

MARIN HEALTHCARE DISTRICT

100-B Drake's Landing Road, Suite 250, Greenbrae, CA 94904

Telephone: 415-464-2090

Fax: 415-464-2094

Website: www.marinhealthcare.org

Email: info@marinhealthcare.org

BOARD OF DIRECTORS FINANCE & AUDIT COMMITTEE TUESDAY, JULY 27, 2021 @ 5:00 P.M.

Committee:

Chair: Larry Bedard, MD

Member: Edward Alfrey, MD

Staff: David Klein, MD, CEO
Eric Brettner, CFO

Support: Louis Weiner, Executive Assistant

Location:

Via Zoom video conference:

<https://mymarinhealth.zoom.us/join>

Meeting ID: 982 8275 2821

Passcode: 495025

Or via Zoom telephone conference:
1-669-900-9128

AGENDA

		<u>ATTACHMENT</u>
1.	Call to Order / Approval of the Agenda (action)	Bedard
2.	Approval of the Minutes of the MHD Finance & Audit Committee Meeting of June 22, 2021 (action)	Bedard #1
3.	Public Comment <i>Any member of the audience may make statements regarding any item NOT on the agenda. Statements are limited to a maximum of three (3) minutes. Please state and spell your name if you wish it to be recorded in the minutes.</i>	Bedard
4.	Marin Healthcare District Budget FY 2022	Brettner #2
5.	District Financial Report, June 2021	Brettner #3
6.	Agenda Items for Next Meeting: September 28, 2021	Brettner
7.	Adjournment	Bedard

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

In compliance with the Americans with Disabilities Act, if you require accommodations to participate in a District meeting please contact the District office at 415-464-2090 at least 48 hours prior to the meeting.

Tab 1

MARIN HEALTHCARE DISTRICT

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Board of Directors Finance and Audit Committee Tuesday, June 22, 2021 @ 5:00 pm Via Zoom

MINUTES

1. Call to Order

Chair Bedard called the meeting to order at 5:00 pm.

2. Roll Call / Approval of Agenda / Approval of Minutes

Committee members present: Larry Bedard, MD (Chair); Edward Alfrey, MD

Staff members present: David Klein, MD, CEO; Eric Brettner, CFO; Louis Weiner, Executive Assistant

Agenda: It was moved, seconded and carried to approve the Agenda as presented.

Minutes: It was moved, seconded and carried to approve the minutes of the meeting of April 27, 2021 as presented.

3. Public Comment

There was no public comment.

4. District Financial Reports

A. April 2021

Mr. Brettner commented on the financials. April's operating income is about \$21k ahead of budget largely due to investment earnings being nearly \$22k ahead as bond markets recover. YTD, investment earnings are at a loss of about \$71k. April expenses are favorable to budget by about \$35k. Accrued expense for 2020 election remains under budget by \$60k. Medical Network Program Support is for COVID response, \$13k favorable to budget. MHMC Program Support is for the hospital behavioral health program and is on budget.

Tax revenues are received before interest payments that are held in trust go out; interest payable as of April 30 is about \$3.8M and will increase each month until the payment is made in August.

B. May 2021

May's operating income is about \$1.5k ahead of budget, YTD is about \$110k under budget. Expenses are favorable to budget by about \$44k. Net for May is \$46k and YTD is about \$140k.

Interest payable as of May 31 is about \$5M. \$243k was received from Partnership Health Plan for psychiatry services (which are not handled by UCSF) and will be moved to the Medical Network.

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**Board of Directors
Finance and Audit Committee
Tuesday, June 22, 2021 @ 5:00 pm
Via Zoom**

MINUTES

5. Discuss Recruiting Community Members to Committee

The MHD bylaws allow for non-voting community members to be appointed to the standing committees (Finance and Audit, and Lease and Building). Dr. Bedard remarked that this is a good tool of community engagement and Board development, and he would make inquiries. Dr. Klein said that he will make a list of several people to suggest. It was suggested to consider community activists, particularly in Marin City and the Canal area. Dr. Alfrey suggested Steve Mason, manager of the Al Boro Community Center in San Rafael.

