

MARIN HEALTHCARE DISTRICT

100B Drakes Landing Road, Suite 250, Greenbrae, CA 94904

Telephone: 415-464-2090 Fax: 415-464-2094

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BOND OVERSIGHT COMMITTEE MEETING

FEBRUARY 5, 2016 AT 11:00 A.M.

Members: Steven Dely
Jonathan Frieman
Leslie Lava
George Lula
Jeffery Tsai
Paul Violich

Location:
MGH Campus – Larkspur Room, 1st Floor
250 Bon Air Road
Greenbrae, CA 94904

Staff: James McManus, Chief Financial Officer
Lee Domanico, Chief Executive Officer
Jean Noonan, Assistant Controller
Colin Coffey, Legal Counsel
Michael Lighthawk, Executive Assistant

AGENDA

- | | |
|---|--------------|
| I. Call to Order | McManus |
| A. Roll Call | |
| B. Agenda Approval | |
| C. Minutes of November 20, 2015 | |
| D. Safety Minute | Lighthawk |
| II. Tour of Marin General Hospital | Domanico |
| III. Review of Proceeds Received From First Series of Bonds Issued | McManus |
| IV. Review of Project Expenditures to Date | Noonan/Owens |
| V. Bond Oversight Committee Web Page | Maites |
| VI. Selection of Committee Chair | McManus |
| VII. Agenda Items For Next Meeting | McManus |
| VIII. Adjournment | McManus |

Minutes Nov 17, 2015



Marin Healthcare District Office
100B Drake's Landing Road, Suite 250
Greenbrae, CA 94904
Telephone: 415-464-2090 / Fax: 415-464-2094

Bond Oversight Committee

November 17, 2015 – 6:00PM

MINUTES

I. **CALL TO ORDER:** James McManus, CFO, called the meeting to order at 6:00pm.

II. INTRODUCTIONS

Acting Chair: James McManus, CFO

Members: Steven Dely, Jonathan Friedman, Leslie Lava, George Lula, Jeffery Tsai
Paul Violich

Guests: Kevin Coss, Harris Simmonds, MD; Jennifer Hershon, RN

Staff: James McManus, Chief Financial Officer ; Nina Maus, Assistant Controller;
Rebecca Owens, Sr. Accountant; Colin Coffey, Legal Counsel;
Michael Lighthawk, Executive Assistant

Mr. McManus introduced himself and invited everyone to introduce themselves and provide professional and community background that led to their participation on the Bond Oversight Committee. Following introductions Mr. McManus thanked the new members of the committee for contributing their time and expertise to the committee. Additionally, he stated that the intent of the evening's meeting is to bring everyone to a common understanding of the bond issuance and post-issuance regulatory compliance requirements.

(Mr. Paul Violich arrived at 6:35pm and introduced himself as a member of the committee.)

III. APPROVAL OF AGENDA (Pg. 1 of packet)

- Agenda approved unanimously.
- 2016 Meeting Dates
- Safety Minute: Operation Safety Tools – “Sharing Safety Stories” from MGH Connections.

IV. Committee Charter Review (Pgs 3-4)

Mr. McManus invited members to review the committee charter and express any views or questions they may have. The charter provides background, purpose, and expectations of members in overseeing the expenditures and appropriate use of bond funds. The charter was written in conjunction with the District's legal counsel and approved by the Board of Directors.

Member Dely asked for clarification on the stated purpose of the committee; such that; “The committee will not be engaged in facility design or construction oversight”; and other duties that could imply participation in construction oversight based on mandates in Measure F. More specifically, Mr. Dely asked what it is that the board of directors expects from the committee as well as what the committee's obligation is to the public.

Additionally, member Tsai asked what the technical structure is for the committee reports to the board of directors.

Mr. Coffey responded by saying that the committee's observations will accompany the CFO's report to the District Board as required by statute and addresses construction progress as well as appropriate application of bond funds to that construction. The charter provides for a report from the committee that is for and on behalf of the public as well as an annual report from the CFO.

Mr. McManus added that the first tranche of the \$394 G.O. Bond was \$170M. Pricing was accomplished on October 27 (with an Aa2 rating) and the issuance was closed on November 10th.

The committee requested that the prospectus be sent out to all members.

V. Selection of Committee Chair

(Mr. McManus asked the committee if it would approve moving the committee's chairman selection process further down in the agenda to accommodate Mr. Coss' presentation. The committee approved a change to the agenda.)

The committee agreed to table the election of a permanent chairperson to the next regular meeting.

