

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

MONDAY, OCTOBER 28, 2024 @ 5:30 P.M.

Committee:

Chair: Brian Su, MD

Member: Ann Sparkman, RN/BSN, JD

Staff: David Klein, MD, CEO

Eric Brettner, CFO

Liz Lasnier, Controller

Support: Tricia Lee, EA

Guests: Debashis Chowdhury, Jason Levey
(Canterbury Consulting)

Location:

Marin Healthcare District Office

100B Drakes Landing, Road Suite 250

Greenbrae, CA 94904

AGENDA

- | | | <u>TAB</u> |
|----|--|----------------------------|
| 1. | Call to Order / Approval of the Agenda (action) | Su |
| 2. | Approval of the Minutes of the MHD Finance & Audit Committee Meeting of July 29, 2024 (action) | Su #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> | Su |
| 4. | Review: MHD Corporate Investment Portfolio | Brettner/
Canterbury #2 |
| 5. | District Corporate SIP Review (action) | Brettner/
Canterbury #3 |
| 6. | District Financial Reports | Brettner |
| | A. July 2024 | #4 |
| | B. August 2024 | #5 |
| | C. September 2024 | #6 |
| 7. | Adjournment | Su |

Next meeting: TBA

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

100-B Drakes 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 and Audit Committee Monday, July 29, 2024 @ 5:30 pm Marin Healthcare District Office

MINUTES

1. Call to Order

Chair Su called the meeting to order at 5:31 pm.

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

Committee members present: Brian Su, MD (Chair); Ann Sparkman (Board Member);

Staff members present: Eric Brettner (CFO); Mary Hard, Dir, System Budgeting and Reporting;
Tricia Lee, (EA)

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

Approval of the Minutes: It was moved, seconded and carried to approve the minutes of the meeting of the committee on June 19, 2024.

3. Public Comment

There was no public comment.

4. Review Marin Healthcare District FY 2025 Operating Budget

Mr. Brettner presented the 2025 budget (Tab #2) for review and approval, and offered comments.

Open items include General Obligation (GO) Bonds. As discussed in the District Board meetings the hospital requires significant additional seismic work. After further discussion at the Board the budget will be updated to reflect bond issuance/other related costs. Marin Health Clinic Support: The Outpatient Behavioral Health Clinic operating losses have improved significantly, but the clinic continues to generate operating losses in 2024 and is projected to do so in 2025. The hospital would ask the district to consider continuing to fund \$100K to support the Behavioral Health Clinic.

Receipts include a hospital rental income increase of 3.1%. Investment earnings based on conservative expected return from investor advisor. Tax revenue calculated in amount of \$14.3M in total for the 2015 and 2017 Bond Funds.

Legal fee expenses in 2025 are based off 3 years historical data and input from internal legal counsel. Audit fee at a 0% increase to FY2024. Charitable contributions \$6K, plus \$10K to be used at the District Board's discretion. Advertising added \$10K for the Board's discretion. Community Communications and Education \$68K for events, \$16K for reports, and \$4K for Website. Continuing support for the hospital mental health program is \$200K, pending Board approval for continuation.

MARIN HEALTHCARE DISTRICT

100-B Drakes 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 and Audit Committee

Monday, July 29, 2024 @ 5:30 pm

Marin Healthcare District Office

MINUTES

Dr. Su asked for a motion to recommend to the full Board the approval of the budget at the next regular meeting. Ms. Sparkman moved to approve. **Motion approved.**

5. District Financial Reports

A. May 2024

Mr. Brettner reviewed May financials (Tab #3). Rental income slightly behind budget due to lower-than-expected CPI (Consumer Price Index). Investment Earnings had significant improvement noted in May after a poor April. May investment earnings totaled \$8K, bringing the year-to-date figure into positive territory at \$21K. While still below the budget, the situation has improved compared to April's losses.

Legal fees were below budget due to minimal legal activity. Minimal activity was reported for May, with slight increases in cash and investment income. No unusual activity was observed.

B. June 2024

Mr. Brettner reviewed June financials (Tab #3). June saw continued strong investment results, with \$37K in investment earnings. Expenses largely in line with expectations. The district is currently showing a \$50K positive variance through June. The most notable activity for June was an additional \$730K in tax receipts from the county.. The balance sheet for June reflected the additional tax receipts, but otherwise there was little notable activity.

7. Adjournment

Chair Su adjourned the meeting at 6:22 pm.

Tab 2



CanterburyConsulting

Investment Performance Review

Presentation To:

Marin Healthcare District

Presented By:

Canterbury Consulting
610 Newport Center Drive, Suite 500
Newport Beach, California 92660

Quarter Ending September 30th, 2024

Quarter In Review

Third Quarter Commentary

- In the third quarter, U.S. equity performance was more broadly distributed than in previous quarters, with the equal-weighted S&P 500 (9.6%) and Russell 3000 indices (10.4%) outperforming their market-cap weighted counterparts (5.9% and 6.2%, respectively). The Federal Reserve's decision to cut rates spurred a risk-on rally, with small caps posting their second-best quarter since Q1 2021. Mega-cap tech names saw a meaningful pullback over the quarter, with only 3 of the "Magnificent 7" (Apple, Meta, and Tesla) posting positive returns.
- Both international developed and emerging markets equities posted strong returns for the third quarter, with the announcement of Chinese stimulatory measures fueling an EM rally. The MSCI EAFE returned 7.3% for the quarter, while the MSCI EM index returned 8.7%.
- The Federal Reserve cut interest rates by 50 basis points (bps) to a range between 4.75% to 5.00% as inflation showed signs of cooling and concerns around the labor market weakening. Officials' forecasts suggest an additional one to two rate cuts of 25 bps by the end of 2024. The Bank of Canada cut rates by 25 bps twice during the quarter on the back of slowing inflation and a weaker outlook on the labor market.
- U.S. corporate bond spreads in investment grade (92 basis points) and high yield (303 basis points) remained tight during the quarter. Spreads remain well below long-term median levels [1].
- Indicators used to measure U.S. economic activity, such as the ISM Manufacturing and Non-Manufacturing indexes, continued to show mixed signals of contractionary and expansionary activity, respectively, further complicating the inflation and interest rate outlook for the Fed.

As of September 30, 2024

Returns through September 30, 2024

Index	QTD	YTD
Growth MSCI ACWI	6.61%	18.66%
Capital Preservation Bloomberg Global Aggregate	6.98%	3.60%
Inflation Protection Morningstar U.S. Real Asset*	8.32%	9.92%

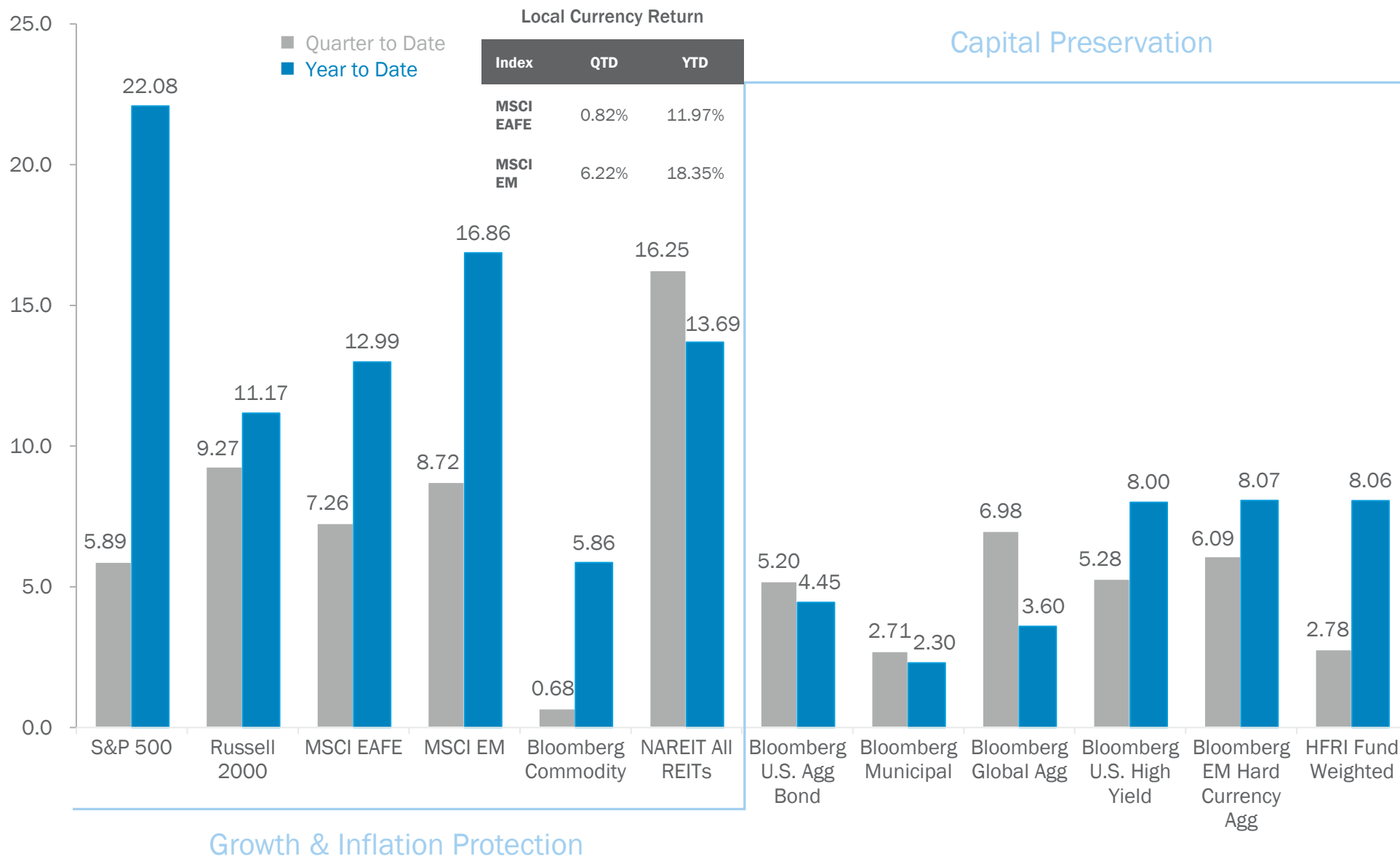
Sources: MSCI ACWI Index, MSCI ACWI ex-US Index, MSCI EAFE Index, MSCI EM Index, Federal Reserve Board of Governors, U.S. Bureau of Labor Statistics, Morningstar