6. Agenda Items for Next Meeting

Not discussed.

7. Adjournment

Dr. Bedard adjourned the meeting at 5:23 pm.

Tab 2



July 27, 2021

FY 2022 Operating Budget

Eric Brettner
CFO



FY 2022 Budget Assumptions - Receipts

- Rental Income
 - increased 7.2% based on estimated 2021 CPI
- Investment Earnings
 - Annualized June, 2021 YTD dividends and interest
 - No gains or losses
- Tax Revenue
 - In working with the County of Marin, we have calculated the amount to be \$16.4M in total for the 2015 and 2017 Bond Funds



FY 2022 Budget Assumptions - Disbursements

- Legal Fees – based on 2019 actuals (greater than 2021 annualized)
- Audit Fees – 5% increase to FY2021 budget
- Board Expense – budgeted \$25K for meetings and travel
- Community Communications – 6% increase to FY2021 budget
- Board Comp, Association, and Charitable Contributions were all kept flat at the FY2021 budget
- Depreciation – increase due to opening of new building
- Mental Health Clinic Support – assumed \$125K for year 1 of the 3 year (\$300K) commitment
- Mental Health Program Support – assumed \$200K continued support
- Election Expense – assumed average of 2018 and 2020 + 25%
- Added cost for change in district election process – consulting \$20K



FY 2022 Operating Budget

Marin Healthcare District Budget

FYE: December 31, 2022

	FY2021 Budget	1/1/21 through 5/31/21 (5 months)			FY2022 Budget
		To Date - Budget	To Date - Actual	Variance	
1 Rental Revenue	\$ 555,836	\$ 231,599	\$ 229,561	\$ (2,038)	\$ 590,615
2 Investment Earnings	117,864	49,110	(59,108)	(108,218)	70,541
3 Total Income	673,700	280,708	170,453	(110,256)	661,155
4					
5 Legal Fees	125,150	52,146	12,697	39,449	45,000
6 Accounting Fees	28,080	11,700	11,250	450	29,484
7 Board Compensation	18,000	7,500	4,725	2,775	18,000
8 Board Expenses	20,000	8,333	31	8,303	25,000
9 Consulting Fees	50,000	20,833	-	20,833	20,000
10 Election Expenses	-	-	(60,144)	60,144	130,000
11 Charitable Contributions	6,000	2,500	-	2,500	6,000
12 Community Education	85,000	35,417	-	35,417	90,000
13 Dues	12,000	5,000	5,000	-	12,000
14 MHMC Program Support	200,000	83,333	83,333	-	200,000
15 MHMN Program Support	271,408	182,771	102,203	80,568	125,000
16 Total Expense	815,638	409,533	159,096	250,438	700,484
17					
18 Net Operating Income/(Loss) before Depr & Bond-Related	(141,938)	(128,825)	11,357 ▲	140,182	(39,328)
19					
20 Depreciation Expense	11,265,652	4,694,022	4,976,325	(282,304)	11,943,181
21					
22 Net Operating Income/(Loss) before Bond-Related	(11,407,590)	(4,822,847)	(4,964,968) ▲	(142,122)	(11,982,509)
23					
24 Bond-Related Revenue (Expense)					
25 Tax Revenue	15,582,705	6,492,794	6,363,664	(129,130)	16,395,037
26 Bond Fund Earnings	-	-	(817)	(817)	-
27 Bond Interest Expense	-	-	(5,962,427)	(5,962,427)	(14,290,575)
28					
29 Net Income/(Loss)	\$ 4,175,115	\$ 1,669,947	\$ (4,564,549)	\$ (6,234,496)	\$ (9,878,046)

