

# MARIN HEALTHCARE DISTRICT

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)

## CITIZENS' BOND OVERSIGHT COMMITTEE MEETING

AUGUST 24, 2016 AT 6:00 P.M.

**Chair:** Leslie Lava  
**Members:** Steven Dely  
Jonathan Frieman  
George Lula  
Paul Violich  
Jeffrey Tsai (Tele-conferencing)  
**Staff:** James McManus, Chief Financial Officer  
Jean Noonan, Controller  
Michael Lighthawk, Executive Assistant

**Location:**  
MGH Finance Conference Room  
100B Drakes Landing Road, Suite 190  
Greenbrae, CA 94904

### AGENDA

- |  |            |
|--|------------|
| <b>I. Call to Order</b>  | Chair Lava |
| A. Roll Call   |            |
| B. Agenda Approval ( <i>Action</i> )                                       |            |
| C. Approve Previous Minutes: May 25, 2015 ( <i>Action</i> )                |            |
| D. Safety Minute   |            |
| <b>II. Status of General Obligation Bonds, Funding &amp; Project Costs</b> | Noonan     |
| <b>III. Bond Financing 101 (Final Review)</b>                              | McManus    |
| <b>IV. Agenda Items For Next Meeting</b>                                   | Chair Lava |
| <b>V. Adjournment</b>  | Chair Lava |



**Minutes**  
**May 25, 2016**

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## CITIZENS' BOND OVERSIGHT COMMITTEE MEETING

MAY 25, 2016 AT 6:00 P.M.

**Chair:** Leslie Lava

**Members:** Steven Dely

Jonathan Frieman

George Lula

Jeffrey Tsai (Absent)

Paul Violich

**Staff:** James McManus, Chief Financial Officer

Jean Noonan, Controller

Colin Coffey, Legal Counsel

Michael Lighthawk, Executive Assistant

**Location:**

MGH Finance Conference Room

100B Drakes Landing Road, Suite 190

Greenbrae, CA 94904

### MINUTES

#### **I. Call to Order 6:14 pm**

Chair Lava

1. Roll Call

2. Agenda Approval. Agenda approved.

3. Previous minutes approval for February 5, 2015. Minutes approved.

4. Safety Minute – 2016 Operation Safety Goals

M. Lighthawk

#### **II. Item Tabled from Previous Meeting**

Leslie Lava

1. Clarification of Purpose, Scope, and Authority of the CBOC

Chair Lava offered time to follow up on discussion points brought up in previous meetings by committee members concerning the purpose, scope, and source of authority for the establishment of the Bond Oversight Committee as well as a broader discussion of the reporting responsibility of the committee to the public.

Following a brief discussion and referring to information previously presented by Jim McManus, the committee rested on the understanding that the specific authority for establishing the Citizen's Bond Oversight Committee was contained in the voters' pamphlet argument in favor of the bond issue recommending that such a committee be established. This recommendation resulted in the formation of the committee under its own charter which was approved and adopted by the District Board.

Regarding reporting obligations the committee has to the public, Mr. McManus reiterated that, as the Chief Financial Officer, he is required to provide an annual report to the community which will be presented to the committee and the District Board of Directors and publicly posted on the District's website annually. The annual due date of the report is January 1. The committee members expressed satisfaction that their questions and concerns had been properly addressed.

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## CITIZENS' BOND OVERSIGHT COMMITTEE MEETING

MAY 25, 2016 AT 6:00 P.M.

### III. Measure F: Bond Financing 101

Jim McManus

Mr. McManus presented a set of informational slides that define and describe the G.O. Bond process as well as the various district, government, and legal entities' purpose and roles of the bond process. This slide set will provide the Marin Community with information that will clarify the flow of funds from the taxpayers to the hospital building project (MGH 2.0) and will be posted on the District's website. Mr. McManus invited the committee to comment and/or make suggestions that will improve the materials before posting.