VI. MGH 2.0 Building Project Presentation by Vertran & Associates (Pgs. 10-37)

Mr. Coss introduced himself as the project director of the hospital building project (MGH 2.0).

- Construction Development – OSHPD is the California agency that sets the standards for new hospital construction and is the first hurdle to overcome in site development. The fact that seismic safety is a driving factor in hospital construction necessarily makes such projects much more complex than other similarly sized construction projects in California. Following a negotiated date for seismic safety upgrades to the existing hospital of 2030, all patient care areas need to be moved to the new building by the 2030 deadline. Shoring, foundation, steel, interior and exterior design are all phases of construction that go to OSHPD for approval. The building plan itself is now 80% in construction documents so the project is essentially fully designed.
- Current Construction – Mr. Coss pointed out that construction is underway for the Hillside Parking Garage, temporary lobby (make ready project for connecting new building to existing west wing) and retaining wall construction to accommodate an extra vehicle lane at the south entrance to the campus.
- Floor Plans – Mr. Coss pointed out locations of patient care areas in the new hospital. The ground floor will house the Imaging and Emergency Departments and features an inside/outside waiting area. The loading dock is up the ramp from the ED and the roof is an interactive garden or green area for visitors and patients. Second Floor will house Interventional Radiology, PACU, and ICU. Third floor houses Obstetrics, and a Nursing Unit and the fourth floor will have two nursing units.
- Landscaping has been designed by SWA, a local landscaping architect from Sausalito. The design includes drought resistant plants wherever possible and has been very well received at the county planning level.
- Strategic Plan – Mr. Coss stated that building design is based on a needs assessment and strategic planning done by KMD. All construction documents are based on this plan. All construction phases' costs will be tied to the bond funds.
- Important Milestones - Mr. Coss pointed out several important upcoming dates in the construction schedule:
 - 1) Start excavation and shoring: Mid December 2015/Q1 2016.

- 2) Start foundation and steel: Q1 2016
- 3) Parking structure completion: Q2 2016.
- 4) Erect steel – Q4 2016
- 5) Final completion of hospital is January of 2020.

Mr. Coss further pointed out that when Vertran & Associates began schematic & design development, the budget was \$534M. Presently, where construction documents are at about 80%, the cost projections remain at \$534M. Phase I of the project includes a cost review by Vertran, McCarthy Construction and an independent consultant. During design-build 70% of all contractors have given their input into the budget which represents the majority and riskiest part of the project.

Phase II projects begin after the hospital is built and may change over time. Currently, there is an allowance for Pharmacy, changes to Surgery OR (renovation), and changes to Medical/Surgical & ICU.

VII. Review of Proceeds Received From First Series of Bonds Issued

(Handout introduced in committee: "Status of General Obligation Bonds, Funding, & Project Costs".
- Jim McManus)

Mr. McManus summarized the Measure F timeline. The voter Measure F passed on November 5, 2013 with the support of 68.49% of district voters authorizing the issuance of \$394M of General Obligation Bonds. The tax rate is expected to be \$23.50 per \$100,000 of assessed value. Clearly there is a short fall of funding for the project and MGH will need to augment in different ways: philanthropic, cash earnings, and a possible revenue bond financing for \$150M (est.) in 2018.

Bond Accountability – Post issuance of any local bond measure subject to voter approval are accountability measures that include but are not limited to:

- 1) Statement indicating the specific purposes of the bond.
- 2) A requirement that the proceeds be applied only to the specific purposes identified pursuant to subdivision (a).
- 3) An annual report containing:
 - a. Amount of funds collected and expended.
 - b. Status of the project required or authorized to be funded.

Mr. McManus interjected that for 2015, the answers to some questions will be N/A. Mr. McManus will also consult with legal Counsel (Colin Coffey, Archer Norris) to discuss how best to accomplish publishing the report in conjunction with the committee, district and the public.

General Obligation Bonds - To date, none of the proceeds have been used to pay for current or previous expenditures made in conjunction with the MGH 2.0 project. 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 – Mr. McManus reiterated that the total project cost is \$534M. Additional funding from ongoing operations, philanthropic resources and revenue bonds (planned in 2018) will be used to bridge the gap from \$394M to \$534M.

VIII. Review of Project Expenditures to Date

Mr. McManus referred to his handout "Status of General Obligation Bonds, Funding, & Project Costs" to illustrate the "Project Fund Expended to Date" (Pg. 11 of handout).