[1] BofA IG & HY spreads data starting Jan 2006

*40% TIPS, 30% L/S Commodity, 15% REITs, 10% Global Nat. Resources, 5% MLPs

Index Returns (%)

Through September 30, 2024



Source: Morningstar

Year over Year Statistics¹

	September 30, 2019	September 30, 2020	September 30, 2021	September 30, 2022	September 29, 2023	September 30, 2024
S&P 500	2,976.74	3,363.00	4,307.54	3,585.62	4,288.05	5,762.48
S&P 500 EPS	164.38	145.73	183.93	222.34	219.91	233.14
P/E of S&P 500	19.24	25.26	25.39	17.15	21.03	24.72
P/E of MSCI EAFE	15.39	21.48	17.23	11.75	13.41	15.51
P/E of MSCI EM	12.99	18.52	15.13	10.77	13.73	16.27
S&P 500 Earnings Yield	5.20	3.96	3.94	5.83	4.76	3.80
Fed Funds Effective Rate	2.04	0.09	0.08	2.56	5.33	5.13
3 Month LIBOR	2.09	0.23	0.13	3.75	5.66	4.85
10 Year Treasury Yield	1.66	0.68	1.49	3.83	4.57	3.78
30 Year Mortgage Rate	3.72	3.08	3.18	7.06	7.74	6.68
Bloomberg U.S. Agg Yield	2.26	1.18	1.56	4.75	5.39	4.23
Bloomberg HY Spread	3.73	5.17	2.89	5.52	3.94	2.95
Gold (\$/oz)	1,472.49	1,885.82	1,756.95	1,660.61	1,848.63	2,634.58
WTI Crude Oil (\$/bbl)	54.07	40.22	75.03	79.49	90.79	68.17
Unemployment Rate	3.50	7.80	4.70	3.50	3.80	4.10
Headline CPI²	1.70	1.40	5.40	8.20	3.70	2.40
VIX Index	16.24	26.37	23.14	31.62	17.52	16.73

Forward Looking Forecasts

	Real GDP ³	CPI ³	Unemployment ³	10-Yr Treasury ³	S&P 500 EPS ⁴	Forward P/E ⁴	MSCI EAFE EPS ⁴	Forward P/E ⁴	MSCI EM EPS ⁴	Forward P/E ⁴
2024	2.6%	2.9%	4.1%	3.74%	\$256.20	22.49	\$169.26	14.59	\$90.41	12.95
2025	1.8%	2.2%	4.4%	3.67%	\$274.11	21.02	\$173.98	14.19	\$97.17	12.05

1) Sources: MSCI, FRED, SP Global

2) Values are carried forward from the most recent reported value (9/30/2024)

3) Forecasts are consensus opinions from forecasting agencies

4) Index Forecasts - Forward 12-month estimate, Forward 24-month estimate

Estimate calculated from quarter end (i.e. Sep. 30, 2024 – Sep. 30, 2025). Price in P/E ratio static as of quarter end.

Current U.S. Economic Conditions: Cautious Growth

Contraction

U.S. GDP Growth

U.S. Unemployment

U.S. Credit Markets

Volatility (VIX)

Yield Curve: Below avg.

Investor Sentiment

Normal Growth

U.S. GDP Growth: Above avg. growth

U.S. Unemployment: Below avg. unemployment

U.S. Credit Markets

Volatility (VIX): Below avg. volatility

Yield Curve

Investor Sentiment: Sig. above average

Panic

U.S. GDP Growth

U.S. Unemployment

U.S. Credit Markets

Volatility (VIX)

Yield Curve

Investor Sentiment

Manic Growth

U.S. GDP Growth

U.S. Unemployment

U.S. Credit Markets: Sig. below avg. spreads

Volatility (VIX)

Yield Curve

Investor Sentiment: Sig. above avg. sentiment

Metrics	Quarter avg.	10-year avg.
U.S. GDP Growth: Prior quarter U.S. Real GDP versus the 10 year U.S. Real GDP average*	3.0%	2.7%
U.S. Unemployment: Quarter avg. unemployment rate versus the 10 year average	4.1%	4.8%
U.S. Credit Markets: Quarter avg. Barclays US Corporate HY Average OAS versus the 10 year average	305	422
Volatility (VIX): Quarter avg. VIX average versus the 10 year VIX average	16.0	18.4
Yield Curve: Quarter avg. 30-year yield minus the quarter avg. 2-year yield versus the 10 year average	27 bps	98 bps
Investor Sentiment: Quarterly Sentiment spread versus the 10 year average spread. Spread measured by difference between Bull Sentiment Index and Bear Sentiment Index.	20.5	1.7

*U.S. GDP Growth is the current, end of previous quarter reading

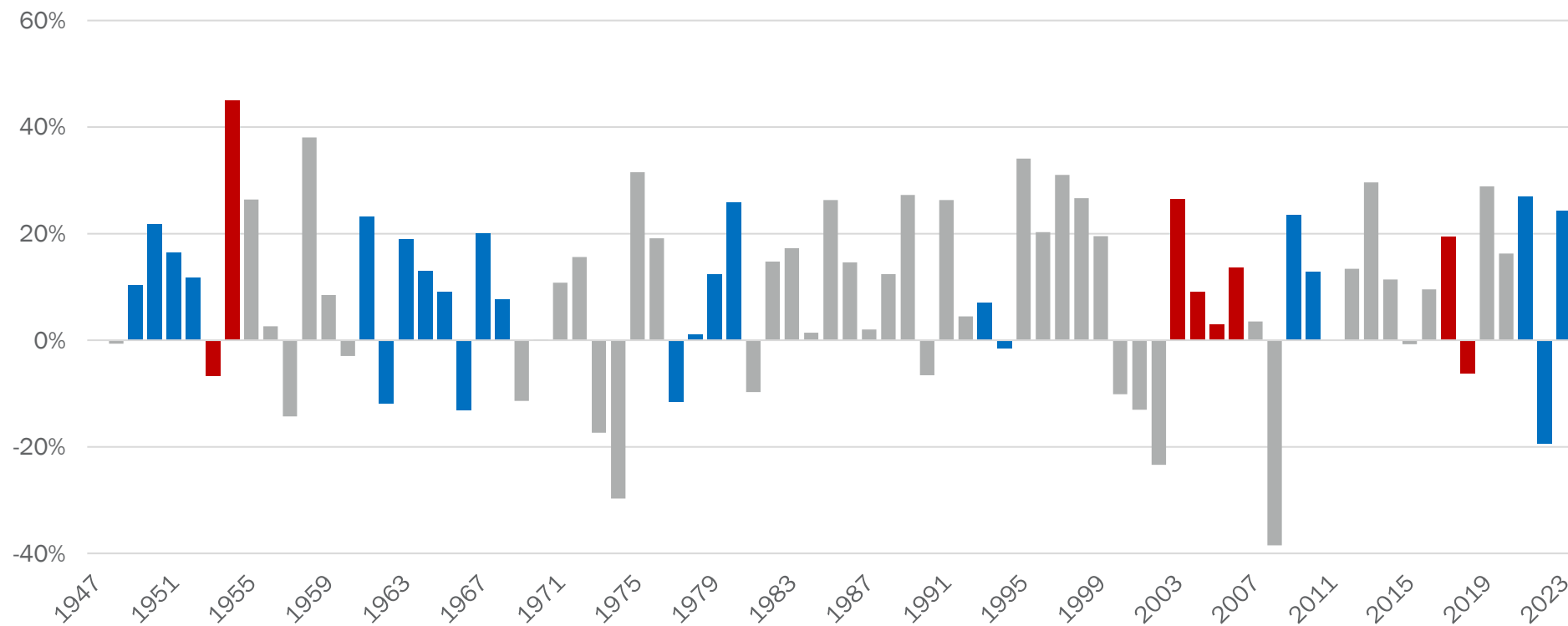
Sources: FRED, MSCI, SP Global



Government Control¹ and Equity Performance

As of September 30, 2024

Calendar Year Returns of the S&P 500 Price Index



	Average Performance	% of Time
Republican	12.9%	11%
Democrat	9.9%	29%
Divided Gov't	7.9%	61%

¹ - "Control" is defined as a singular party controlling both chambers of Congress as well as the presidency, while "divided" is defined as any instance where one party controls the presidency, and another party controls either the House or Senate.

The above data has been presented for illustration purpose only and is not to be construed as predictive of future results. Canterbury does not associate any direct relationship between election outcomes and equity market performance.

Source: J.P. Morgan Asset Management and Morningstar Direct. Data indicates historic calendar year performance..