During discussion a few suggestions and edits were recommended by the committee, including:

- 1) Clarification that the \$394M of the bond issuance is not drawn down at the same time and that the bond debt is repaid by the G.O. Bond property tax assessment.
- 2) A graphic illustration of the flow of funds from Taxpayers to bond debt repayment to the investors and the flow of funds from the investors to MGH 2.0.
- 3) Explanation of the involvement and roles of the entities involved in the bond process, i.e.; rating agency, bond trustee, bond advisors, etc.
- 4) Other minor word changes and edits intended to keep the information clear and concise for the public.

Mr. McManus thanked the committee for its input. The Bond Financing 101 presentation will be updated with the suggested changes and posted to the District website and Committee webpage.

### IV. Status of General Obligation Bonds, Funding & Project Costs

Jean Noonan

Ms. Noonan outlined how invoices are paid as the need arises; she works directly with Bank of New York, Mellon (BNY Mellon); we list out the vendors, the amount that needs to be paid and, send the formal requisition and copies of invoices to BNY Mellon who, in turn, pays the invoices by wire transfer or check.

At the end of April, a total of \$136,608,000 remains in the bond fund accounts. Of that total, nearly \$118M was in the project fund (payed out to vendors/contractors); \$19M in debt service fund (bond payments); and, \$90K cost-of-issuance account.

Ms. Lava asked what happened to the other \$34M of the original \$170M issued. Ms. Noonan responded that 12 requisitions have been made so far as well as receiving the debt service funds from the county at different periods than the actual bond payments are scheduled. Leslie asked if this in-flux of debt service funds can be shown separately as it is difficult to tell what the normal bond proceeds are. Ms. Noonan agreed to include that content in future reports. (Actions)

12 Requisitions (Pgs. 21-23) – Referring to the slide on page 21, Ms. Noonan spoke to each requisition on the list noting the total amount requested from BNY Mellon as well as which segment of the project the payments go to. The next slide indicates the six significant vendors payed by BNY Mellon from the first 12 requisitions.

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## CITIZENS' BOND OVERSIGHT COMMITTEE MEETING

MAY 25, 2016 AT 6:00 P.M.

Chair Lava said this is the heart of what the committee will be working on and suggests that including more detail in this part of the report would be helpful, such as; Date Paid, Name of Payee and, Purpose of Payment. Ms. Noonan positively agreed that this information can be generated in a format that will clearly show such detail. Mr. McManus suggested bringing copies of the actual requisitions and Ms. Lava would like to see a chart that has all this information on it so it can be mapped out over the next few years. Also, please add a column that ties payments under the seismic requirements (Measure F). (Actions)

Relating to one of the significant vendor payees, AON Risk Insurance Service, Mr. McManus stated that normally contractors would provide their own insurance and there is an option to either have an owner controlled construction insurance program or a contractor controlled insurance program. Going with the owner controlled insurance program saves about \$1.5M. Additionally, we also have dual safety programs; McCarthy has a very good safety program that we've seen and AON has their own safety program to oversee what is going on with the project.

Project Funds Expended & Projected Costs 2016-2020 (Pgs. 24-25) – Ms. Noonan pointed out that the Funds Expended schedule shows total to date project costs by categories beginning with 2010 through YTD 2016. Construction progress and costs are reviewed by Vertran & Associates and, along with other project progress indicators are able to forecast and adjust the forecast model on a monthly basis (Projected Costs 2016-2020).

Mr. McManus pointed out the importance of tracking construction costs and project progress throughout the time line. This tracking and forecasting model tells us when we can expect to need to initiate the second tranche of the bonds. At this point, management is expecting to initiate the second tranche towards the end of 2017. This committee will be advised prior to and at the point of initiation of the second tranche.

In response to Mr. Lula's comment from previous meeting, Ms. Noonan asked Vertran to provide a percent of completion schedule breaking out the project completion percentages across all five categories. Additionally, we've provided Actual vs. Budgeted Construction Costs and Percent of Total Construction Costs in this table.