Project Funds - As of September 30th the hospital has expended \$32.1M in funds for MGH 2.0. The schedule of expenditures is broken out by year from 2010 to 9/30/2015 and represents a summary of detail underlying each line item shown. This schedule will be provided at each committee meeting as well as between meetings as called for.

Monthly tracking of actual expenditures are recorded as well in the Projected Costs 2016-2020 schedule that has the same line items as the summary. Both schedules are reviewed by Vertran & Associates adding any underage or overage in the month. This process gives a clear indication of the actual expenditures compared to the budget remaining at any given time.

IX. Public Comment – Harris Simmonds, MD; Jennifer Hershon, RN.

X. Agenda Items for Next Meeting (Friday, February 5, 2015)

- Committee Tour of MGH Facility

XI. ADJOURNMENT - There being no further business, the chair adjourned the meeting at 7:25pm.

Presentation



Creating a healthier Marin together.

Bond Oversight Committee

February 5, 2016

Status of General Obligation Bonds, Funding & Project Costs

General Obligation (GO) Bonds

- First Series of bonds (\$170 million) was sold on October 27th.
- The deal closed on November 10th with the funds being transferred to BNY Mellon.
- Marin Healthcare District (MHD) Board of Directors at their December 8th meeting, passed the resolution allowing bond funds to be disbursed.
- Use of proceeds began in December with repayment of garage and hospital replacement project expenditures previously incurred by Marin General Hospital (MGH).
- As of December 31, 2015, Bank of New York Mellon balances of \$150,917,862.46 consisted of the following:
 - Project Funds of \$135,827,841.32
 - Debt Service Funds of \$14,984,138.28
 - Cost of Issuance Funds of \$105,882.86

Bond Requisitions

- To date, MHD has requested three requisitions of bond funds as follows:

MHD Disbursement Summary

Requisition	Amount	Hospital Replacement	West Wing Make Ready	Hillside Parking Structure	Sitework	West Wing Renovation	Total Disbursements
1	\$29,783,976.00	\$15,497,121.96	\$3,545,033.43	\$9,887,765.13	\$86,680.70	\$301,472.04	\$29,318,073.26
2	928,773.08	6,829.40	45,407.40	1,342,439.02	-	-	1,394,675.82
3	2,853,757.50	1,733,061.80	1,113,195.70	7,500.00	-	-	2,853,757.50
Total	\$33,566,506.58	\$17,237,013.16	\$4,703,636.53	\$11,237,704.15	\$86,680.70	\$301,472.04	\$33,566,506.58

- Requisitions 1 and 2 related to reimbursement of hospital-incurred costs from June 1, 2013 through December 16, 2015.

Bond Requisitions

- **Significant vendor payments through the first 3 requisitions:**
 - **McCarthy Building Companies: \$21,656,454.58**
 - **Lee, Burkhardt, and Liu, LLC: \$5,037,526.57**
 - **Perkins Eastman Architects: \$2,084,997.58**
 - **Vertran Associates, LLC: \$1,213,102.05**
 - **Office of Statewide Planning: \$1,038,260.15**

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 December 31, 2015, \$49.6M in expenses have been incurred for MGH 2.0 as follows:**
 - **Hospital Replacement: \$28.7M**
 - **West Wing Make Ready: \$6.0M**
 - **Hillside parking structure: \$14.0M**
 - **Sitework: \$0.3M**
 - **West Wing Renovation: \$0.6M**
 - **Total \$49.6M**