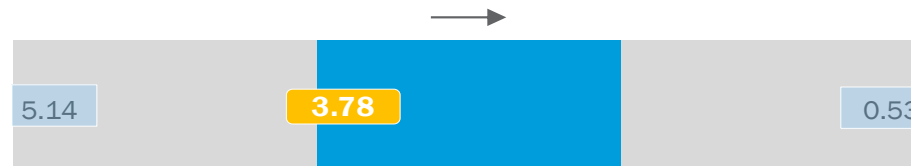
Global Positioning Indicators

As of September 30, 2024

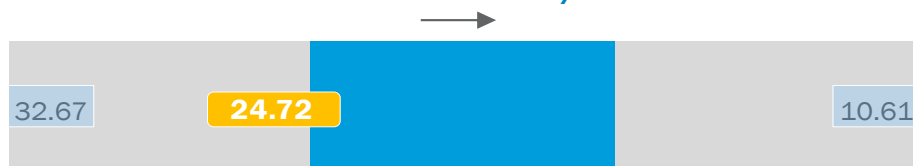
U.S. Real GDP (Qtr.)



10-Year Yield



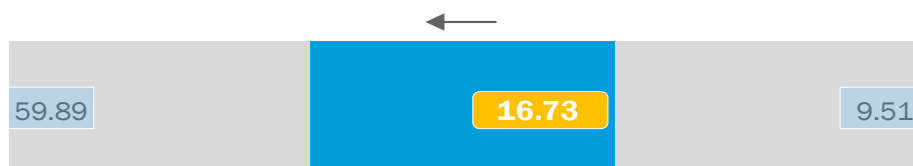
Current U.S. P/E



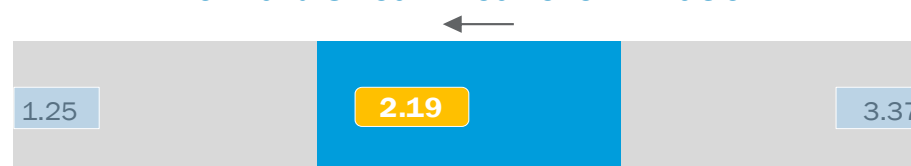
High Yield Spread



VIX



Forward 5-Year Breakeven Inflation



Unemployment Rate



Investor Sentiment



Current

+/- 1 Standard Deviation From the Mean

20-Year High and Low

Sources: FRED, MSCI, SP Global

Portfolio Review

- During the third quarter, the Total Fund Composite was up 5.1%, underperforming the Policy Index benchmark by 0.5%. At the end of September, the market value of the fund was \$3.93 million.

Performance Review

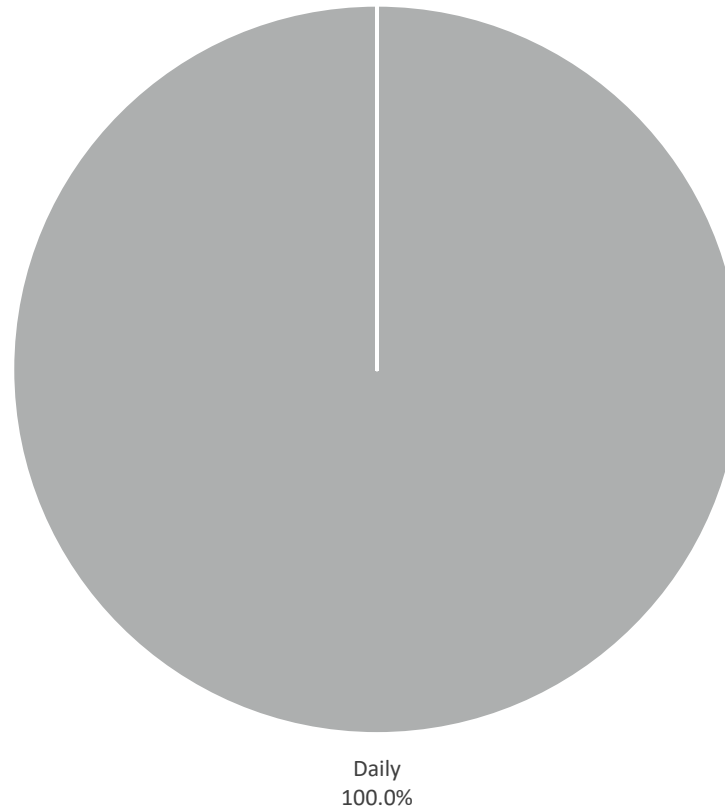
- Equity markets had a strong quarter as central banks across developed countries began to reduce their short term borrowing rates. Participation was broad-based across regions and market capitalization. Financials and Industrials sectors contributed to the quarter's strong return in the US even as Technology names were more volatile. For the quarter the US Equity segment of the portfolio was up 6.3% relative to the Russell 3000 index that was up 6.23%. This puts the YTD performance for the segment at 20.6%.
- Non-US equities outperformed their US equity peers, helped by some weakening in the US dollar. As names in the Financial and Industrial sectors appreciated in the first half of the year, active managers have taken the opportunity to trim these and rotate into areas that have not appreciated as much. Managers that were underweight China and India were hurt this year as these markets rallied while commodity-oriented economies such as Brazil saw a pullback in their markets. For the quarter the non-US equity segment of the portfolio was up 7.7% relative to the MSCI AC World ex USA benchmark that was up 8.1%. YTD performance for the segment is at 13.3%.
- The bond markets rallied during the quarter in response to the Chairman Powell's indication that the Federal Reserve would likely cut rates at the September meeting. The US Aggregate bond index was up more than 5.2% for the quarter, pushing YTD returns to positive territory as well. High yield has made positive contributions over the core fixed benchmarks for the quarter as the BoA HY index is up over 8% on a YTD basis. The fixed income segment of the portfolio is up 4.8% for the quarter.
- Among private equity managers we are starting to see a pick up in deal activity as positive performance in public equities and the prospect of lower rates is making it possible to underwrite transactions with better terms. We saw capital calls made by the Canterbury PC Funds in June this year and expect another 5-6% in capital calls again in December. Within private credit funds, the consistent distribution of cash covers much of the cashflow needed to meet the capital calls from the underlying funds. However, the pick up in private equity dealmaking also fosters greater lending activity by these funds.

Compliance

- As of September 30, 2024, the portfolio targets were in line with the ranges stated in the IPS.

Liquidity

- The portfolio contains a blend of public equity and fixed income mutual funds which both provide daily liquidity



	Allocation			Net-of-Fees Performance (%)							
	Market Value \$	%	Policy(%)	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date
District Corporate	\$3,933,311	100.0	100.0	5.1	6.7	13.7	(0.4)	0.9	1.4	1.9	May 2016
Policy Index (District Corporate) ¹				5.6	7.0	15.3	(1.0)	0.4	1.2	1.1	
Global Equity Composite	\$793,802	20.2	20.0	6.8	17.8	-	-	-	-	23.7	Dec 2023
MSCI AC World Index (Net)				6.6	18.7	31.8	8.1	12.2	10.2	24.4	
US Equity Composite	\$515,321	13.1	13.0	6.3	20.6	-	-	-	-	26.7	Dec 2023
Russell 3000 Index				6.2	20.6	35.2	10.3	15.3	13.7	27.0	
Vanguard S&P 500	\$435,987	11.1	-	5.9	22.0	-	-	-	-	27.6	Dec 2023
S&P 500 Index (Net)				5.8	21.7	35.8	11.4	15.4	13.9	27.2	
Brown Advisory Small Value	\$40,958	1.0	-	10.5	13.7	-	-	-	-	24.6	Dec 2023
Russell 2000 Value Index				10.2	9.2	25.9	3.8	9.3	6.6	22.8	
WCM Small Growth	\$38,376	1.0	-	6.5	7.6	-	-	-	-	18.4	Dec 2023
Russell 2000 Growth Index				8.4	13.2	27.7	(0.4)	8.8	7.6	26.8	
Non-US Equity Composite	\$278,481	7.1	7.0	7.7	13.3	-	-	-	-	18.8	Dec 2023
MSCI AC World ex USA (Net)				8.1	14.2	25.4	4.1	7.6	5.4	20.0	
Dodge & Cox International	\$141,825	3.6	-	10.0	13.4	-	-	-	-	18.8	Dec 2023
MSCI AC World ex USA (Net)				8.1	14.2	25.4	4.1	7.6	5.4	20.0	
American Funds EuroPacific Growth	\$136,656	3.5	-	5.4	13.0	-	-	-	-	18.7	Dec 2023
MSCI AC World ex USA (Net)				8.1	14.2	25.4	4.1	7.6	5.4	20.0	
Fixed Income Composite	\$3,138,384	79.8	80.0	4.8	4.8	11.6	(1.0)	0.5	1.1	1.7	May 2016
Blmbg. U.S. Aggregate Index				5.2	4.4	11.6	(1.4)	0.3	1.5	1.5	
CCI Core Bond	\$1,237,712	31.5	-	5.9	5.3	13.3	(1.1)	1.3	2.2	2.2	May 2016
Blmbg. U.S. Aggregate Index				5.2	4.4	11.6	(1.4)	0.3	1.5	1.5	
WAMCO Core Plus	\$702,410	17.9	-	5.2	3.3	13.0	(3.6)	-	-	(2.5)	Sep 2020
Blmbg. U.S. Aggregate Index				5.2	4.4	11.6	(1.4)	0.3	1.5	(1.3)	
Payden Limited Maturity	\$723,216	18.4	-	1.9	4.9	6.8	3.8	-	-	3.1	Sep 2020
90 Day U.S. Treasury Bill				1.4	4.0	5.5	3.5	2.3	2.2	2.6	

CCI Core Bond track record includes history for the MetWest Total Return mutual fund prior to the funding of the co-mingled fund in March 2020.