At the request of the committee, Jean will bring a full packet of invoices as an example of what is being submitted for payment by BNY Mellon. (Action)

### V. Agenda Items For Next Meeting

Chair Lava

1. Bond Financing 101 (Final Review)
2. CFO Annual Report – Review & Comments

### VI. Adjournment

Chair Lava

The meeting adjourned at 7:35pm.



# **Status of GO Bonds, Funding & Project Costs**



*Creating a healthier Marin together.*

# **CITIZENS' BOND OVERSIGHT COMMITTEE**

## **Status of General Obligation Bonds, Funding & Project Costs**

### **August 24, 2016**

# Bond Requisitions

- As of July 31, 2016, the project fund balance maintained at Bank of New York Mellon was \$106,977,168.37.
- To date, MHD has requested 17 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
<b>Total</b>		<b>29,399,901.92</b>	<b>11,009,716.63</b>	<b>86,680.70</b>	<b>305,172.04</b>	<b>21,926,284.70</b>	<b>62,727,755.99</b>



# Bond Requisition #17

- **Additional details relating to Requisition #17:**

Project	Vendor	Inv #	Amount	Specification	Measure F Applicability
CIP 1251.91040 HRB	Mccarthy Building Companies Inc	606240-018	707,936.00	Construction	Expand/enhance medical facilities
CIP 1251.91040 HRB	Smithgroup Jjr Inc.	117422	6,573.50	Design	Expand/enhance medical facilities
CIP 1251.91040 HRB	Asbestos Management Group Of Ca	14136	5,800.00	Construction	Expand/enhance medical facilities
CIP 1251.91040 HRB	Enviornmental Science Associate	121483	4,337.37	Design	Expand/enhance medical facilities
CIP 1251.91040 HRB	Graybar	986015106	4,266.10	Construction	Expand/enhance medical facilities
CIP 1251.91040 HRB	Mcmillian Data Communications	210559	730.00	Construction	Expand/enhance medical facilities
CIP 1251.91040 HRB	Office Of Statewide Planning	184184	250.00	Permits & Fees	Expand/enhance medical facilities
CIP 1251.91040 HRB	Office Of Statewide Planning	184185	250.00	Permits & Fees	Expand/enhance medical facilities
CIP 1251.91041 W.Wing Make Ready	Mccarthy Building Companies Inc	6260-11	434,915.00	Construction	Expand/enhance medical facilities
CIP 1251.91041 W.Wing Make Ready	California Clean Air Svc Inc	MGH3358	7,680.00	Construction	Expand/enhance medical facilities
CIP 1251.91041 W.Wing Make Ready	Asbestos Management Group Of Ca	14138	4,800.00	Construction	Expand/enhance medical facilities
CIP 1251.91041 W.Wing Make Ready	California Clean Air Svc Inc	MGH3364-A1	950.00	Construction	Expand/enhance medical facilities
CIP 1251.91049 Hillside Parking Structure	Mccarthy Building Companies Inc	006208-17	1,041,067.75	Construction	Expand/enhance medical facilities
CIP 1251.91049 Hillside Parking Structure	Pacific Mobile Structures	070116-40028	1,128.41	Construction	Expand/enhance medical facilities
<b>Total</b>			<b>2,220,684.13</b>		

- Measure F: To make seismic upgrades to Marin General Hospital to meet stricter California earthquake standards and keep open Marin County’s only Designated Trauma Center; to expand and enhance emergency and other medical facilities; to provide the latest lifesaving medical facilities for treatment of heart, stroke, cancer and other diseases, and to reduce ER wait times, shall the Marin Healthcare District issue \$394,000,000 in bonds to improve Marin General Hospital and related facilities with new construction, acquisitions, and renovations?