Project Funds Expended to Date

Estimate Section Specification Name		2010	2011	2012	2013	2014	2015	Total
Hillside Parking Structure								
Property Acquisition	-	-	-	-	-	-	-	-
Design	1,181,000	-	-	245,778	47,074	656,553	404,412	1,353,817
Permits & Fees	817,000	-	-	-	-	20,802	407,424	428,226
Construction	23,709,000	-	-	-	-	-	12,223,999	12,223,999
Owner Purchased FF&E	30,000	-	-	-	-	-	-	-
Major Medical Equipment	-	-	-	-	-	-	-	-
Data / Communications	225,000	-	-	-	-	-	12,217	12,217
Total Hillside Parking Structure Costs	25,962,000	-	-	245,778	47,074	677,355	13,048,052	14,018,259
Sitework Project								
Property Acquisition	-	-	-	-	-	-	-	-
Design	2,684,000	-	79,624	-	183,393	-	-	263,017
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	-	79,624	-	183,393	-	-	263,017
Hospital Replacement Building Project								
Property Acquisition	-	-	-	-	-	-	-	-
Design	28,014,000	5,307,908	1,562,490	878,666	682,814	4,705,174	11,107,113	24,244,166
Permits & Fees	16,072,000	-	-	-	-	-	4,366,937	4,366,937
Construction	337,126,000	-	-	-	-	-	99,878	99,878
Owner Purchased FF&E	7,550,000	-	-	-	-	-	-	-
Major Medical Equipment	31,745,000	-	-	-	-	-	-	-
Data / Communications	7,446,000	-	-	-	-	-	6,132	6,132
Total Hospital Replacement Building Project Costs	427,953,000	5,307,908	1,562,490	878,666	682,814	4,705,174	15,580,060	28,717,113
West Wing Make Ready Project								
Property Acquisition	-	-	-	-	-	-	-	-
Design	1,385,000	-	178,616	18	24,093	438,524	1,930,128	2,571,378
Permits & Fees	538,000	-	-	-	-	-	100,718	100,718
Construction	13,577,000	-	-	-	-	-	3,375,173	3,375,173
Owner Purchased FF&E	100,000	-	-	-	-	-	-	-
Major Medical Equipment	-	-	-	-	-	-	-	-
Data / Communications	-	-	-	-	-	-	337	337
Total West Wing Make Ready Project Costs	15,600,000	-	178,616	18	24,093	438,524	5,406,355	6,047,605
West Wing Renovation								
Design	3,968,000	-	296,623	-	-	-	301,472	598,095
Permit	2,116,000	-	-	-	-	-	-	-
Construction	32,904,000	-	-	-	-	-	-	-
Total West Wing Renovation Costs	38,988,000	-	296,623	-	-	-	301,472	598,095
Total Project Costs	534,864,000	5,307,908	2,117,353	1,124,462	937,373	5,821,053	34,335,939	49,644,090

MARIN GENERAL HOSPITAL

Projected Costs 2016-2020

Estimate Section							Total Budget	
Specification Name	2016	2017	2018	2019	2020	9/30/21	Remaining	Total
Hillside Parking Structure								
Property Acquisition	-	-	-	-	-	-	-	-
Design	76,306	-	-	-	-	-	76,306	1,430,123
Permits & Fees	301,708	-	-	-	-	-	301,708	729,934
Construction	11,211,887	-	-	-	-	-	11,211,887	23,435,886
Owner Purchased FF&E	30,000	-	-	-	-	-	30,000	30,000
Major Medical Equipment	-	-	-	-	-	-	-	-
Data / Communications	175,000	-	-	-	-	-	175,000	187,217
Total Hillside Parking Structure Costs	11,794,901	-	-	-	-	-	11,794,901	25,813,160
Sitework Project								
Property Acquisition	-	-	-	-	-	-	-	-
Design	525,000	25,000	-	631,000	200,000	939,440	2,320,440	2,583,457
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	13,025,000	975,000	-	3,856,000	1,750,000	6,391,440	25,997,440	26,260,467
Hospital Replacement Building Project								
Property Acquisition	-	-	-	-	-	-	-	-
Design	3,394,549	2,100,000	2,100,000	1,080,765	-	-	8,675,314	32,919,480
Permits & Fees	5,716,615	2,966,615	2,966,615	2,672,107	-	-	14,321,952	18,688,889
Construction	82,856,525	136,146,673	93,971,283	18,501,419	-	-	331,475,900	331,575,778
Owner Purchased FF&E	188,750	1,745,938	5,615,313	-	-	-	7,550,001	7,550,001
Major Medical Equipment	1,190,438	3,095,138	15,951,863	10,372,396	-	-	30,609,835	30,609,835
Data / Communications	102,010	755,024	4,524,376	2,064,590	-	-	7,446,000	7,452,132
Total Hospital Replacement Building Project Costs	93,448,887	146,809,388	126,129,460	34,691,277	-	-	400,079,002	428,796,116
West Wing Make Ready Project								
Property Acquisition	-	-	-	-	-	-	-	-
Design	212,085	-	-	-	-	-	212,085	2,783,463
Permits & Fees	315,000	-	-	-	-	23,805	338,805	439,523
Construction	7,708,395	-	-	-	-	599,376	8,307,771	11,682,944
Owner Purchased FF&E	100,000	-	-	-	-	-	100,000	100,000
Major Medical Equipment	-	-	-	-	-	-	-	-
Data / Communications	-	-	-	-	-	-	-	337
Total West Wing Make Ready Project Costs	8,335,480	-	-	-	-	623,181	8,958,661	15,006,266
West Wing Renovation								
Design	-	-	317,440	2,515,499	536,966	-	3,369,905	3,968,000
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
Total West Wing Renovation Costs	-	-	396,790	6,527,470	22,215,315	9,250,331	38,389,906	38,988,001
Total Project Costs	126,604,268	147,784,388	125,526,240	45,074,747	23,965,315	16,264,952	485,219,910	534,864,000