	Allocation			Net-of-Fees Performance (%)							
	Market Value \$	%	Policy(%)	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date
DoubleLine Total Return	\$475,047	12.1	-	5.7	6.0	12.8	-	-	-	5.8	May 2023
Blmbg. U.S. Aggregate Index				5.2	4.4	11.6	(1.4)	0.3	1.5	4.5	
Cash Composite	\$1,125	0.0	0.0	0.1	0.4	0.5	-	-	-	0.5	Feb 2023
90 Day U.S. Treasury Bill				1.4	4.0	5.5	3.5	2.3	2.2	5.3	
Cash	\$1,125	0.0	-	0.1	0.4	0.5	-	-	-	0.5	Feb 2023

CCI Core Bond track record includes history for the MetWest Total Return mutual fund prior to the funding of the co-mingled fund in March 2020.
⁴Russell 3000 Index: 11.00%, MSCI AC World ex USA (Net): 9.00%, Blmbg. U.S. Aggregate Index: 80.00%

Capital Market Assumptions W/O Valuation Adjustment

2024 Assumptions

Asset Class	Index Proxy	Nominal Return (%)	Standard Deviation (%)
Growth Assets			
Equity - Global	MSCI ACWI	6.0	15.1
Equity - US	MSCI US	4.4	13.9
Equity - Non-US Dev	MSCI EAFE	7.0	16.4
Equity - Canada	S&P/TSX	7.0	19.3
Equity - EM	MSCI EM	9.1	21.4
Private Capital	Cambridge PE	9.0	10.4

Capital Preservation Assets

Fixed Income	Barclays US Aggregate	5.1	3.2
Fixed Income - Non-US Dev	Barclays Agg ex US	2.8	7.6
Fixed Income - Credit	Barclays US High Yield	6.6	9.1
Fixed Income - Muni	Barclays Municipal	4.1	4.0
Private Credit	50/50 BofA US HY/LSTA Leveraged Loan	6.0	7.2
Hedge Funds	50/50 HFRI Equity Hedge/Credit	5.7	6.1
Liquid Alternatives	60% ACWI/40% Barclays Global Agg	5.5	10.0
Cash	3-Month T-Bills	3.9	0.5

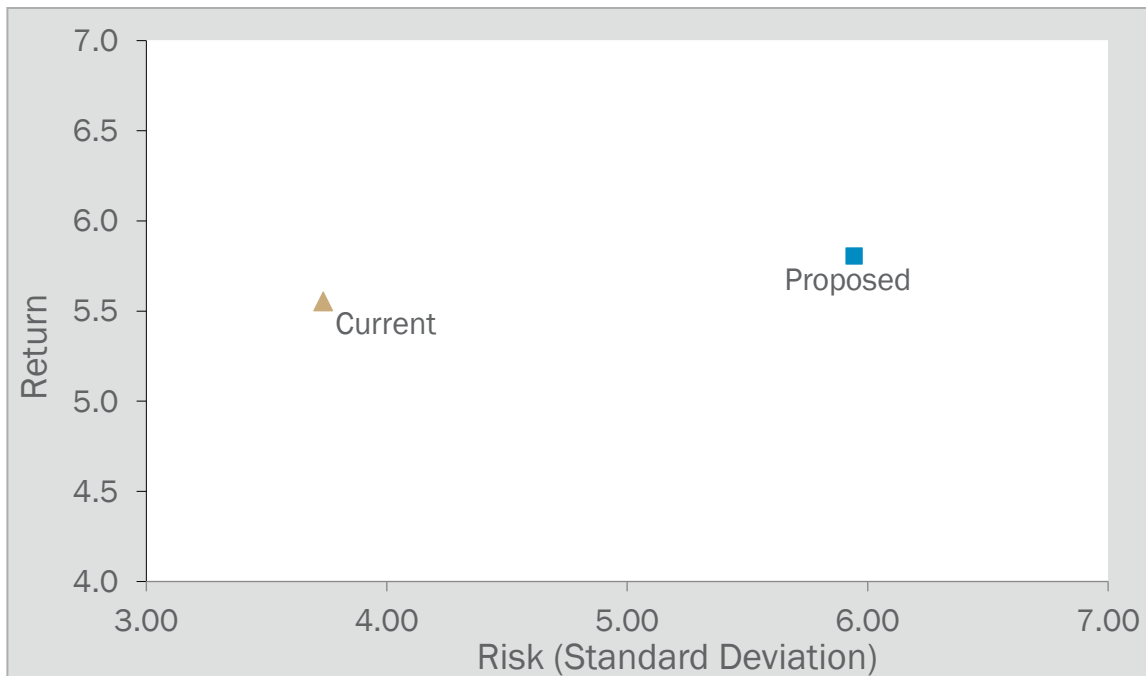
Inflation Protection Assets

Real Assets	Morningstar US Real Asset	4.4	7.0
TIPS	Barclays US TIPS	4.2	5.5
Commodities	Bloomberg Commodity Index	4.6	16.2
REITs	FTSE NAREIT All Equity REIT Index	3.4	22.0
Commodity Stocks	S&P N.A. Natural Resources	5.3	20.4

Inflation Expectations

U.S. Inflation (%)	2.34
Global Inflation (%)	2.39

Current vs. Proposed Allocation



Asset Class	Current	Proposed
Growth Assets	20.0	40.0
Public Equity	20.0	40.0
US Equity	13.0	26.0
Non-US Equity	7.0	14.0
Capital Preservation Assets	80.0	60.0
Fixed Income	80.0	60.0
Core	80.0	60.0
Expected Return	5.55	5.80
Standard Deviation	3.74	5.94

Asset Allocation

Allocation

- The table to the left provides the expected risk and return for the District Corporate's current portfolio target weights compared to a proposed portfolio with an increased allocation to growth assets in the form of global equity.
- With the increase to growth assets, the return and risk as measured by standard deviation both increase.

Value at Risk

5%, 1%, and 0.1% Value-at-Risk

Asset Class	Current	Proposed
Growth Assets	20.0	40.0
Public Equity	20.0	40.0
US Equity	13.0	26.0
Non-US Equity	7.0	14.0
Capital Preservation Assets	80.0	60.0
Fixed Income	80.0	60.0
Core	80.0	60.0
Expected Return	5.55	5.80
Standard Deviation	3.74	5.94
5% Value-at-Risk*	(\$20,000)	(\$160,000)
1% Value-at-Risk	(\$120,000)	(\$320,000)
0.1% Value-at-Risk	(\$240,000)	(\$500,000)

*5% VaR means there is a 95% probability no annual drawdown will exceed the calculated value in any given year assuming a normal distribution.

Value-At-Risk assumptions are based on a \$4MM portfolio value and are rounded to the nearest thousand.

Drawdown Analysis

- Canterbury measures the annual value-at-risk (“VaR”) of portfolios to illustrate their loss potential
- 5% VaR means there is a 5% probability that the portfolio will drawdown by at least the calculated value shown in a period of one year.
- These calculations are based on a normal distribution. However, empirical data shows that financial markets are not normally distributed and will incur losses more frequently and at a greater magnitude than projected.

Information Disclaimer

The information set forth herein is confidential, and is for the sole use of our client and only in connection with the purposes for which it is presented. By accepting delivery of this document, the intended recipient agrees that:

The information set forth and the methodologies utilized herein are proprietary to Canterbury Consulting Incorporated (“Canterbury”); and

No part hereof will be reproduced for any reason, transferred or disclosed to others, or utilized for other than the express purposes set forth herein without the prior written consent of Canterbury, which consent may be withheld in Canterbury’s sole discretion.

Canterbury has exercised all reasonable professional care in preparing this report. However, we cannot ensure the accuracy of all the information contained in each investment value and performance measurement. Additionally, as clients may have investments with different managers, including managers not recommended by Canterbury, Canterbury is not involved in determining and/or reporting those values and therefore there may be a risk that the reproduction of these values on the Investment Performance Review could be inaccurate. Canterbury shall not be liable to customers or anyone else for inaccuracy, inauthenticity of information, errors, or omission of content contained herein. Regardless of the cause of such inaccuracy, inauthenticity, error, or omission, in no event shall Canterbury be liable for related or consequential damages.

This Investment Performance Review is provided as a management aid for our customers’ internal and informational use only, may include assets not covered by the SIPC, and may not reflect your actual portfolio. Please refer to your underlying custodial statements for more information. Data is taken directly from the underlying account’s current period statement and, in the case of private equity holdings, is calculated by adding/subtracting any current period contribution distribution to or from the prior period statement. The results are not to be distributed to any other party unless in full conformity with prevailing FINRA and SEC regulations. The Investment Performance Review does not constitute a recommendation by Canterbury and cannot be used for advertising or sales promotion purposes.

Please contact us at 949-721-9580 with any questions regarding the measurement, calculations, underlying custodial accounts, or any other information related to this report.