# Bond Requisitions

**Significant vendor payments through the first 17 requisitions:**

- **McCarthy Building Companies: \$44,171,065.51**
- **Lee, Burkhart, and Liu, LLC: \$5,037,526.57**
- **Office of Statewide Planning: \$2,919,098.16**
- **Perkins Eastman Architects: \$2,679,104.50**
- **AON Risk Insurance Service: \$2,140,326.53**
- **Vertran Associates, LLC: \$1,736,479.81**
- **County of Marin: \$391,597.17**
- **Pacific Gas and Electric: \$259,227.82**

# 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.
- ✓ As of July 31, 2016, \$73.9M in expenses have been incurred for MGH 2.0 as follows:

• Hospital Replacement	\$37.5M
• Hillside Parking Structure	\$23.6M
• West Wing Make Ready	\$11.9M
• West Wing Renovation	\$0.6M
• Site Work	\$0.3M
• Total	\$73.9M

# Project Funds Expended

Spec Section	Specification Name		2010	2011	2012	2013	2014	2015	7/31/16	Total
<b>Hillside Parking Structure</b>										
1.00000	Property Acquisition	-	-	-	-	-	-	-	-	-
2.00000	Design	1,181,000	-	-	245,778	47,074	656,553	432,935	62,165	1,444,505
3.00000	Permits & Fees	817,000	-	-	-	-	20,802	438,599	220,485	679,886
4.00000	Construction	23,709,000	-	-	-	-	-	12,223,999	8,935,728	21,159,727
5.00000	Owner Purchased FF&E	30,000	-	-	-	-	-	-	50,000	50,000
6.00000	Major Medical Equipment	-	-	-	-	-	-	-	-	-
7.00000	Data / Communications	225,000	-	-	-	-	-	12,217	251,000	263,217
<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>9,519,378</b>	<b>23,597,335</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>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	4,871,737	30,559,780
3.00000	Permits & Fees	16,072,000	-	-	-	-	-	2,863,363	1,143,140	4,006,503
4.00000	Construction	348,281,000	-	-	-	-	-	99,878	2,823,641	2,923,519
5.00000	Owner Purchased FF&E	8,612,000	-	-	-	-	-	-	5,690	5,690
6.00000	Major Medical Equipment	31,745,000	-	-	-	-	-	-	-	-
7.00000	Data / Communications	7,446,000	-	-	-	-	-	6,132	22,524	28,656
<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>8,866,732</b>	<b>37,524,147</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	228,587	2,799,965
3.00000	Permits & Fees	538,000	-	-	-	-	-	100,718	313,890	414,608
4.00000	Construction	16,577,000	-	-	-	-	-	3,375,173	5,272,806	8,647,979
5.00000	Owner Purchased FF&E	100,000	-	-	-	-	-	-	80,000	80,000
6.00000	Major Medical Equipment	-	-	-	-	-	-	-	-	-
7.00000	Data / Communications	-	-	-	-	-	-	337	-	337
<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>5,895,283</b>	<b>11,942,888</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>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>24,285,093</b>	<b>73,929,183</b>