Classification of Project Costs

- **Data / Communications:** Includes costs such as wiring for structures to get building ready for intended use.
- **Major Medical Equipment:** Includes equipment necessary to get building ready for intended use.
- **Owner Purchased FF&E:** Includes furnishings for buildings necessary to get building ready for intended use.
- **Construction:** Includes "hard" construction costs as well as project manager and capitalized labor costs.
- **Permits & Fees:** Costs such as city planning permits and OSHPD filing fees.
- **Design:** Costs incurred for design of the master plan (e.g., Architect and Civil Engineer Fees)
- **Property Acquisition:** Costs incurred to purchase land and buildings necessary.

QUESTIONS?
COMMENTS?



**MHD Board
Resolution No. 2015-03**



MARIN HEALTHCARE DISTRICT

RESOLUTION NO. 2015-03

ADOPTION AND IMPLEMENTATION OF DESIGN/BUILD CONSTRUCTION PROCESS, APPROVAL OF SITE MAKE READY AGREEMENT AND ASSIGNMENT OF ARCHITECT AGREEMENT

WHEREAS, the Marin Healthcare District Board of Directors (the “Governing Board”) previously directed staff to prepare a plan to develop new medical and ancillary facilities at Marin General Hospital (the “Hospital”), in order to satisfy State seismic safety requirements, modernize and improve medical care, provide additional parking, and achieve other goals and objectives of the Marin Healthcare District (the “District”); and

WHEREAS, after extensive planning and design work by District staff and its consultants, the District identified a preferred plan consisting of a Hospital Replacement Building(s) (“HRB”), an Ambulatory Services Building (“ASB”), a multi-level garage against the hillside (“Hillside Garage”) and various site improvements, that would be developed in phases so as to facilitate financing and to ensure that the Hospital continued functioning during construction (together, the “Marin General Hospital Expansion Project”); and

WHEREAS, the initial phase of the Marin General Hospital Expansion Project requires modifications to an existing hospital buildings in order to prepare for future construction, including a partial demolition of the south side of the West Wing Hospital Entrance and Level 1 Prep/PACU area (the “West Wing Make Ready Project”).

WHEREAS, the District staff prepared and issued a Request for Qualifications (“RFQ”) and a Request for Proposals (“RFP”) (collectively, the “Proposals”) identifying the basic scope, concept drawings and needs of the Project, the expected cost range, and other information deemed necessary to inform interested parties of the public works contracting opportunity; and

WHEREAS, the Marin General Hospital Building Committee (the “Hospital Building Committee”) considered and evaluated the Proposals according to price, technical design and construction experience, life cycle costs and other objective criteria so as to measure the “best value” offered for the Project; and

WHEREAS, California Health and Safety Code section 32132.5 authorizes the Marin Healthcare District to use the Design-Build method of project delivery when contracting for the construction of a building and improvements directly related to a hospital or health facility building at Marin General Hospital; and

WHEREAS, the approval of the governing body of the Marin Healthcare District is required to procure Design-Build contracts for public works projects in excess of One Million Dollars (\$1,000,000) pursuant to section 22162(a) of the Public Contract Code; and

WHEREAS, the Governing Board finds that use of the Design-Build delivery method for public works will likely (1) reduce comparable costs of the Marin General Hospital Expansion Project, (2) expedite completion of the Marin General Hospital Expansion Project, and (3) provide features and benefits unavailable through the traditional Design-Bid-Build process; and

WHEREAS, the Hospital Building Committee and the District Project Director have prepared a recommendation as to the apparent best value and requests the approval of the Board to enter into agreements awarding the West Wing Make-Ready Project Agreement to McCarthy Building Company, Inc. and Perkins Eastman Architects, as successor-in-interest to Lee, Burkhardt, Liu Architect (collectively, the "Design-Build Team") and assigning the Architects' Agreement to McCarthy Building Companies, Inc. as described in the Term Sheet attached hereto as Exhibit A; and

WHEREAS, the Board has considered the Hospital Building Committee's recommendations and reviewed the Term Sheet describing the key terms of the West Wing Make-Ready Project Agreement and Assignment as set forth in Exhibit A.

