

Bond Oversight Committee

Status of General Obligation Bonds, Funding & Project Costs

November 17, 2015



MEASURE F PROJECT AND TIMELINE

- On November 5, 2013, Measure F passed with support of 68.49% of District voters
 - Measure F authorized the issuance of \$394 million of general obligation bonds
 - Tax rate is projected to be \$23.50 per \$100,000 of Assessed Value
- The Measure 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 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



Marin General Hospital Replacement Hospital

Roof Garden



Combination Inside/Outside Areas



Loading/Storage



Lobby Living Room



Solarium Interior



Patient



Summary of Voter Initiative & Formation of the Oversight Committee

- Marin Healthcare District voters approve a resolution in November, 2013 to authorize \$394 million in funding to build a replacement hospital that will meet the 2030 seismic standards. Current building is in excess of 60 years old.
- A section of the resolution requires the establishment of a Citizens Oversight Committee to review how the proceeds are spent.
- A Charter for the Committee was created and approved in August by the MHD Board of Directors.
- Interviews for prospective Committee Members occurred in September with approval by the MHD Board of Directors at their October meeting.
- First Committee Meeting set for November 17th and quarterly thereafter.

Bond Accountability

53410. On or after January 1, 2001, any local bond measure that is subject to voter approval that would provide for the sale of bonds by a local agency shall provide accountability measures that include, but are not limited to, all of the following:

- (a) A statement indicating the specific purposes of the bond.
- (b) A requirement that the proceeds be applied only to the specific purposes identified pursuant to subdivision (a).
- (c) The creation of an account into which the proceeds shall be deposited.
- (d) An annual report pursuant to Section 53411.

53411. The chief fiscal officer of the issuing local agency shall file a report with its governing body no later than January 1, 2002, and at least once a year thereafter. The annual report shall contain all of the following:

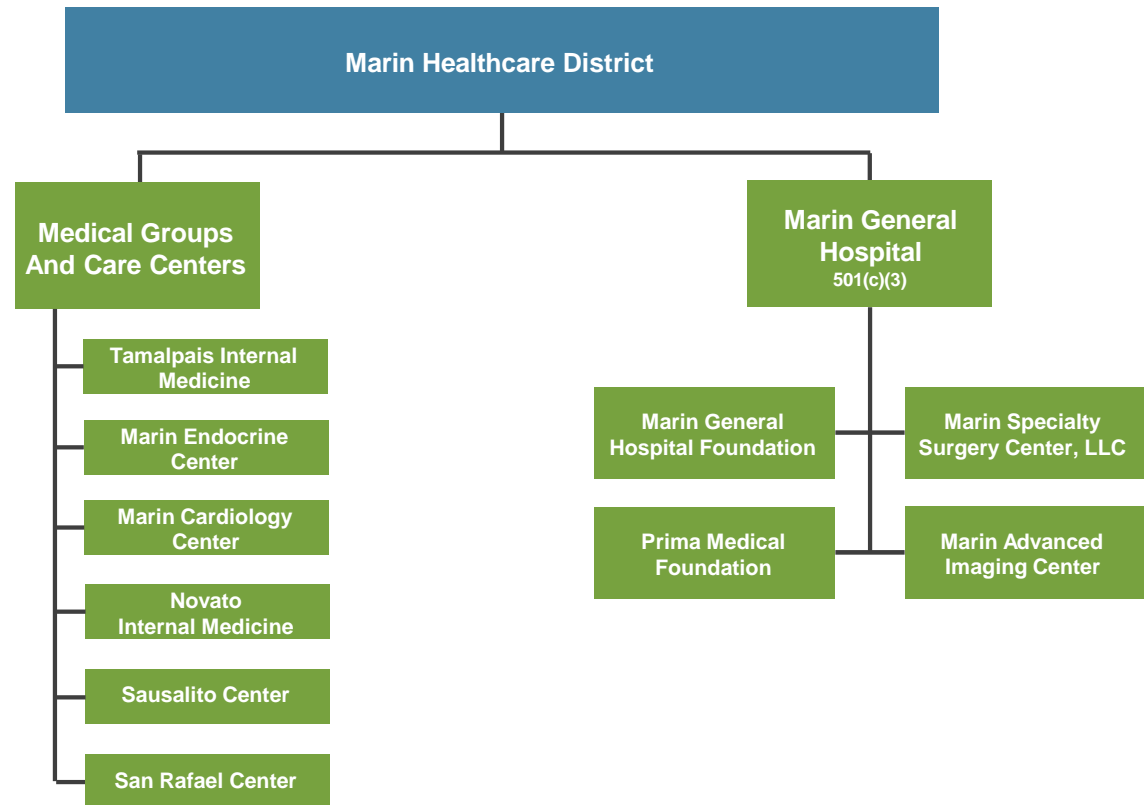
- (a) The amount of funds collected and expended.
- (b) The status of any project required or authorized to be funded as identified in subdivision (a) of Section 53410.