# Projected Costs 2016-2020

Spec Section	Specification Name	2016	2017	2018	2019	2020	9/30/21	Total Budget Remaining	Total
	<b>Hillside Parking Structure</b>								
1.00000	Property Acquisition	-	-	-	-	-	-	-	-
2.00000	Design	-	-	-	-	-	-	-	1,444,505
3.00000	Permits & Fees	551,431	-	-	-	-	-	551,431	1,231,317
4.00000	Construction	976,235	-	-	-	-	-	976,235	22,135,962
5.00000	Owner Purchased FF&E	10,000	-	-	-	-	-	10,000	60,000
6.00000	Major Medical Equipment	-	-	-	-	-	-	-	-
7.00000	Data / Communications	65,000	-	-	-	-	-	65,000	328,217
<b>A</b>	<b>Total Hillside Parking Structure Costs</b>	<b>1,602,666</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,602,666</b>	<b>25,200,001</b>
	<b>B Sitework Project</b>								
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>B</b>	<b>Total Sitework Project Costs</b>	<b>-</b>	<b>43,192</b>	<b>6,373,825</b>	<b>4,680,966</b>	<b>-</b>	<b>-</b>	<b>11,097,983</b>	<b>11,361,000</b>
	<b>C Hospital Replacement Building Project</b>								
1.00000	Property Acquisition	-	-	-	-	-	-	-	-
2.00000	Design	375,000	900,000	900,000	900,000	225,000	-	3,300,000	33,859,780
3.00000	Permits & Fees	3,986,090	2,966,615	2,966,615	1,898,959	-	-	11,818,279	15,824,782
4.00000	Construction	15,013,128	82,847,244	160,605,224	79,687,036	3,128,572	-	341,281,204	344,204,722
5.00000	Owner Purchased FF&E	188,750	1,745,938	6,750,290	-	-	-	8,684,978	8,690,668
6.00000	Major Medical Equipment	-	3,095,138	15,951,863	12,698,000	-	-	31,745,001	31,745,001
7.00000	Data / Communications	79,486	755,024	4,524,376	2,054,735	-	-	7,413,621	7,442,277
<b>C</b>	<b>Total Hospital Replacement Building Project Costs</b>	<b>19,642,454</b>	<b>92,309,959</b>	<b>191,698,368</b>	<b>97,238,730</b>	<b>3,353,572</b>	<b>-</b>	<b>404,243,083</b>	<b>441,767,230</b>
	<b>D West Wing Make Ready Project</b>								
1.00000	Property Acquisition	-	-	-	-	-	-	-	-
2.00000	Design	17,085	-	-	-	-	-	17,085	2,817,050
3.00000	Permits & Fees	70,000	-	-	-	-	-	70,000	484,608
4.00000	Construction	5,514,096	-	-	-	-	-	5,514,096	14,162,075
5.00000	Owner Purchased FF&E	-	-	-	-	-	-	-	80,000
6.00000	Major Medical Equipment	-	-	-	-	-	-	-	-
7.00000	Data / Communications	-	-	-	-	-	-	-	337
<b>D</b>	<b>Total West Wing Make Ready Project Costs</b>	<b>5,601,181</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,601,181</b>	<b>17,544,069</b>
	<b>E West Wing Renovation</b>								
	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	9,125,594	32,903,999	32,903,999
<b>E</b>	<b>Total West Wing Renovation Costs</b>	<b>-</b>	<b>-</b>	<b>396,790</b>	<b>6,527,470</b>	<b>22,215,315</b>	<b>9,250,330</b>	<b>38,389,905</b>	<b>38,991,700</b>
<b>F</b>	<b>Total Project Costs</b>	<b>26,846,301</b>	<b>92,353,151</b>	<b>198,468,983</b>	<b>108,447,166</b>	<b>25,568,887</b>	<b>9,250,330</b>	<b>460,934,817</b>	<b>534,864,000</b>



# Construction Costs

• As of July 31, 2016

	Hospital Replacement	West Wing Make Ready	Hillside Parking Structure	West Wing Renovation	Site Work
Percentage Completion Per Vertran	2.4%	70.6%	92.9%	0.0%	0.0%
Actual Construction Costs	\$ 2,923,519	\$ 8,647,979	\$ 21,159,727	\$ -	\$ -
Total Budgeted Construction Costs	\$ 348,281,000	\$ 16,577,000	\$ 23,709,000	\$ 32,904,000	\$ 9,245,000
As a % of Total Construction Costs	0.8%	52.2%	89.2%	0.0%	0.0%