NOW, THEREFORE, BE IT RESOLVED,

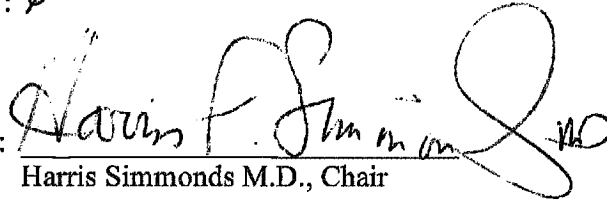
1. That the Marin Healthcare District Board of Directors hereby declares its intention to procure, the Design-Build contract for the Marin General HRB construction project in accordance with applicable State law, guidelines, processes, and on terms and conditions set forth therein, and within the District public works policy guidelines, with the Design-Build Team.
2. That the Project Director is hereby authorized and directed to complete the transactions, documents, and agreements contemplated by the attached Term Sheet for the West Wing Make-Ready Project Agreement and the Assignment of Architect Agreement and to take such other steps and perform such acts, including additions or omissions to the documents and agreements, all as in his judgment may be necessary, appropriate or desirable on behalf of and in the name of the District, consistent with and to effectuate the intent of this Resolution, and the Chief Executive Officer, or his designee, is authorized to execute finalized agreements or other documents appropriate to complete the transactions and intent of this Resolution.

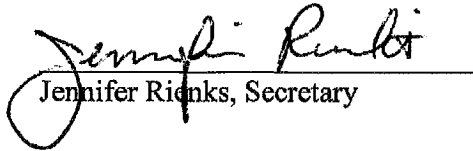
PASSED AND ADOPTED, by the Board of Directors of the Marin Healthcare District,
Marin County, State of California, on June 9, 2015, by the following vote, to wit:

AYES: 5

NOES: 0

ABSENT: 0

ATTEST: 
Harris Simmonds M.D., Chair


Jennifer Rienks, Secretary

**MHD Board
Resolution No. 2015-07**

RESOLUTION NO. 2015-07

APPROVAL OF NEW HOSPITAL AND SITE WORK CONSTRUCTION AGREEMENT
WITH McCARTHY BUILDING COMPANIES.

WHEREAS, the Marin Healthcare District Board of Directors (the "Governing Board") previously directed staff to prepare a plan to develop new medical and ancillary facilities at Marin General Hospital (the "Hospital"), in order to satisfy State seismic safety requirements, modernize and improve medical care, provide additional parking, and achieve other goals and objectives of the Marin Healthcare District (the "District"); and

WHEREAS, after extensive planning and design work by District staff and its consultants, the District identified a preferred plan consisting of a Hospital Replacement Building(s) ("HRB"), an Ambulatory Services Building ("ASB"), a multi-level garage against the hillside ("Hillside Garage") and various site improvements, that would be developed in phases so as to facilitate financing and to ensure that the Hospital continued functioning during construction (together, the "Marin General Hospital Expansion Project"); and

WHEREAS, the initial phase of the Marin General Hospital Expansion Project requires modifications to an existing hospital buildings in order to prepare for future construction, including a partial demolition of the south side of the West Wing Hospital Entrance and Level 1 Prep/PACU area (the "West Wing Make Ready Project").

WHEREAS, the District staff prepared and issued a Request for Qualifications ("RFQ") and a Request for Proposals ("RFP") (collectively, the "Proposals") identifying the basic scope, concept drawings and needs of the Project, the expected cost range, and other information deemed necessary to inform interested parties of the public works contracting opportunity; and

WHEREAS, the Marin General Hospital Building Committee (the "Hospital Building Committee") considered and evaluated the Proposals according to price, technical design and construction experience, life cycle costs and other objective criteria so as to measure the "best value" offered for the Project; and

WHEREAS, California Health and Safety Code section 32132.5 authorizes the Marin Healthcare District to use the Design-Build method of project delivery when contracting for the construction of a building and improvements directly related to a hospital or health facility building at Marin General Hospital; and

WHEREAS, in Resolution 2015-03 the Marin Healthcare District Board of Directors declared its intention to procure the Design-Build contract for the Marin General HRB construction project in accordance with applicable State law, guidelines, processes, and on terms and conditions set forth therein, and within the District public works policy guidelines, with the Design-Build Team; and

WHEREAS, the District Board finds that use of the Design-Build delivery method for public works will likely (1) reduce comparable costs of the Marin General Hospital Expansion Project, (2) expedite completion of the Marin General Hospital Expansion Project, and (3) provide features and benefits unavailable through the traditional Design-Bid-Build process; and

WHEREAS, the Hospital Building Committee and the District Project Director have prepared a recommendation as to the apparent best value and requests the approval of the Board to enter into agreements awarding the New Hospital and Site Work Agreement to McCarthy Building Company, Inc. as described in the Term Sheet attached hereto as Exhibit A; and

WHEREAS, the Board has considered the Hospital Building Committee's recommendations and reviewed the Term Sheet describing the key terms of the New Hospital and Site Work Agreement as set forth in Exhibit A.

