8,486
Assets Limited To Use - Interest & Sinking Funds	3,345,565	3,254,861	90,704	10,509,982
Deposits & Retainers	36,000	36,000	-	36,000
Total Non-Current Assets	418,365,817	419,265,009	(899,192)	428,504,299
Total Assets	433,088,233	432,689,329	398,904	439,644,356
Liabilities and Net assets				
Current Liabilities				
Accounts Payable	945	1,260	(315)	420
Interest Payable	2,542,516	1,271,258	1,271,258	6,356,291
Accrued Expenses	10,137	34,726	(24,589)	58,318
Other Current Liabilities	-	-	-	-
Related Party Payables	(19,957)	(2,481)	(17,476)	81,972
Current Bond Maturities	955,000	955,000	-	955,000
Total Current Liabilities	3,488,641	2,259,763	1,228,878	7,452,001
Bonds Payable	363,790,000	363,790,000	-	363,790,000
Bond Premium	22,363,110	22,444,479	(81,369)	22,607,217
Total Liabilities	389,641,751	388,494,242	1,147,509	393,849,218
Net Assets				
Net Assets	45,795,138	45,795,138	-	56,022,472
Net (Loss)/Income	(2,348,656)	(1,600,051)	(748,605)	(10,227,334)
Total Net Assets	43,446,482	44,195,087	(748,605)	45,795,138
Total Liabilities and Net Assets	433,088,233	432,689,329	398,904	439,644,356

Marin Healthcare District
Income Statement - Actual vs. Budget
March 31, 2023

	3/31/2023			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Rental Revenue	52,141	53,743	(1,602)	156,421	161,228	(4,807)
Investment Earnings	75,025	5,322	69,703	104,002	15,966	88,036
Total Income	127,166	59,065	68,101	260,423	177,194	83,229
Legal Fees	2,843	5,000	2,157	8,038	15,000	6,962
Accounting Fees	(4,629)	2,000	6,629	4,100	6,000	1,900
Board Compensation	945	1,500	555	2,940	4,500	1,560
Board Expenses	-	2,083	2,083	787	6,250	5,463
Consulting Fees	-	-	-	-	-	-
Election Expenses	-	-	-	-	-	-
Charitable Contributions	-	3,833	3,833	-	11,500	11,500
Community Education	-	5,833	5,833	-	17,500	17,500
Dues	1,000	1,000	-	3,000	3,000	-
Advertising	-	583	583	-	1,750	1,750
MHMC Program Support	16,667	16,667	-	50,000	50,000	-
MHMCN Program Support	7,500	7,500	-	22,500	22,500	-
Total Expense	24,326	45,999	21,673	91,365	138,000	46,635
Net Operating Income (Loss) Before Depreciation, Bond Related Revenue and Expense, and Other Non Operating Expenses	102,840	13,066	89,774	169,058	39,194	129,864
Depreciation Expense	989,898	992,502	2,604	2,970,453	2,977,507	7,054
Net Operating Income (Loss) Before Bond Related Revenue and Expense and Other Non Operating Expenses	(887,058)	(979,436)	92,378	(2,801,395)	(2,938,313)	136,918
Bond-Related Revenue(Expense)						
Tax Revenue	1,317,352	1,317,352	-	3,952,053	3,952,055	-
Bond Fund Earnings	10,990	-	10,990	70,352	-	70,352
Bond Interest Expense	(1,189,889)	(1,188,563)	(1,326)	(3,569,668)	(3,565,690)	(3,978)
Net Income (Loss)	(748,605)	(850,647)	102,042	(2,348,656)	(2,551,948)	203,292