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Citizens Bond Oversight Committee
August 17, 2017, 10:30am

Marin General Hospital Conference Center
250 Bon Air Road, West Lobby Level
Greenbrae, CA 94904

Minutes

I. Call to Order

Chair Leslie Lava

A. Roll Call

Committee Members Present - Chair Leslie Lava, Vice Chair Jonathan Frieman, Steven Dely, George Feiss, Charles Reite, and Jeffrey Tsai. **Quorum established.**

Staff Present: James McManus, CFO; Jean Noonan, Controller; Ron Peluso, MGH 2.0 Project Manager; Michael Lighthawk, EA.

- B. Agenda Review and Approval (**Action**): Motion to approve: Member Frieman so moved. Member Reite seconded. Vote: All ayes. **Agenda approved.**
- C. Minutes Review and Approval: May 17, 2017 (**Action**): Motion to approve: Member Reite so moved. Member Dely seconded. Vote: All ayes. **Minutes approved.**
- D. Minutes Review and Approval: February 15, 2017 (**Action**): Motion to approve: Member Dely so moved. Member Tsai seconded. Vote: 4 ayes; 2 abstentions (Members Reite & Feiss). **Minutes approved.**
- E. General Public Comment – No public comment.

II. MGH 2.0 Project Status Report & Tour (Handout: Project Status Report)

Ron Peluso

Milestones – Mr. Peluso reported that we are expecting that OSHPD will come through with permits for Design Schedule Milestones numbers 5 & 6 by the end of next week. Structural steel construction started in May. Concrete slabs and metal decks originally scheduled to begin in July have been moved out to August and are expected to be finished in November.

Project Benchmarks & Percentage of Completion – As of today, structural steel construction is at the midpoint benchmarking the entire project to be about 18% complete. Roofing is scheduled for November and curtain walls will start in December. Interior priority walls will have a rough start in December which will benchmark the project at 30% complete. Permanent power start will come in August 2018 and exterior skin will be complete in February 2018 except for areas where stairwells and elevator are on the side of the building.

Current Activities – Building construction trailers will be placed on the front part of the property the week of August 20. Mock ups of patient rooms were placed in the parking garage intended to simulate patient bed, furniture and equipment in order to have staff test the room plans for safety.



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Member Dely asked if there was a forecast of possible rain delays for the 2017-2018 rainy season. Ron responded that there are still 27 days left in the rain delay bank. If rain causes more delay than the scheduled 27 days, the contractor will try to make it up but can come back and discuss pushing out the completion date.

Other than unpredictable weather risks, Member Dely asked if Ron has identified any other concerns that would impact the completion date. Ron identified the OSHPD permit process as having the greatest risk of delay. However, up to this point things have gone relatively smoothly.

Site Utilities – The Sanitary Sewer Project is underway and expected to finish at the end of September. Once the sewer line is complete, we will start repaving Bon Air Road. This is a 3 week process, mostly being done at night using one lane of traffic with traffic control.

Cash Flow – To date, \$47.6M has been spent on MGH 2.0 representing 16.8% of budget and about the same percentage indicates construction completion. An allowance for copper clad fixtures in ICU rooms has been allowed for estimated at \$500K.

Public Comment – Mr. Sean Aquilar.

Site Tour – At 11:05, Mr. Peluso led the committee to an overlook inside the construction area outside of the East Wing. Hard hats and safety vests were given out to all attendees.

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

Jean Noonan

Ms. Noonan referred to the Bond Requisitions slides indicating that the project fund balance maintained at BNY Mellon as of July 31st was \$56.3M. The total of Bond Requisitions as of 7/31 amounted to \$114M with \$74.8M going to the Hospital Replacement project. The majority of payments still goes to McCarthy Construction at about \$90M.

A. Requisition Detail – Ms. Noonan offered to answer any questions at any time on the detail of any requisition.

IV. Status of General Obligation Bond Issuance

Jim McManus

Mr. McManus stated there is about \$60M left in the first tranche of GO Bonds that can be applied to the construction project. Of the \$394M available in GO Bonds, we issued \$170M of bonds in November of 2015. We expect the \$60M will be expended by November of this year. We are now in process of issuing the remaining \$224M of the GO Bond funds. We



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expect to receive ratings from Morgan Stanley and Fitch on August 22nd. Pricing of the bonds will be done on September 11th and the transaction will close around September 25th.

We asked Fitch for a second rating on the hospital alone because we will almost immediately follow the GO Bond issuance with a Revenue Bond issuance. It looks like we will receive AAA for the District and the hospital may end up in the A category as well. The Foundation has reached the \$46M mark in philanthropy which excludes the most recent gift of \$21M (\$15M of which is reserved for the Building Project).

Further discussion ensued regarding options for closing the gap of construction costs with \$91M in Revenue Bonds and the possible tax savings of having higher than expected ratings.

V. Vice Chair Vacancy (Action)

Leslie Lava

Chair Lava opened the floor to nominate the Vice Chair. Member Frieman offered to fill the position. The committee accepted Mr. Frieman's nomination and voted unanimously to approve him as the new Vice Chair.

VI. Agenda Items For Next Meeting

Leslie Lava

Discussion ensued regarding the committee expressing its appreciation for Ron Peluso's consistent contributions to the committee for his presentations and expertise.

VII. Adjournment

Leslie Lava