53412. As used in this article:

- (a) “Local agency” means any county, city, city and county, including a charter city or county, or any special district.
- (b) “Special district” means an agency of the state, formed pursuant to general law or a special act, for the performance of governmental or proprietary functions, with limited geographic boundaries, including, but not limited to, a school district and a community college district.
- (c) “Bond” means any bonded indebtedness regardless of state law or charter that requires voter approval, including, but not limited to, general obligation bonds, revenue bonds, and bonds issued pursuant to the Mello-Roos Community Facilities Act (Chapter 2.5 (commencing with Section 53311)).

DISTRICT OVERVIEW

MHD is the sole member of Marin General Hospital and leases the facility to Marin General Hospital



General Obligation (GO) Bonds

- Decision made in April to issue the first series of GO bonds by the end of the calendar year.
- Parties to the transaction:
 - Hammond, Hanlon Camp LLC – Financial Advisors
 - Orrick, Herrington & Sutcliffe – Bond Counsel
 - Sidley Austin – Underwriter Counsel
 - Archer Norris – Corporate Counsel
 - Morgan Stanley – Lead Underwriter
 - Stifel Nicholas – Co-Underwriter
 - Moss Adams CPAs – Auditors
 - County of Marin, Department of Finance
 - BNY Mellon – Paying Agent
 - Moody's Investors Services – Rating Agency

General Obligation (GO) Bonds

- The Healthcare District received a bond rating of Aa2 from Moody's in October.
- First Series of bonds (\$170 million) was sold on October 27th.
- Due to the Aa2 rating and the timing of the market, demand for the bonds was 5x the issuance which lowered the effective interest rate to 3.83%.
- The deal closed on November 10th with the funds being transferred to BNY Mellon.
- MHD Board of Directors is expected to pass a resolution in December that will allow proceeds to be spent.
- To date, none of the proceeds have been used to pay for current or previous expenditures made in conjunction with the Project (MGH 2.0).
- Use of proceeds is expected to begin in December with repayment of non-parking garage expenses and then for monthly non-parking garage expenses thereafter.

Hillside Parking Structure

- The parking garage is currently being funded by Marin General Hospital (MGH) under a non-revolving line of credit with Union Bank.
- Upon completion of the parking garage which is estimated to be in the late spring/early summer of 2016, bond proceeds from the District will be used to pay off the line of credit from MGH and take possession of the completed parking garage.

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 \$545M.
- Project planning began as early as 2010.
- As of September 30th, \$32.1M in funds have been expended for MGH 2.0 as follows:
 - Hillside parking structure \$ 8.3M
 - Sitework .3M
 - Hospital replacement building 20.2M
 - West Wing make ready 2.7M
 - West Wing Ground & L1 Surgery Support .6M
 - Total \$32.1M