FY 2022 Balance Sheet Budget

	12/31/2020	Expected 12/31/2021	Expected 12/31/2022
Current Assets			
Cash	797,054	821,358	806,831
Investment	4,015,498	4,004,628	4,073,169
Tax Revenues Receivable	6,507,631	5,319,568	5,073,501
Prepaid Expenses	-	-	-
Total Current Assets	11,320,183	10,145,554	9,953,501
Property, plant, and equipment, net	422,026,180	411,072,666	400,119,150
Parking Garage, net	22,245,464	21,255,798	20,266,134
Assets Limited to Use - Building Funds	16,039,726	-	-
Assets Limited To Use - Sinking Funds	8,917,851	9,894,173	10,164,923
Deposits & Retainers	36,000	36,000	36,000
Total Non-Current Assets	469,265,221	442,258,637	430,586,207
Total Assets	480,585,404	452,404,190	440,539,708
Current Liabilities			
Accounts Payable	-	420	420
Interest Payable	6,369,271	6,364,792	6,034,783
Accrued Expenses	16,283,136	50,627	50,627
Other Current Liabilities	-	-	-
Related Party Payables	116,133	-	-
Current Bond Maturities	430,000	680,000	955,000
Total Current Liabilities	23,198,540	7,095,839	7,040,830
Bonds Payable	365,425,000	364,745,000	363,790,000
Bond Premium	24,560,067	23,583,640	22,607,212
Total Liabilities	413,183,607	395,424,479	393,438,042
Net Assets	58,707,158	67,401,797	56,979,712
Net (Loss)/Income	8,694,639	(10,422,085)	(9,878,046)
Total Net Assets	67,401,797	56,979,712	47,101,666
Total Liabilities and Net Assets	480,585,404	452,404,190	440,539,708




Questions?



Tab 3



To: MHD Finance and Audit Committee
From: Eric Brettner, CFO 
Re: June 2021 Financial Report
Date: July 16, 2021

I. General Comments

These financial statements contain, in summary format, the balance sheet and income statement.

II. FY 2021 Income Statement and Budget

The District's net operating income for the month was \$19,181 which was favorable to budget by \$44,946. The favorable variance is driven by lower than budgeted operating expenses and a reversal of accrued MHMN support. Rental revenue from the hospital lease was \$45,912 in June. Investment earnings were comprised of \$13,324 dividend and interest income as well as \$1,456 of realized gains and a \$7,217 increase in the value of investments. The District incurred total operating expenses of \$48,727 which was favorable to budget by \$33,180. The favorable variances were due to lower than budgeted legal costs and MHMN support which were offset by community education costs. Depreciation expense was \$995,265 in June. Bond Related Revenues and Expenses included \$1,272,733 of accrued tax revenues and \$1,192,485 of bond interest expense.

III. Balance Sheet

Assets

Cash at June 30, 2021 of \$845,661 increased by \$13,002. Investment account balances of \$3,977,658 increased by \$21,712 from the prior month. Tax revenue receivables are \$7,034,536 and represent amounts due from the County of Marin. The payments received from the County are deposited directly into the bond fund accounts.

The tax payments received from the County, together with the balance of the proceeds from the bonds issued in November 2015 and September 2017, net of issuance costs, are reflected in the account "Assets Limited to Use – Bond Funds". These funds total \$24,348,181 at June 30, 2021 and include \$16,042,160 to be used for construction costs and \$8,306,021 to be used for bond principal and interest payments.



Liabilities and Net Assets

Interest payable of \$6,369,271 increased by \$1,273,855 from the prior month due to the accrual of interest. Accrued expenses of \$16,091,478 are primarily comprised of accruals for construction costs.

Related party payables of \$216,568 consist of \$166,660 due to the Network in support of the COVID-19 response and \$44,011 due to the Hospital for community education costs paid on behalf of the District.

Bonds payable are separated into current (principal due within one year) and non-current (due in greater than one year). The current payable amount of \$430,000 is due in August 2021. Bond Premium represents payments by bond purchasers greater than the face amount of the bond because the stated interest rate of the bonds was higher than the market rate at the date of issuance. The premium is amortized over the life of the bonds as a reduction to interest expense. The net assets of the District are \$61,937,079.