# Budget to Actual Variance

- As of July 31, 2016

	Hospital Replacement	West Wing Make Ready	Hillside Parking Structure	West Wing Renovation	Site Work	Total
Actual Construction Costs	\$ 37,524,147	\$ 11,942,888	\$ 23,597,335	\$ 601,795	\$ 263,017	\$ 73,929,182
Total Budgeted Construction Costs	\$ 65,876,892	\$ 14,477,330	\$ 25,653,814	\$ 598,095	\$ 2,736,731	\$ 109,342,862
Favorable/(Unfavorable) Variance	\$ 28,352,745	\$ 2,534,442	\$ 2,056,479	\$ (3,700)	\$ 2,473,714	\$ 35,413,680
Variance %	43.0%	17.5%	8.0%	-0.6%	90.4%	32.4%



# **Measure F: Bond Financing 101**





Creating a healthier Marin together.

## Measure F: Bond Financing 101

Created May 2016

### **What is a General Obligation (GO) bond?**

- A GO bond is a common type of municipal bond in the United States that is secured by a state or local government's pledge to use legally available resources, including tax revenues, to repay bond holders.

### **Why is a GO bond needed for Marin General Hospital?**

- California law requires that all hospitals, Marin General Hospital included, be built to meet the State's rigorous seismic standards. Hospitals not meeting this mandate are forced to close.
- As Marin County's designated Trauma Center, it is essential to the health and well-being of the community, that Marin General Hospital remain open in the immediate aftermath of a natural disaster and other emergency.



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## What is Measure F?

On November 5, 2013, voters in the Marin Healthcare District approved Measure F, the \$394 million general obligation (GO) bond, to rebuild Marin General Hospital. The funds from the bond, which are expected to be on taxes for the next 30 years, will be used to build the new Marin General Hospital – MGH 2.0 – a modern, earthquake-safe, hospital that will serve our community well into the future. Property owners will be assessed on the value of owned property for the next 30 years.

MGH will request that a portion of the GO bonds be issued at various times to fund the construction of the new hospital. In November 2015, \$170 million of the \$394 million was issued. Debt service of the bonds will be funded by County of Marin Property Tax Assessments.