Project Funds Expended to Date

Estimate Section							01/01/2015 -	Total Funds
Specification Name		12/31/10	12/31/11	12/31/12	12/31/13	12/31/14	09/30/15	Expended
Hillside Parking Structure								
	-		-	-	-	-	-	-
Property Acquisition	-	-	-	-	-	-	-	-
Design	1,181,000	-	-	245,778	47,074	656,553	229,528	1,178,934
Permits & Fees	817,000	-	-	-	-	20,802	362,838	383,640
Construction	23,709,000	-	-	-	-	-	6,719,893	6,719,893
Owner Purchased FF&E	30,000	-	-	-	-	-	-	-
Major Medical Equipment	-	-	-	-	-	-	-	-
Data / Communications	225,000	-	-	-	-	-	37,217	37,217
Total Hillside Parking Structure Costs	25,962,000	-	-	245,778	47,074	677,355	7,349,477	8,319,684
Sitework Project								
Property Acquisition	-	-	-	-	-	-	-	-
Design	2,684,000	-	82,366	-	187,194	-	-	269,560
Permits & Fees	1,138,000	-	-	-	-	-	-	-
Construction	22,439,000	-	-	-	-	-	-	-
Owner Purchased FF&E	-	-	-	-	-	-	-	-
Major Medical Equipment	-	-	-	-	-	-	-	-
Data / Communications	100,000	-	-	-	-	-	-	-
Total Sitework Project Costs	26,361,000	-	82,366	-	187,194	-	-	269,560
Hospital Replacement Building Project								
Property Acquisition	-	-	-	-	-	-	-	-
Design	28,014,000	5,307,908	1,562,490	878,666	682,814	4,705,174	5,885,284	19,022,337
Permits & Fees	16,072,000	-	-	-	-	-	-	-
Construction	337,126,000	-	-	-	-	-	1,195,000	1,195,000
Owner Purchased FF&E	7,550,000	-	-	-	-	-	-	-
Major Medical Equipment	31,745,000	-	-	-	-	-	-	-
Data / Communications	7,446,000	-	-	-	-	-	-	-
Total Hospital Replacement Building Project Costs	427,953,000	5,307,908	1,562,490	878,666	682,814	4,705,174	7,080,284	20,217,337
West Wing Make Ready Project								
Property Acquisition	-	-	-	-	-	-	-	-
Design	1,385,000	-	178,616	18	24,093	438,524	889,458	1,530,708
Permits & Fees	538,000	-	-	-	-	-	84,195	84,195
Construction	13,577,000	-	-	-	-	-	1,103,145	1,103,145
Owner Purchased FF&E	100,000	-	-	-	-	-	-	-
Major Medical Equipment	-	-	-	-	-	-	-	-
Data / Communications	-	-	-	-	-	-	-	-
Total West Wing Make Ready Project Costs	15,600,000	-	178,616	18	24,093	438,524	2,076,797	2,718,048
WW Ground + L1 Surgery Support								
Design	3,968,000	-	296,623	-	-	-	301,472	598,095
Permit	2,116,000	-	-	-	-	-	-	-
Construction	32,904,000	-	-	-	-	-	-	-
Total WW Ground + L1 Project Costs	38,988,000	-	296,623	-	-	-	301,472	598,095
Total Project Cost (A thru E)	534,864,000	5,307,908	2,120,095	1,124,462	941,174	5,821,053	16,808,030	32,122,724