Marin Healthcare District
Balance Sheet
June 30, 2021

Assets	6/30/2021	5/31/2021	Change	12/31/2020
Current Assets				
Cash	845,661	832,659	13,002	797,054
Investment	3,977,658	3,955,946	21,712	4,015,498
Tax Revenues Receivable	7,034,536	6,434,131	600,405	6,507,631
Prepaid Expenses	-	1,000	(1,000)	-
Total Current Assets	11,857,855	11,223,736	634,119	11,320,183
Property, plant, and equipment, net	416,549,424	417,462,217	(912,793)	422,026,180
Parking Garage, net	21,750,630	21,833,102	(82,472)	22,245,464
Assets Limited To Use - Building Funds	16,042,160	16,042,592	(432)	16,039,726
Assets Limited To Use - Interest & Sinking Funds	8,306,021	7,633,587	672,434	8,917,851
Deposits & Retainers	36,000	36,000	-	36,000
Total Non-Current Assets	462,684,235	463,007,498	(323,263)	469,265,221
Total Assets	474,542,090	474,231,234	310,856	480,585,404
Liabilities and Net assets				
Current Liabilities				
Accounts Payable	840	525	315	-
Interest Payable	6,369,271	5,095,416	1,273,855	6,369,271
Accrued Expenses	16,091,478	16,089,228	2,250	16,283,136
Other Current Liabilities	-	-	-	-
Related Party Payables	216,568	200,592	15,976	116,133
Current Bond Maturities	430,000	430,000	-	430,000
Total Current Liabilities	23,108,157	21,815,761	1,292,396	23,198,540
Bonds Payable	365,425,000	365,425,000	-	365,425,000
Bond Premium	24,071,854	24,153,223	(81,369)	24,560,067
Total Liabilities	412,605,011	411,393,984	1,211,027	413,183,607
Net Assets				
Net Assets	67,401,797	67,401,797	-	58,707,158
Net (Loss)/Income	(5,464,718)	(4,564,547)	(900,171)	8,694,639
Total Net Assets	61,937,079	62,837,250	(900,171)	67,401,797
Total Liabilities and Net Assets	474,542,090	474,231,234	310,856	480,585,404

Marin Healthcare District
Income Statement - Actual vs. Budget
June 30, 2021

	6/30/2021			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Rental Revenue	45,912	46,320	(408)	275,473	277,918	(2,445)
Investment Earnings	21,996	9,822	12,174	(37,112)	58,932	(96,044)
Total Income	67,908	56,142	11,766	238,361	336,850	(98,489)
Legal Fees	1,888	10,429	8,541	14,585	62,575	47,990
Accounting Fees	2,250	2,340	90	13,500	14,040	540
Board Compensation	840	1,500	660	5,565	9,000	3,435
Board Expenses	-	1,667	1,667	31	10,000	9,969
Consulting Fees	-	4,167	4,167	-	25,000	25,000
Election Expenses	-	-	-	(60,144)	-	60,144
Charitable Contributions	-	500	500	-	3,000	3,000
Community Education	44,012	7,083	(36,929)	44,012	42,500	(1,512)
Dues	1,000	1,000	-	6,000	6,000	-
MHMC Program Support	16,667	16,667	-	100,000	100,000	-
MHMN Program Support	(17,930)	36,554	54,484	84,273	219,325	135,052
Total Expense	48,727	81,907	33,180	207,822	491,440	283,618
Net Operating Income (Loss) Before Depreciation and Bond Related Revenue and Expense	19,181	(25,765)	44,946	30,539	(154,590)	185,129
Depreciation Expense	995,265	938,804	(56,461)	5,971,590	5,632,826	(338,764)
Net Operating Income (Loss) Before Bond Related Revenue and Expense	(976,084)	(964,569)	(11,515)	(5,941,051)	(5,787,416)	(153,635)
Bond-Related Revenue(Expense)						
Tax Revenue	1,272,733	1,298,559	(25,826)	7,636,397	7,791,353	(154,956)
Bond Fund Earnings	(4,335)	-	(4,335)	(5,152)	-	(5,152)
Bond Interest Expense	(1,192,485)	-	(1,192,485)	(7,154,912)	-	(7,154,912)
Net Income (Loss)	(900,171)	333,990	(1,234,161)	(5,464,718)	2,003,937	(7,468,655)