Information Disclaimer (cont'd)

The report contains information specific to the client, including investment as well as non-investment assets that are structured per the client's directive. The report provides information on assets that are tracked by Canterbury as well as personal assets, based on client request, that are designated and tracked by the client. In many cases the latter are distinguished as client designated assets. While not comprehensive, the following provides some guidance on the parameters of the reporting:

- **Client Designated Assets** – assets that are made solely by the client outside of their engagement with Canterbury. Information on these assets is derived from client designated resources, such as the client's accountant, tax attorney, the client themselves, etc. "Personal Use assets" may include real estate, art, vehicles, etc, the value of which is gathered from the client. These may not be investment assets and there is no expectation that these assets can be monetized for the value shown in the report. Personal assets and client designated assets that are not tracked in Canterbury's performance system are not included in the calculation of composite investment performance
- **Sourcing of Information:** Canterbury relies on custodians and administrators, third party record keepers and other sources that it deems reliable for data that is used to report performance in this report. Client designated assets are reported based on sources designated by the client but not validated by Canterbury. Canterbury will not be held liable for the accuracy of any information gathered for reporting purpose.
- **Periodicity of reporting:** While the performance update is as of the end of a month as shown, the updated performance and market value information is available at varying intervals for different kinds of investments. Private funds are often reported on a quarterly basis and at a lag given the timing of the availability of information. Direct investments are updated infrequently, on an ad hoc basis and dependent on transaction activity.
- **Dollar Gains:** Any information on dollar gains or losses for individual investments should be seen in light of the beginning value of the investment. The gain in performance may be small if the dollars gained or lost are small in relation to the size of the asset.
- **Projections:** Exhibits showing cashflow forecasts or projections are based on models that rely on assumptions related to timing and size of capital calls, spending, contributions, distributions, possible gains over time based on the historical patterns of similar investments in the asset class. These are for illustrative purposes only and are not to be relied on for accuracy. There is no guarantee that actual future cash flow will match those shown. Forecasted liquidity schedule shown are for illustrative purpose and may assume no change in market value in the future. There is no guarantee that future values will be as shown in the tables.

Consulting Team

D. Robinson Cluck

Chairman

(949) 718-2229

bcluck@canterburyconsulting.com

Donny LoPiccolo, CFA

Vice President

(949) 718-2261

dlopiccolo@canterburyconsulting.com

Outsourced Chief Investment Officer

Poorvi Parekh

Director of Outsourced Investments

(949) 718-2224

pparekh@canterburyconsulting.com

Ethan Henry

Investment Analyst

(949) 718-2265

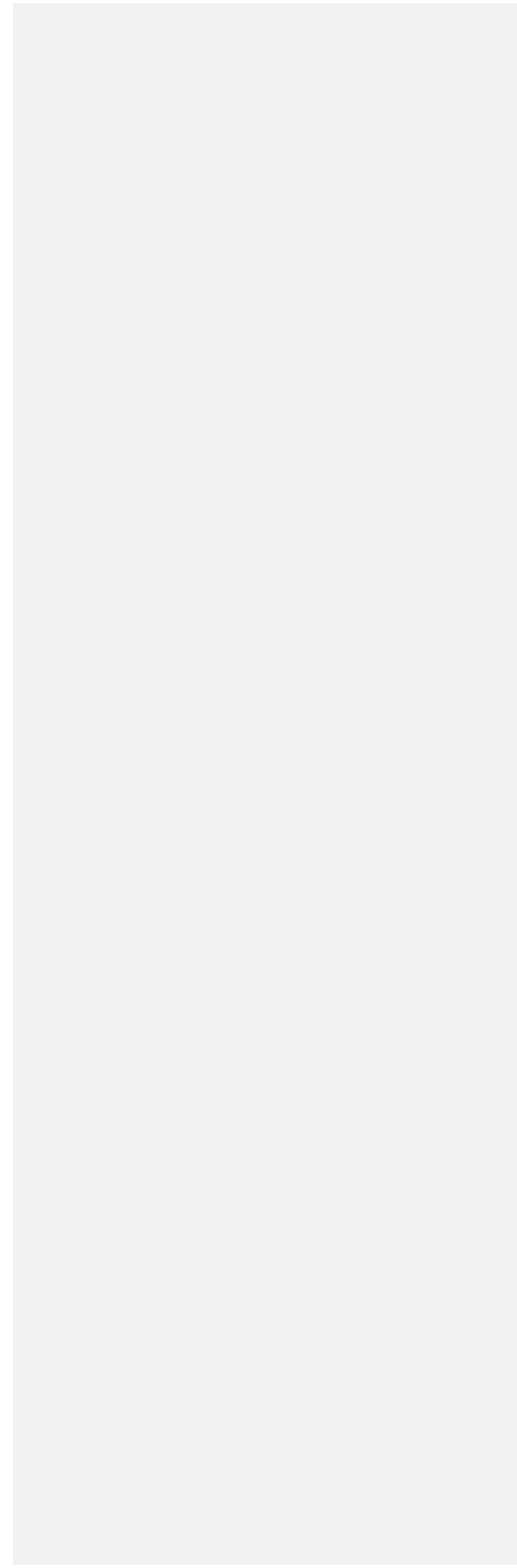
ejhenry9@canterburyconsulting.com

Tab 3

Marin Healthcare District Corporate Portfolio

Statement of Investment Policy

Draft: As of July 2023



Marin Healthcare District

Statement of Investment Policy

Purpose and Scope

This Statement of Investment Policy (the “Policy”) governing the management of the investment assets held as a Corporate Portfolio, (the “Corporate Portfolio”) by or for the benefit of Marin Healthcare District (the “District”) is created to set forth the Corporate Portfolio’s investment objectives, allocate responsibility for the management and oversight of the Corporate Portfolio, provide the policy parameters within which assets are to be managed and against which the success of the investment function is to be evaluated, and ensure compliance with applicable rules and regulations

It is expected that all those involved in the management and oversight of the Corporate Portfolio will act in such a way as to enable the District, as best as possible, to attain the objectives stated in the Policy.

It is intended that the guidelines set forth in the Policy will be both sufficiently specific to be meaningful and flexible enough to be practical.

Marin Healthcare District

Statement of Investment Policy

Investment Goals & Philosophy

The MHD Board has determined that the assets in the Corporate Portfolio are to be invested, with due regard to preservation and growth of principal, as to maintain the liquidity needs of the District, as a supplement to other District's resources, to support the District's operations. It is the Board's expectation that this objective will be best met if the Corporate Portfolio is managed as a balanced portfolio consisting of, but not limited to, equity and fixed income securities.

Background

The purpose of the Policy is to set forth the guidelines whereby surplus funds are invested by the District in accordance with statutory guidelines and a prudent balance between Fund preservation, liquidity, and return on investment. As provided in Section 53600.3 of the Government Code, except as provided in subdivision (a) of Section 27000.3 of the Government Code, all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

Definition of Duties

The Marin Healthcare District (MHD) Board & The Finance and Audit Committee

The MHD Board is responsible for broad fiduciary oversight of the District's investments. In exercising that oversight role, the Board has determined that it is appropriate that the MHD Board delegate to the MHD Finance and Audit Committee to assist the MHD Board in formulating appropriate investment policies, in selecting an Investment Advisor and Investment Managers, and in overseeing the investment of the assets held in the Corporate Portfolio. The MHD Board and the Finance and Audit Committee have adopted this Policy as the statement of intent for achieving the District's investment objectives. The MHD Board and the Finance and Audit Committee have the responsibility to:

- Review this Policy at least annually and adopt modifications to this Policy as appropriate.
- Approve the investment policy statement and any future revision of the statement.

Marin Healthcare District

Statement of Investment Policy

- Approve the engagement of an Investment Advisor, including the terms of the Investment Advisor's retention and the scope of activities to be delegated to the Investment Advisor.
- Consider and approve recommendations from the Investment Advisor on Asset Allocation and other strategic matters related to the investment portfolio.
- Implement the hiring and termination of Investment Advisor, whether directly or through an agreement held by an affiliate.
- Develop criteria for the review of the Investment Advisor's performance, conduct that review annually and as otherwise necessary and report the results of any such review to the Board.
- With the Investment Advisor, monitor and evaluate the performance of the Corporate Portfolio including the expenses of managing the Corporate Portfolio at least quarterly and on an ongoing basis.

Commented [JL1]: Removed as it seemed redundant with a later bullet point

In carrying out its responsibilities, the MHD Board may delegate the above duties to the Finance and Audit Committee which will make periodic reports to the MHD Board.

The Financial Officer

The District's Chief Financial Officer, in consultation with the Finance and Audit Committee and the Investment Advisor(s), is responsible for the financial management and enforcement of the investment assets within the context of the Policy. In addition, they will:

- Assure proper custody of the investments
- Negotiate contracts related to investments
- Monitor investment expense

The Investment Advisor

The Investment Advisor has the responsibility to manage the investment funds given a set of asset allocation targets within asset allocation ranges of the portfolio and assist the Finance and Audit Committee and Board in fulfilling their responsibilities for the oversight of the Corporate Portfolio. In exercising its duties, the Investment Advisor will be expected to act in good faith and with the care that an ordinarily prudent person would exercise in managing his or her own assets under similar circumstances.

The Investment Advisor will be expected to take into account not only general economic conditions (including, without limitation, rates of current and expected inflation) and their possible effects upon investment performance, but also whether particular asset classes, and specific assets within those asset classes, will further the District's overall investment strategy, including the risk and return parameters set forth in this Policy.

Marin Healthcare District

Statement of Investment Policy

The Investment Advisor has the responsibility to:

- Assist in the development and revisions, as needed, of the Investment Policy statement, which will include, investment policies, guidelines and objectives for the District's assets, and asset allocation targets and ranges.
- Review, hire and terminate investment managers.
- Review, monitor, and adjust allocation among investment managers within the constraints of the Investment Policy Statement for Asset Allocation.
- Work with the custodian and respective managers to implement cash flow requirements, rebalances, and other investment decisions.
- At least annually and more frequently as necessary, provide the Finance and Audit Committee with performance measurement and evaluation reports for each Investment Manager and for the overall Portfolio's, which shall include:
 - The overall performance results in relation to stated objectives and policy guidelines and specifically in relation to the relevant custom policy index designed for the Portfolio's as defined under "Investment Guidelines and Performance Criteria" below.
 - For Individual Investment Managers,
 - Performance results in relation to stated objectives and policy guidelines, including both rates of return and an examination of the risk an Investment Manager assumed to achieve that return.
 - Comparison of each Investment Manager's performance against their respective benchmarks and peers.
- At least quarterly and otherwise as necessary, review with the Finance and Audit Committee general economic and market conditions or situations and their possible effect on the future performance of the Portfolio's.
- Assist in the selection of one or more trustees, custodians, or administrators if necessary.
- Provide appropriate support to the District's internal staff in their work in maintaining and safeguarding the assets in the Portfolio.