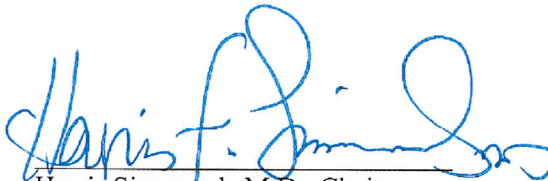
NOW, THEREFORE, BE IT RESOLVED, that the Project Director is hereby authorized and directed to complete the transactions, documents, and agreements contemplated by the attached Term Sheet for the New Hospital and Site Work Agreement and to take such other steps and perform such acts, including additions or omissions to the documents and agreements, all as in his judgment may be necessary, appropriate or desirable on behalf of and in the name of the District, consistent with and to effectuate the intent of this Resolution, and the Chief Executive Officer, or his designee, is authorized to execute finalized agreements or other documents appropriate to complete the transactions and intent of this Resolution.

PASSED AND ADOPTED, by the Board of Directors of the Marin Healthcare District, Marin County, State of California, on December 8, 2015, by the following vote, to wit:

AYES: 5

NOES: 0

ABSENT: 0


Harris Simmonds M.D., Chair

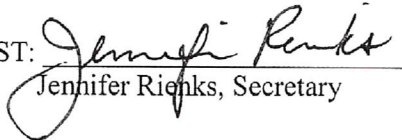
ATTEST: 
Jennifer Rienks, Secretary

EXHIBIT A

Project Description – MGH 2.0

New Hospital and Site

December 2015

To: District Board of Directors

From: Kevin Coss, Project Director

Re: Summary and Recommendation on Resolution 2015-07

Marin General Hospital has been serving patients from the San Francisco/ Bay Area region for over 60 years, and the facility has been modified countless times to keep up with modern medical practice. As a result of Senate Bill 1953, the Central Wing and East Wing will no longer house clinical spaces beyond the year 2030. Perkins Eastman has been tasked with re-programming and relocating the clinical spaces housed in these buildings into new, seismically sound edifices.

Structurally speaking, the Hospital Replacement Building at the center of MGH2.0 is a four-story, structural steel building over a one-story partial concrete basement. The overall building height is 85 feet. At the base, the building is rectangular in plan and measures approximately 175'-0" in width by 350'-0" in length. The floor levels at the central portion of the building step back from the west wall, so that at roof level the building consists of two towers that each measure approximately 150 feet by 150 feet. The towers are connected by the elevator core that measures 60 feet by 70 feet. There is a green roof at the 2nd and 4th floors that covers roughly 4,200 square feet per level. The building has three roof penthouses; two that house MEP equipment and one at the stair/elevator core.

Around the Hospital Replacement Building, the campus of Marin General Hospital is being redesigned to fully complement the new edifice. Marin County is a wonderland of open space; the residents of Marin hold nature close to their hearts, and the design of MGH 2.0 reflects the beauty of Marin by bringing natural elements into the healthcare environment.

New parking pavilions at the northeast limit of the site will provide ample parking for staff use, while the surface level parking will support all parking needs of the visiting public and patients. This arrangement is an improvement to the previously discussed "Bon Air Parking Structure", which was in conflict with community wishes to keep the site as environmentally low-impact as possible. The new structure is visually removed from Bon Air Road, but is directly adjacent to

the existing Central Wing and will be connected to the West Wing and HRBs with a series of landscaped pathways. A pedestrian commute from the parking structure will allow Marin General Hospital staff to reflect on their upcoming day prior to entering the medical facility, and tune down from a busy day on a slow walk to their cars for a comfortable trip home.

The public spaces of the campus are to be defined by gardens, both on grade-level and terracing up around the patient pavilions. The importance of this connection to the landscape is two-fold: patients recover more expeditiously when in tune with the environment, and the green space will serve to scale down the mass of the building elements. MGH 2.0 consists of 260,000 BGSF of relocated clinical space, contained in four above grade levels and one subgrade level. Marin General Hospital is surrounded by tall trees, rolling hills and a beautiful river. The site design will bring all these elements up to and over the building facades: on green roofs, green screens and in a sunken garden east of the Hospital Replacement Buildings, in the center of the campus. The 'greenscaping' of the campus is intended to minimize the impact of building such a large complex within a restrictive site.