Projected Costs 2016-2020

Estimate Section	Total Funds Expended	10/01/2015-12/31/15	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	09/30/21	Total Budget Remaining	Total
Hillside Parking Structure										
Property Acquisition	-	-	-	-	-	-	-	-	-	-
Design	1,178,934	36,000	76,306	-	-	-	-	-	112,306	1,291,240
Permits & Fees	383,640	69,000	301,708	-	-	-	-	-	370,708	754,348
Construction	6,719,893	5,942,247	10,987,055	-	-	-	-	-	16,929,302	23,649,195
Owner Purchased FF&E	-	-	30,000	-	-	-	-	-	30,000	30,000
Major Medical Equipment	-	-	-	-	-	-	-	-	-	-
Data / Communications	37,217	25,000	175,000	-	-	-	-	-	200,000	237,217
Total Hillside Parking Structure Costs	8,319,684	6,072,247	11,570,069	-	-	-	-	-	17,642,316	25,962,000
Sitework Project										
Property Acquisition	-	-	-	-	-	-	-	-	-	-
Design	269,560	100,000	525,000	25,000	-	625,000	200,000	939,440	2,414,440	2,684,000
Permits & Fees	-	-	-	-	-	-	-	1,138,000	1,138,000	1,138,000
Construction	-	-	12,500,000	950,000	-	3,225,000	1,550,000	4,214,000	22,439,000	22,439,000
Owner Purchased FF&E	-	-	-	-	-	-	-	-	-	-
Major Medical Equipment	-	-	-	-	-	-	-	-	-	-
Data / Communications	-	-	-	-	-	-	-	100,000	100,000	100,000
Total Sitework Project Costs	269,560	100,000	13,025,000	975,000	-	3,850,000	1,750,000	6,391,440	26,091,440	26,361,000
Hospital Replacement Building Project										
Property Acquisition	-	-	-	-	-	-	-	-	-	-
Design	19,022,337	1,356,349	3,394,549	2,100,000	2,100,000	980,765	-	-	9,931,663	28,954,000
Permits & Fees	-	2,834,218	4,316,615	2,966,615	2,966,615	2,987,936	-	-	16,072,000	16,072,000
Construction	1,195,000	3,515,099	82,856,525	136,146,673	93,971,283	18,501,419	-	-	334,991,000	336,186,000
Owner Purchased FF&E	-	-	188,750	1,745,938	5,615,313	-	-	-	7,550,000	7,550,000
Major Medical Equipment	-	1,190,438	-	3,095,138	15,951,863	11,507,563	-	-	31,745,000	31,745,000
Data / Communications	-	-	102,010	755,024	4,524,376	2,064,590	-	-	7,446,000	7,446,000
Total Hospital Replacement Building Project Costs	20,217,337	8,896,104	90,858,449	146,809,388	125,129,450	36,042,272	-	-	407,735,663	427,953,000
West Wing Make Ready Project										
Property Acquisition	-	-	-	-	-	-	-	-	-	-
Design	1,530,708	105,000	212,085	-	-	-	-	-	317,085	1,847,793
Permits & Fees	84,195	115,000	315,000	-	-	-	-	23,805	453,805	538,000
Construction	1,103,145	4,045,206	7,708,395	-	-	-	-	257,461	12,011,062	13,114,207
Owner Purchased FF&E	-	-	100,000	-	-	-	-	-	100,000	100,000
Major Medical Equipment	-	-	-	-	-	-	-	-	-	-
Data / Communications	-	-	-	-	-	-	-	-	-	-
Total West Wing Make Ready Project Costs	2,718,048	4,265,206	8,335,480	-	-	-	-	281,266	12,881,952	15,600,000
WW Ground + L1 Surgery Support										
Design	598,095	-	-	-	317,440	2,515,499	536,966	-	3,369,905	3,968,000
Permit	-	-	-	-	-	1,198,253	793,012	124,736	2,116,000	2,116,000
Construction	-	-	-	-	79,350	2,813,718	20,885,337	9,125,595	32,904,000	32,904,000
Total WW Ground + L1 Project Costs	598,095	-	-	-	396,790	6,527,470	22,215,314	9,250,331	38,389,905	38,988,000
Total Project Cost (A thru E)	32,122,724	19,333,556	123,788,998	147,784,388	125,526,240	46,419,742	23,965,314	15,923,037	502,741,276	534,863,999

Classification of Project Costs

Property Acquisition: costs incurred to purchase land and buildings necessary

Design: costs incurred for design of the master plan (eg. Architect and civil engineer fees)

Permits & Fees: costs such as city planning permits and OSHPD filing fees

Construction: includes "hard" construction costs as well as project manager and capitalized labor costs

Owner Purchased FF&E: includes furnishings for buildings necessary to get building ready for intended use

Major Medical Equipment: includes equipment necessary to get building ready for intended use

Data / Communications: includes costs such as wiring for structures to get building ready for intended use