The Investment Managers

Each investment Manager will be expected to act in good faith and to invest the District's assets entrusted to it in the manner described in materials defining the investment philosophy of such Investment Manager. So long as the Investment Manager acts in accordance with its stated investment philosophy, it will have full discretion and authority as to the manner in which it executes that investment strategy, including security selection and the timing of purchases and sales of securities.

Investments held in separate accounts will be held to the investment guidelines for such accounts established by the Finance and Audit Committee, with the advice of the Investment Advisor.

Marin Healthcare District

Statement of Investment Policy

Investments made through a mutual fund governed by the Investment Advisers Act of 1940 will be considered a liquid investment even if the underlying strategy does not fit into a traditional equity or fixed income strategy. Mutual funds and commingled funds shall be held to the specific guidelines of their respective prospectuses.

The investment performance, net of fees, of the portion of the Portfolio managed by each Investment Manager will be measured quarterly and on an ongoing basis against a market index determined by the Investment Advisor and approved by the Finance and Audit Committee.

The Custodians

The Custodians have possession of securities for safekeeping, for settlement of trades and for the collection of income. In addition, the Custodians process contributions and withdrawals, and provide comprehensive monthly statements for each investment in the Corporate Portfolio subject to their control. Each Custodian will be expected to:

- Provide means and procedures to each Investment Manager for the voting of proxies.
- Meet with the Investment Advisor and the staff of the District, as required, to address custodial issues that may be of concern.

Investment Guidelines and Performance Criteria

General

The Board has determined that the assets in the Corporate Portfolio are to be invested, with due regard to preservation and growth of principal, as a balanced portfolio consisting of, but not limited to, equity and fixed income securities.

Investment performance of the Portfolio is to be measured over rolling three- to five-year periods. In addition, the aim is that, on an annualized basis, the performance of the Portfolio's should exceed the Policy Index approved by the Finance and Audit Committee from time to time, as reflected in a resolution adopted at a duly constituted meeting of the Finance and Audit Committee and approved by the Board. As of the date of adoption of this Policy, the Policy Index is set forth in Appendix A.

In managing to achieve the desired returns, it is the intention of the Finance and Audit Committee that the Investment Advisor provide for an allocation of funds in the Corporate Portfolio so as to limit the overall risk of the Portfolio's to a level not to exceed that of a basket of assets mirroring the Policy Index in effect from time to time. Funds will only be invested in instruments in which local agencies are permitted to invest pursuant to Section 53601, et seq., of the Government Code.

Marin Healthcare District

Statement of Investment Policy

Socially Responsible Investing:

It is the Board's desire that MHD's investment program reflect MHD's values. The investment program will seek to invest in companies with strong track records of corporate responsibility and minimize holdings in companies as described in Appendix C.

Asset Allocation

The allocation of assets held in the Portfolio's should be consistent with the objectives of return and risk established by the Finance and Audit Committee and the Board from time to time. These policies, which consider the historic relationships of return and risk among asset classes, are designed to provide the highest probability of meeting or exceeding the Portfolio's return objectives, while limiting risk to the extent practicable.

The table in Appendix B indicates the allowable ranges for each of the major asset categories. Changes in policy ranges may occur as a result of changing market conditions or anticipated changes in the District's needs. While the policy ranges will be reviewed on a regular basis, the Board believes that the need to deviate from the policy ranges would arise infrequently. Any changes in the policy ranges will be evidenced by resolutions adopted by the Finance and Audit Committee and the Board and delivered to the Investment Advisor. See Appendix B.

Rebalancing

To maintain the risk and return characteristics of the Portfolio established by the Board, the Investment Advisor will rebalance the portfolio towards target allocations when contributions to or distributions from the Portfolio are made or when the asset class allocations have fallen outside the allowable ranges established within these guidelines.

Liquidity

The Investment Advisor will be expected to maintain adequate cash reserves to accommodate regular operational needs. While the total Portfolio may include investments that have less than daily liquidity, it is expected that the overall Portfolio will have enough liquidity to (a) provide for the District's expected draws to support the District's operations in both normal and difficult market conditions, and (b) allow for the reallocation of assets to areas of opportunities that may present themselves as a result of changes in market conditions or otherwise.

Marin Healthcare District

Statement of Investment Policy

Investment Manager Fees; Transaction Costs

In recommending individual Investment Managers, the Investment Advisor will be expected to take into account, among the factors to be considered in evaluating the Investment Manager's suitability, the fees charged by such Investment Manager, including any transaction costs to be borne by the District. It is expected that transaction costs will be minimized to the extent practicable.

Benchmarking:

The Board recognizes that an Investment Manager's performance is best measured over a full market cycle. In general terms, the performance of Investment Managers is expected to deviate from their benchmark during any quarter or annual period, but Investment Managers will be expected to outperform their respective benchmarks over rolling 3- to 5- year periods. The benchmark against which any Investment Manager's performance is to be measured will be determined by the Investment Advisor and approved by the Finance and Audit Committee.

Asset Classes

Equities

The purpose of the equity investments, both domestic and international, is to provide capital appreciation, growth of income and current income. This asset class carries the assumption of greater market volatility and increased risk of loss, but also provides a traditional approach to meeting portfolio total return goals. This component includes domestic and international common stocks, American Depositary Receipts (ADRs) and other equity securities traded on the world's stock exchanges or over-the-counter markets.

The allocation to domestic large cap equity will be passively invested in index funds. Active management may be utilized for the U.S. small and mid-cap equity allocation. The investment objective for the domestic equity composite is to outperform the Russell 3000 Index over a normal investment cycle.

The investment objective for the international (developed and emerging) markets equities is to outperform the MSCI ACWI ex US Index over a normal investment cycle.

Fixed Income Securities

The purpose of the fixed income segment is to provide a hedge against deflation, provide a stable component of return, and to minimize the overall volatility of the fund.

The fixed income asset class includes the fixed income markets of the US and the world's other economies. It includes but is not limited to US Treasury and government agency bonds, US and non-US dollar denominated securities, public and private corporate debt, mortgage and asset-backed securities, non-investment grade debt and currencies. Also included are money market instruments

Marin Healthcare District

Statement of Investment Policy

such as commercial paper, certificates of deposit, time deposits, bankers' acceptances, repurchase agreements, and US Treasury and agency obligations. Recommending Investment Managers to manage the fixed income portion of the Portfolio, the Investment Advisor shall take into consideration credit quality, sector, duration, and issuer concentrations in selecting an appropriate mix of fixed income securities. It is expected that Investment Managers managing the Portfolio's fixed income assets will manage those assets actively, so as to be able to pursue opportunities presented by changes in interest rates, credit ratings and maturity premiums.

The allocation to investment strategies will be managed to maintain an average intermediate duration at the level of the overall fixed income segment.

The investment objective for the total fixed income segment is to outperform the Barclays Global Aggregate Bond index over a normal investment cycle.

Cash Equivalents

The percentage of total assets allocated to cash equivalents should provide enough liquidity to support general operational expenses.

Cash equivalents may include a selection of high-quality money market instruments such as U.S. Treasury bills, commercial paper, certificates of deposit [as well as bank Short Term Investment Funds (STIFs)].

Derivatives

Derivatives are financial instruments that derive their value from the value of some underlying security or asset. Derivative instruments may be used in lieu of physical securities when the derivatives offer greater liquidity (lower transaction costs) or greater precision for the purpose of managing a portfolio's market or security exposure, duration, yield curve exposure, credit risk or prepayment risk. Derivatives will be used primarily to hedge or reduce risk, but they may also be used to increase exposure to a market factor or portfolio attribute if that desired exposure is not easily obtainable via physical securities.

The Board recognizes that certain of the Investment Managers selected by the Investment Advisor may utilize derivatives as part of their investment strategies. It is the Board's expectation that the Investment Advisor will carefully review the extent to which any Investment Manager employs derivatives, with due regard to appropriate limitations on the extent to which they are used and the care employed by the Investment Manager in determining the characteristics of any particular derivative, including without limitation duration, counterparty credit quality, asset concentration, etc. Any derivatives used must be highly liquid and have an active secondary market. Derivatives may be used when they offer a more efficient means to manage the portfolio, but they are not to be used for the sole purpose of yield enhancement.

Guidelines for acceptable derivatives instruments and limitations on their use are directly applicable for separate accounts. If commingled funds or mutual funds are utilized, it is recognized that the fund's prospectus will govern the management of the fund. These guidelines then become relevant in fund selection.

Marin Healthcare District

Statement of Investment Policy

Appendix A

Total Fund	Policy Index
District Corporate	24% Russell 3000, 16% MSCI ACWI ex US, 60% Barclays Global Agg

- Formatted: Font: Franklin Gothic Book, Bold, Underline
- Formatted: Centered
- Formatted: Font: Franklin Gothic Book, 12 pt, Font color: Background 1
- Formatted Table

Total Fund	Policy Index
District Corporate	11% Russell 3000/9% MSCI ACWI ex US, 60% Barclays Global Agg

Deleted:

Appendix B

Asset Class	Minimum %	Maximum %
Equity	10%	50%
Fixed Income	30%	100%
Cash	0%	25%

- Deleted: 3
- Deleted: 0

Marin Healthcare District *Statement of Investment Policy*

Appendix C – Socially Responsible Investing

The purpose of the investments of MHD is to provide for the security of the funds and to optimize return on them. At the same time, MHD wants the investment decisions to support the values of MHD. Therefore, we wish to minimize investments in companies which:

- Engage in the manufacturing of materials or weapons that would likely destroy human life.
- Engage in the manufacturing of tobacco products.