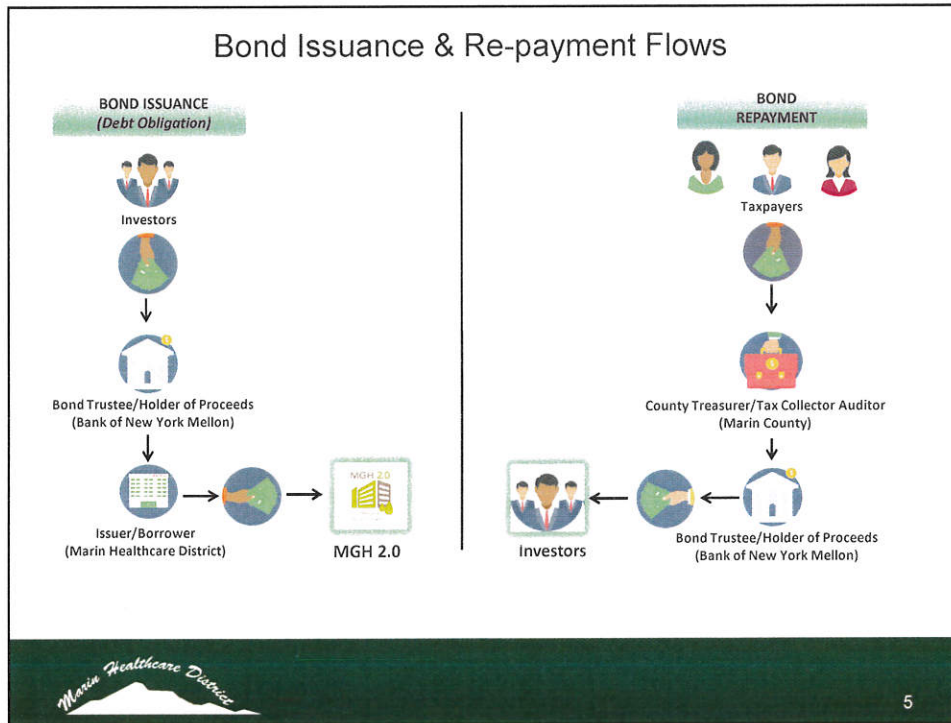
3

## Who are the GO Bond Issuing Participants?

- Issuer/Borrower
  - Marin Healthcare District
- Financial Advisor
  - Hammond, Hanlon, Camp, LLC
- Bond Counsel
  - Orrick
- Disclosure Counsel
  - Archer Norris
- Rating Agency
  - Moody's
- Bond Trustee/Holder of Proceeds
  - Bank of New York Mellon
- County Treasurer-Tax Collector/Auditor
  - Marin County
- Underwriter
  - Morgan Stanley and Stifel Nicolaus
- Underwriter Counsel
  - Sidley Austin



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## Issuing Participants Explained

**Issuer/Borrower: Marin Healthcare District**

- Receives voter approval to issue GO bonds
- Can't afford to pay for project on a pay-as-you-go basis
  - Needs to borrow money for a large project
  - May issue certificates of participation (COPs), if no GO bonds are available

**Investors/Lender**

- Have money to invest
- Prefer tax free, fixed income

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## Issuing Participants Explained, cont.



### Financial Advisor: Hammond Hanlon Camp LLC

- Fiduciary responsibility to the Issuer
- Assists with debt authorization
- Explores financing alternatives
- Constructs financial model
- Assembles “Financing Team”
- Develops financing schedule
- Evaluates and recommends method of sale
- Prepares bond specifications and terms
- Prepares district personnel and presentation materials for bond rating
- Manages bond sale
- Provides compliance
- Financial Advisor



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## Issuing Participants Explained, cont.

### Bond Counsel: Orrick, Herrington & Sutcliffe

- Prepares legal documents including:
  - Resolution calling for election
  - Ballot proposition
  - Bond issuance resolution
- Advises:
  - State legal constraints
  - Federal tax law
- Issues “validity” opinion
- Issues tax-exempt opinion
- Prepares transcript of legal proceedings



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## Issuing Participants Explained, cont.

### Disclosure Counsel: Archer Norris PLC

- Provides advice on disclosure obligations
- Prepared official statement
- Prepared continuing disclosure agreement
- Acts as District Counsel



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## Issuing Participants Explained, cont.

### Rating Agency: Moody's Reviews

- Four broad factors that determine rating:
  - The financial strength of the issuer
  - The economic health of the community (commercial, industrial, residential)
  - Managerial and governance practices
  - Debt position – Direct & overlapping debt & overall debt-to-wealth position
- Interviews Issuer, others
- Assigns a letter ratings to bonds (Bond rating is Aa2)



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## Issuing Participants Explained, cont.



### Bond Trustee/Holder of Proceeds: Bank of New York Mellon

- Responsible for the payment of interest and principal on municipal bonds on behalf of the issuer
- Collects payments from Issuer
  - Distributes payments to Investors
- Holder of proceeds in fiduciary capacity



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## Issuing Participants Explained, cont.



### County Treasurer: Tax Collector/Auditor (Marin County)

- Levies tax based on the assessed value of District property.
- Collects tax and remits proceeds to the paying agent to make principal and interest payments to investors on the outstanding bonds.



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## **Issuing Participants Explained, cont.**

### **Underwriters: Morgan Stanley and Stifel Nicolaus**

- Fiduciary responsibility to investor
- Offers to buy the bonds from the issuer at specific interest rates
  - Sells bonds to investors
  - Fee earned is called Underwriter's Spread (Reoffering Price – Purchase Price)
  - Can advise on structure/terms of financing (negotiated sale)
- 2 Divisions
  - Public Finance/Investment Banking
    - Liaison between underwriter and public officials
  - Underwriting/Trading
    - Prices bonds
    - Syndicate formation
    - Settlement/clearing

