



Marin Healthcare District

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

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

Web: www.marinhealthcare.org / Email: info@marinhealthcare.org

FINANCE AND AUDIT COMMITTEE

Regular Open Meeting

February 25, 2020

MINUTES

- I. **Call to Order** – Chair Simmonds called the regular open committee meeting to order at 6:15pm.
 - A. Roll Call
 1. Members Present: Harris Simmonds, MD; Ann Sparkman, JD
 2. Staff Present: Eric Brettner, Elizabeth Lasnier, Michael Lighthawk
 - A. Approve Closed Study Session Agenda – **Agenda Approved.**
 - B. Approve Regular Committee Meeting Agenda – **Agenda Approved.**
 - C. Approve previous Closed Session Minutes of January 28, 2020 - One correction, add: Eric Brettner (teleconferenced). **Minutes approved with correction.**
 - D. Approve previous Regular Committee Meeting Minutes of January 28, 2020 – One correction, add: Eric Brettner (teleconferenced). **Minutes approved with correction.**
 - E. Public Comment: No public present.

II. **Review/Recommend Approval of Items Discussed in Closed Session**

In closed session discussion, the committee agreed to recommend that the Board of Directors approve the Outpatient Behavioral Health Proforma. Chair Simmonds will present recommended changes to the Proforma structure in his report at the next MHD Board meeting.

III. **Finance**

A. Financial Report – January 31, 2020

Mr. Brettner reported investment earnings were \$34K. Current Cash and Investments now total \$5.5M. Chair Simmonds opened discussion on adding an additional \$1M to the corporate investment fund. Mr. Brettner confirmed it was unnecessary to hold \$2M in Cash. However, since the onset of the Corona virus crisis, the bond market has risen substantially and he does not recommend further investing in bonds at this time. The committee agreed to wait for an appropriate time to move more cash into the portfolio as well as consulting with the investment advisors at Canterbury Consulting.

B. Operating Cash Balance

Bond funds are winding down to just under \$20M. Tax revenue is coming in at about \$4M which covers the associated liabilities.

C. Accrued Expense Review

Chair Simmonds asked when the \$840K Intercompany (payment) Due to Prima will be paid off. Mr. Brettner stated accounting will be truing-up this entry in February to get this balance paid off.

Mr. Brettner stated that intercompany payables or receivables between the district and the hospital will be removed from the District's financial statements. Interest on the bonds is \$7.7M.

Discussions ensued regarding whether or not CAM (formerly a 1206b clinic under the District) is now classified as a 1206G under the Foundation and is not now included in the District's financials. Mr. Brettner was confident this is the case and will verify that for the committee and when that occurred.

A copy of the agenda for the Regular Meeting will be posted and distributed at least seventy-two (72) hours prior to the meeting.

American Sign Language Interpreters may be requested by calling (415) 927-5755 (voice) or (415) 927-5759 (facsimile) at least 48 hours in advance of this meeting.



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D. Legal Expenses – No discussion.

E. Bond Rating Update

Referring to the Fitch Ratings report, Mr. Brettner informed the committee that because of how some courts have handled bankruptcy proceedings, Fitch has necessarily had to change the way they rate various government entities including hospitals. Although the District's overall rating is AAA, the Issuer Default Rating (IDR) is an A-. There is a 7 step difference between AAA and A-. If the differential is more than 6 steps, Fitch is required to put an organization on "Credit Watch". Mr. Brettner stated there is no cost impact to the District because of this change, but it may affect the credit rating.

Although the committee does not need to take any action on this event, the committee recommended that the board be informed of Fitch's assignment of "Rating Watch On" to the Marin Healthcare District Board of Directors as a point of information.

IV. Committee Chair Report to the Board of Directors

Chair Simmonds will include the following in his committee report to the board of directors:

- Behavioral Health Proforma
- Fitch Rating Agency change to the District's rating.

V. Adjournment – Chair Simmonds adjourned the meeting at 6:35pm.