Marin Healthcare District *Statement of Investment Policy*

Acknowledged & Agreed

The Investment Policy Statement has been reviewed and approved by the Trustees of the plan assets. Should the Trustees believe at any time that changes, additions, or deletions to this statement are advisable, it shall be his/her full responsibility to recommend them to the Investment Advisor.

APPROVED by the FO of Marin Health

By: _____ Date: _____

Eric Brettner, CFO

By acknowledging in writing the receipt of this statement, Canterbury Consulting agrees to its terms and conditions. Should the Investment Advisor believe at any time that changes, additions, or deletions to this statement are advisable, it shall be their full responsibility to recommend them to the Trustees.

Investment Advisor (Canterbury Consulting)

By: _____ Date: _____

D. Robinson Cluck, Chairman

By: _____ Date: _____

Poorvi Parekh, Director of Outsourced Investments

Tab 4



To: MHD Finance and Audit Committee
From: Eric Brettner, CFO *EB*
Re: July 2024 Financial Report
Date: August 15, 2024

I. General Comments

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

II. Income Statement and Budget

The District's net operating income for the month was \$104,792 which was favorable to budget by \$101,792. The favorable variance is driven by higher than expected investment earnings. Rental revenue from the hospital lease was \$53,913 in July. Investment earnings were comprised of \$12,778 dividend and interest income as well as \$5,822 of realized loss and a \$73,471 increase in the value of investments. The District incurred total operating expenses of \$29,548 which was favorable to budget by \$37,245. The favorable variance was due to lower than budgeted legal fees and election expenses. Depreciation expense was \$989,896 in July. Bond Related Revenues and Expenses included \$1,474,849 of accrued tax revenues less bond fund earnings, and \$1,186,706 of bond interest expense.

III. Balance Sheet

Assets

Cash at July 31, 2024 of \$1,005,153 decreased by \$50,044. The decrease was due to payment of program support and audit fees, offset by rent revenue deposit. Investment account balances of \$3,820,597 increased by \$80,386 from the prior month. Tax revenue receivables are \$8,304,238 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 – Interest & Sinking Funds". These funds total \$12,226,294 at July 31, 2024 to be used for bond principal and interest payments.

**Liabilities and Net Assets**

Interest payable of \$7,608,450 increased by \$1,268,075 from the prior month due to the accrual of interest. Accrued expenses of \$23,137 are primarily comprised of accruals for audit fees and legal fees.

Related party payables of \$8,125 include \$10,653 due to the Hospital for Association of California Healthcare Districts dues and \$2,528 from the Network for bank fees.

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 \$1,250,000 is due in August 2024. 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 \$33,130,945.

Marin Healthcare District
Balance Sheet
July 31, 2024

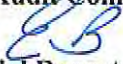
	7/31/2024	6/30/2024	Change	12/31/2023
Assets				
Current Assets				
Cash	1,005,153	1,055,197	(50,044)	867,658
Investment	3,820,597	3,740,211	80,386	3,690,043
Tax Revenues Receivable	8,304,238	6,985,603	1,318,635	6,794,729
Prepaid Expenses	10,622	-	10,622	-
Total Current Assets	13,140,610	11,781,011	1,359,599	11,352,430
Property, plant, and equipment, net	380,446,743	381,354,166	(907,423)	386,798,711
Parking Garage, net	18,699,153	18,781,626	(82,473)	19,276,460
Assets Limited To Use - Interest & Sinking Funds	12,226,294	12,070,079	156,215	11,946,664
Lease Receivable	10,989,350	10,989,350	-	10,989,350
Deposits & Retainers	36,000	36,000	-	36,000
Total Non-Current Assets	422,397,540	423,231,221	(833,681)	429,047,185
Total Assets	435,538,150	435,012,232	525,918	440,399,615
Liabilities and Net assets				
Current Liabilities				
Accounts Payable	945	1,365	(420)	735
Interest Payable	7,608,450	6,340,375	1,268,075	6,340,375
Accrued Expenses	23,137	41,184	(18,047)	28,175
Deferred Lease Inflows	9,915,340	9,915,340	-	9,915,340
Related Party Payables	8,125	53,485	(45,360)	(691)
Current Bond Maturities	1,250,000	1,250,000	-	1,250,000
Total Current Liabilities	18,805,997	17,601,749	1,204,248	17,533,934
Bonds Payable	362,540,000	362,540,000	-	362,540,000
Bond Premium	21,061,208	21,142,577	(81,369)	21,630,790
Total Liabilities	402,407,205	401,284,326	1,122,879	401,704,724
Net Assets				
Net Assets	38,694,891	38,694,891	-	46,565,238
Net (Loss)/Income	(5,563,946)	(4,966,985)	(596,961)	(7,870,347)
Total Net Assets	33,130,945	33,727,906	(596,961)	38,694,891
Total Liabilities and Net Assets	435,538,150	435,012,232	525,918	440,399,615

Marin Healthcare District
Income Statement - Actual vs. Budget
July 31, 2024

	7/31/2024			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Rental Revenue	53,913	54,818	{905}	377,393	383,721	{6,328}
Investment Earnings	80,427	14,975	65,452	138,333	104,823	33,510
Total Income	134,340	69,793	64,547	515,726	488,544	27,182
Legal Fees	345	4,167	3,822	4,073	29,167	25,094
Accounting Fees	2,292	2,292	-	16,042	16,042	-
Board Compensation	945	1,167	222	5,670	8,167	2,497
Board Expenses	-	1,667	1,667	641	11,667	11,026
Consulting Fees	-	-	-	-	-	-
Election Expenses	-	16,667	16,667	-	116,667	116,667
Charitable Contributions	-	1,333	1,333	-	9,333	9,333
Community Education	-	12,083	12,083	32,858	84,583	51,725
Dues	966	1,000	34	6,759	7,000	241
Advertising	-	1,417	1,417	-	9,917	9,917
MHMC Program Support	16,667	16,667	-	116,667	116,667	-
MHMC Program Support	8,333	8,333	-	58,333	58,333	-
Total Expense	29,548	66,793	37,245	241,043	467,543	226,500
Net Operating Income (Loss) Before Depreciation, Bond Related Revenue and Expense, and Other Non Operating Expenses	104,792	3,000	101,792	274,683	21,001	253,682
Depreciation Expense	989,896	989,898	2	6,929,275	6,929,285	10
Net Operating Income (Loss) Before Bond Related Revenue and Expense and Other Non Operating Expenses	{885,104}	{986,898}	101,794	{6,654,592}	{6,908,284}	253,692
Bond-Related Revenue(Expense)						
Tax Revenue	1,425,004	1,258,442	166,562	9,142,220	8,809,096	333,124
Bond Fund Earnings	49,845	5,521	44,324	255,369	38,650	216,719
Bond Interest Expense	{1,186,706}	{1,184,970}	{1,736}	{8,306,943}	{8,294,791}	{12,152}
Net Income (Loss)	{596,961}	{907,905}	310,944	{5,563,946}	{6,355,329}	791,383

Tab 5



To: MHD Finance and Audit Committee
From: Eric Brettner, CFO 
Re: August 2024 Financial Report
Date: September 17, 2024

I. General Comments

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

II. Income Statement and Budget

The District's net operating income for the month was \$75,303 which was favorable to budget by \$72,304. The favorable variance is driven by higher than expected investment earnings. Rental revenue from the hospital lease was \$53,913 in August. Investment earnings were comprised of \$12,679 dividend and interest income as well as \$5,201 of realized loss and a \$40,251 increase in the value of investments. The District incurred total operating expenses of \$36,741 which was favorable to budget by \$30,052. The favorable variance was due to lower than budgeted legal fees and election expenses. Depreciation expense was \$989,896 in August. Bond Related Revenues and Expenses included \$1,478,596 of accrued tax revenues less bond fund earnings, and \$1,182,539 of bond interest expense.

III. Balance Sheet

Assets

Cash at August 31, 2024 of \$1,031,955 increased by \$26,802. The increase was due to rent revenue deposit offset by intercompany payments for program support. Investment account balances of \$3,878,687 increased by \$58,090 from the prior month. Tax revenue receivables are \$9,727,959 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 – Interest & Sinking Funds". These funds total \$3,422,718 at August 31, 2024 to be used for bond principal and interest payments. The decrease of \$8,803,576 from the prior month is due to payment of interest.

**Liabilities and Net Assets**

Interest payable of \$1,263,908 decreased by \$6,344,542 from the prior month due to the payment of interest. Accrued expenses of \$25,333 are primarily comprised of accruals for audit fees and legal fees.

Related party payables of \$13,815 include \$18,498 due to the Hospital for Association of California Healthcare Districts dues and community education, and \$4,683 from the Network for bank fees.

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 \$1,570,000 is due in August 2025. 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 \$32,512,409.