In May, on behalf of the District, the Marin General Hospital Board Building Committee considered and evaluated the contractor proposals for the second time, according to price, technical design and construction experience, life cycle costs and other objective criteria so as to measure the "best value" offered for MGH 2.0 in terms of awarding a construction contract. McCarthy Construction was again judged the best respondent. The first step in implementing the design/build construction project was approved by the District Board in June of this year with the "Make Ready" agreement with McCarthy and the assignment of the District's Architect's Agreement to McCarthy as McCarthy assumed the design oversight role, all according to District Board Resolution 2015-3.

The terms of the construction agreement for the main hospital replacement and expansion project, MGH 2.0, is now being brought to the District Board upon the conclusion of negotiations of the terms of the construction agreement. Based on the process followed, as authorized by SB 785 and the District's Public Works Contracting Policy, it is the recommendation of the Hospital Board Building Committee, the MGH Board of Directors, and your Project Director, that the District Board approve Resolution 2015 - 0_ authorizing the adoption and implementation of the New Hospital Site Work construction agreement with McCarthy Building Companies. The Resolution also authorizes your CEO to execute all appropriate documents when finalized based on the Term Sheet attached to the Resolution.

**TERM SHEET FOR DESIGN BUILD AGREEMENT BETWEEN MARIN
HEALTHCARE DISTRICT AND McCARTHY BUILDING COMPANIES
FOR THE MGH 2.0/ New Hospital and Site Work AGREEMENT**

Introduction: The key terms of the Design Build Agreement for the New Hospital and Site work agreement are as follow:

1. New Hospital and Site:

a. Parties:

- i. Owner: Marin Healthcare District (“MHD”).
- ii. Contractor: McCarthy Building Companies, Inc. (“McCarthy”).

b. Scope: This project is for the construction of the New Hospital and site work which includes a replacement building of approximately 259,000 GSF consisting primarily of Acute Care Nursing Units (patient Beds) and Diagnostic and Treatment departments. The services in the Hospital Replacement Building will be as follows: Basement – Central Plant, Information Systems, Materials Management, Sterile Processing – Ground Floor – Emergency Department and Imaging Department – First Floor Surgery Department, ICU Patient Unit and Loading Dock – Second Floor- Woman’s Center: Labor Delivery Recovery Postpartum patient units and NBICU, Medical Patient Unit – Third Floor- Medical / Surgical patient units. All site work around the new Hospital will include: landscaping, parking, signage and hard scape. All construction will be performed per the approved OSHPD construction documents.

c. Key Terms:

- i. The contract utilizes a “design-build” process where McCarthy will be responsible for implementing the design documentation and retaining all subcontractors to complete the project. The design-build process allows MHD to make all inquiries, receive all progress and status reports, and communicate all issues, concerns and directives to a single responsible party (McCarthy).
- ii. The project will utilize an approach (a hybrid CPM and LEAN approach) to give MHD sufficient control over the project schedule so that delivery of the work product is done on a timely basis.
- iii. The project will also utilize a design-build team including the Architect, Engineers and project management team that will meet on a regular basis to discuss and facilitate project progress, develop benchmarks and standards for progress evaluation, and to issue directives, as necessary to McCarthy and any subcontractors

working on the project in order to ensure proper construction and timely completion of the project.

- d. Duration: 47 months.
- e. Cost: \$289,400,000 million (construction budget approved) to be amended to include Medical Equipment and Information Systems Infrastructure
- f. Assignment of Architect Agreement: The design build agreement includes the Architect Assignment and design contingency.
- g. Other Conditions/Contingencies:
 - i. Five percent (5%) of the cost of the work is included within the Contract Price.

Marin General Hospital Board Actions

November, 2015

The Marin General Hospital Board recommends the Marin Healthcare District Board approve the MGH 2.0 Building Project plan and budget of \$534,864,000.

The Marin Hospital Board recommends the District Board approve MGH 2.0 Hospital and Site budget of \$454,097,000.

The Marin Hospital Board recommends the District Board approve McCarthy Design Build contract for MGH 2.0 Hospital and Site Construction Project at the start of construction in the amount of \$289,400,000.

The Marin Hospital Board approves the Project Director's Summary and Recommendation for submittal to the District Board December 8, 2015.