

# MARIN HEALTHCARE DISTRICT

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

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

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## CITIZENS' BOND OVERSIGHT COMMITTEE MEETING MAY 17, 2017 AT 6:00 P.M.

### Committee Attendance

**Acting Chair:** Steven Dely  
**Members:** George Feiss, Jonathan Frieman,  
Charles Reite  
**Absent:** Leslie Lava, Jeffrey Tsai, Paul Violich  
**Staff:** James McManus, Chief Financial Officer  
Jean Noonan, Controller  
Michael Lighthawk, Executive Assistant  
Ron Peluso, Vertran Associates

### Meeting Location:

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

### Minutes

#### I. **Call to Order** - Acting Chair Dely called the meeting to order at 6:00pm.

##### A. Roll Call & New Member Introductions

Mr. Dely introduced Charles Reite and George Feiss as new members of the committee. On behalf of the committee, Mr. Dely thanked the new members for joining.

1. Vice Chair Vacancy (**Action**) – This action was tabled to the August 17<sup>th</sup> meeting.
2. Agenda Review and Approval (**Action**): Member Friedman moved to approve the Agenda; Member Reite seconded. All ayes. **Agenda Approved.**
3. Minutes Review and Approval (**Action**): February 15, 2017. This action was tabled to the August 17<sup>th</sup> meeting.
4. General Public Comment – (Any member of the public audience may make statements regarding any items NOT on the agenda. Statements are limited to a maximum of three (3) minutes. Please state your name if you wish to be recorded in the minutes.)

#### II. **MGH Construction Update**

Peluso

Jim McManus introduced Mr. Ron Peluso to the new members. Ron is the Project Manager for MGH 2.0 (New Hospital Construction Project) and is part of Vertran and Associates who have been involved in the hospital project since 2010. Ron's role at the committee is to provide any insight and updates on the construction project as well as answer any questions you may have.

Project Status Report: Referring to the New Hospital Replacement Project Status Report (pg. 9 of the packet), Mr. Peluso reviewed the OSHPD SRB Increment Design Schedule showing Original Target Dates, Current Dates and Actual Dates of completion of the various OSHPD Milestone Schedule. There were 52 days of rain that impacted the construction schedule and delayed permits. Since "rain days" were built into the contract, there was no impact to the end date. The next critical permit packages we need to obtain are the Interior Package-#5 (June), and the Exterior Package-#6 (July).

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### Construction Schedule

In response to Mr. Dely's question from a previous meeting, Mr. Peluso pointed to the "BM-%" notations next to the construction phases that indicate the percentage of project completion attained when a particular phase is finished. Mr. Peluso added that we expect to be complete w/structural steel in mid-August which will bring the project close to 20% completion which, correspondingly, will bring total expenditures to about 20% of planned expenditures. The Curtain Wall installation is now targeted for December of 2017, yet the goal is to get the skin on earlier before the rains.

Upcoming Construction Activities – Mr. Peluso provided summary descriptions of upcoming events on the construction site:

1. We are in the process of receiving the permit from the County to bring construction trailers on site in early June housing McCarthy's 52 managers, sub-contractors, and other project managers.
2. Steel Erection begins next week.
3. Building patient room mockups in the parking garage so that hospital staff can see and move around in the spaces to make sure the room organization works.

Following review and discussion of Project Risks, Construction Schedule, Weather, Project Budget, Construction Contingency and Project Schedule, Mr. Peluso stated that project completion is expected to be in January of 2020 with a "First Patient Target" of June 2020.

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

Ms. Noonan began her report by offering to go through the actual requisition process for the new members. Invoices are given to Mr. Peluso who reviews and compares the invoices to records of work performed and contract terms. Once the invoices are approved, a cover sheet is added for sign off by Mr. Domanico (CEO, Officer of the Corporation). Requisition packages are sent to Bank of New York Mellon (Trustee) where the bond funds reside until needed. Mr. McManus signs off on the requisitions and BNY Mellon makes payments directly to the contractors from the bond funds.

As of March 31, 2017, there have been 35 Requisitions totaling \$99.4M. Requisitions are also listed by Bond Expenditure Categories. These categories are the areas that bond monies are allowed to be spent on. Bond expenditure detail can be viewed in each packet of the committee's quarterly meetings.

MGH 2.0 – The total project cost is \$535M. As of March 31, 2017, Total Expenditures are \$113.5M which is higher than the Total Expenditures of the Bond Requisitions. Ms. Noonan explained that this difference is because there were older hospital design costs incurred that were incurred by the hospital that we could not go back and get bond funding for.

Projected Costs 2017-2020 – Ms. Noonan pointed out that this schedule (pg. 16) is used to project when another tranche of bond funds will need to be requested as well as illustrating what types of costs we may be incurring that needs other alternative sources of funding.

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Financing – Mr. McManus reported on current the current status of financial planning for MGH 2.0. We are projecting that we will run out of the first tranche of bond funds (\$170M) by December of 2017. Therefore, management has begun the process to issue the remainder of the GO Bonds (\$224M). The current expectation is to accomplish the next issuance of bond funds in early September. Following the issuance, management will pursue either Revenue Bonds or seek a banking relationship to make up the deficit along with philanthropic contributions.

A. Requisition Detail – No discussion.

#### IV. Agenda Items For Next Meeting

A. MGH 2.0 Site Tour, August 17, 2017 (10:30am-12:30pm)

V. **Adjournment** – Acting Chair Dely adjourned the meeting at 7:45pm.