Marin Healthcare District
Income Statement - Actual vs. Budget
August 31, 2024

	8/31/2024			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Rental Revenue	53,913	54,817	(904)	431,306	438,538	(7,232)
Investment Earnings	58,131	14,975	43,156	196,465	119,798	76,667
Total Income	112,044	69,792	42,252	627,771	558,336	69,435
Legal Fees	498	4,167	3,669	4,573	33,333	28,760
Accounting Fees	2,292	2,292	-	18,333	18,333	-
Board Compensation	735	1,167	432	6,405	9,333	2,928
Board Expenses	-	1,667	1,667	641	13,333	12,692
Consulting Fees	-	-	-	-	-	-
Election Expenses	250	16,667	16,417	250	133,333	133,083
Charitable Contributions	-	1,333	1,333	-	10,667	10,667
Community Education	7,000	12,083	5,083	39,858	96,667	56,809
Dues	966	1,000	34	7,725	8,000	275
Advertising	-	1,417	1,417	-	11,333	11,333
MHMC Program Support	16,667	16,667	-	133,333	133,333	-
MHMCN Program Support	8,333	8,333	-	66,667	66,667	-
Total Expense	36,741	66,793	30,052	277,785	534,332	256,547
Net Operating Income (Loss) Before Depreciation, Bond Related Revenue and Expense, and Other Non Operating Expenses	75,303	2,999	72,304	349,986	24,004	325,982
Depreciation Expense	989,896	989,898	2	7,919,171	7,919,183	12
Net Operating Income (Loss) Before Bond Related Revenue and Expense and Other Non Operating Expenses	(914,593)	(986,899)	72,306	(7,569,185)	(7,895,179)	325,994
Bond-Related Revenue(Expense)						
Tax Revenue	1,425,004	1,258,442	166,562	10,567,224	10,067,539	499,685
Bond Fund Earnings	53,592	5,521	48,071	308,961	44,171	264,790
Bond Interest Expense	(1,182,539)	(1,184,970)	2,431	(9,489,482)	(9,479,761)	(9,721)
Net Income (Loss)	(618,536)	(907,906)	289,370	(6,182,482)	(7,263,230)	1,080,748

Marin Healthcare District
Balance Sheet
August 31, 2024

	8/31/2024	7/31/2024	Change	12/31/2023
Assets				
Current Assets				
Cash	1,031,955	1,005,153	26,802	867,658
Investment	3,878,687	3,820,597	58,090	3,690,043
Tax Revenues Receivable	9,727,959	8,304,238	1,423,721	6,794,729
Prepaid Expenses	9,656	10,622	(966)	-
Total Current Assets	14,648,257	13,140,610	1,507,647	11,352,430
Property, plant, and equipment, net	379,539,318	380,446,743	(907,425)	386,798,711
Parking Garage, net	18,616,681	18,699,153	(82,472)	19,276,460
Assets Limited To Use - Interest & Sinking Funds	3,422,718	12,226,294	(8,803,576)	11,946,664
Lease Receivable	10,989,350	10,989,350	-	10,989,350
Deposits & Retainers	36,000	36,000	-	36,000
Total Non-Current Assets	412,604,067	422,397,540	(9,793,473)	429,047,185
Total Assets	427,252,324	435,538,150	(8,285,826)	440,399,615
Liabilities and Net assets				
Current Liabilities				
Accounts Payable	1,680	945	735	735
Interest Payable	1,263,908	7,608,450	(6,344,542)	6,340,375
Accrued Expenses	25,333	23,137	2,196	28,175
Deferred Lease Inflows	9,915,340	9,915,340	-	9,915,340
Related Party Payables	13,815	8,125	5,690	(691)
Current Bond Maturities	1,570,000	1,250,000	320,000	1,250,000
Total Current Liabilities	12,790,076	18,805,997	(6,015,921)	17,533,934
Bonds Payable	360,970,000	362,540,000	(1,570,000)	362,540,000
Bond Premium	20,979,839	21,061,208	(81,369)	21,630,790
Total Liabilities	394,739,915	402,407,205	(7,667,290)	401,704,724
Net Assets				
Net Assets	38,694,891	38,694,891	-	46,565,238
Net (Loss)/Income	(6,182,482)	(5,563,946)	(618,536)	(7,870,347)
Total Net Assets	32,512,409	33,130,945	(618,536)	38,694,891
Total Liabilities and Net Assets	427,252,324	435,538,150	(8,285,826)	440,399,615

Tab 6



To: MHD Finance and Audit Committee
From: Eric Brettner, CFO *EB*
Re: September 2024 Financial Report
Date: October 15, 2024

I. General Comments

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

II. Income Statement and Budget

The District's net operating income for the month was \$82,958 which was favorable to budget by \$79,959. The favorable variance is driven by higher than expected investment earnings. Rental revenue from the hospital lease was \$53,913 in September. Investment earnings were comprised of \$17,466 dividend and interest income as well as \$4,906 of realized loss and a \$46,218 increase in the value of investments. The District incurred total operating expenses of \$29,733 which was favorable to budget by \$37,060. The favorable variance was due to lower than budgeted legal fees, election expenses, and community education. Depreciation expense was \$989,896 in September. Bond Related Revenues and Expenses included \$1,440,001 of accrued tax revenues less bond fund earnings, and \$1,182,539 of bond interest expense.

III. Balance Sheet

Assets

Cash at September 30, 2024 of \$1,061,334 increased by \$29,379. The increase was due to rent revenue deposit offset by intercompany payments for program support. Investment account balances of \$3,933,311 increased by \$54,624 from the prior month. Tax revenue receivables are \$11,151,066 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 – Interest & Sinking Funds". These funds total \$3,439,613 at September 30, 2024 to be used for bond principal and interest payments.



Liabilities and Net Assets

Interest payable of \$2,527,817 increased by \$1,263,909 from the prior month due to the accrual of interest. Accrued expenses of \$27,624 are primarily comprised of accruals for audit fees and legal fees.

Related party payables of \$12,549 include \$19,236 due to the Hospital for Association of California Healthcare Districts dues and community education, and \$6,687 from the Network for bank fees.

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 \$1,570,000 is due in August 2025. 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 \$31,862,933.

Marin Healthcare District
Income Statement - Actual vs. Budget
September 30, 2024

	9/30/2024			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Rental Revenue	53,913	54,817	(904)	485,219	493,355	(8,136)
Investment Earnings	58,778	14,975	43,803	255,243	134,773	120,470
Total Income	112,691	69,792	42,899	740,462	628,128	112,334
Legal Fees	740	4,167	3,427	5,311	37,500	32,189
Accounting Fees	2,292	2,292	-	20,625	20,625	-
Board Compensation	735	1,167	432	7,140	10,500	3,360
Board Expenses	-	1,667	1,667	641	15,000	14,359
Consulting Fees	-	-	-	-	-	-
Election Expenses	-	16,667	16,667	250	150,000	149,750
Charitable Contributions	-	1,333	1,333	-	12,000	12,000
Community Education	-	12,083	12,083	39,858	108,750	68,892
Dues	966	1,000	34	8,691	9,000	309
Advertising	-	1,417	1,417	-	12,750	12,750
MHMC Program Support	16,667	16,667	-	150,000	150,000	-
MHMN Program Support	8,333	8,333	-	75,000	75,000	-
Total Expense	29,733	66,793	37,060	307,516	601,125	293,609
Net Operating Income (Loss) Before Depreciation, Bond Related Revenue and Expense, and Other Non Operating Expenses	82,958	2,999	79,959	432,946	27,003	405,943
Depreciation Expense	989,896	989,898	2	8,909,068	8,909,080	12
Net Operating Income (Loss) Before Bond Related Revenue and Expense and Other Non Operating Expenses	(906,938)	(986,899)	79,961	(8,476,122)	(8,882,077)	405,955
Bond-Related Revenue(Expense)						
Tax Revenue	1,425,004	1,258,442	166,562	11,992,228	11,325,981	666,247
Bond Fund Earnings	14,997	5,521	9,476	323,958	49,693	274,265
Bond Interest Expense	(1,182,539)	(1,184,970)	2,431	(10,672,022)	(10,664,732)	(7,290)
Net Income (Loss)	(649,476)	(907,906)	258,430	(6,831,958)	(8,171,135)	1,339,177

Marin Healthcare District
Balance Sheet
September 30, 2024

	9/30/2024	8/31/2024	Change	12/31/2023
Assets				
Current Assets				
Cash	1,061,334	1,031,955	29,379	867,658
Investment	3,933,311	3,878,687	54,624	3,690,043
Tax Revenues Receivable	11,151,066	9,727,959	1,423,107	6,794,729
Prepaid Expenses	8,691	9,656	(965)	-
Total Current Assets	16,154,402	14,648,257	1,506,145	11,352,430
Property, plant, and equipment, net	378,631,894	379,539,318	(907,424)	386,798,711
Parking Garage, net	18,534,209	18,616,681	(82,472)	19,276,460
Assets Limited To Use - Interest & Sinking Funds	3,439,613	3,422,718	16,895	11,946,664
Lease Receivable	10,989,350	10,989,350	-	10,989,350
Deposits & Retainers	36,000	36,000	-	36,000
Total Non-Current Assets	411,631,066	412,604,067	(973,001)	429,047,185
Total Assets	427,785,468	427,252,324	533,144	440,399,615
Liabilities and Net assets				
Current Liabilities				
Accounts Payable	735	1,680	(945)	735
Interest Payable	2,527,817	1,263,908	1,263,909	6,340,375
Accrued Expenses	27,624	25,333	2,291	28,175
Deferred Lease Inflows	9,915,340	9,915,340	-	9,915,340
Related Party Payables	12,549	13,815	(1,266)	(691)
Current Bond Maturities	1,570,000	1,570,000	-	1,250,000
Total Current Liabilities	14,054,065	12,790,076	1,263,989	17,533,934
Bonds Payable	360,970,000	360,970,000	-	362,540,000
Bond Premium	20,898,470	20,979,839	(81,369)	21,630,790
Total Liabilities	395,922,535	394,739,915	1,182,620	401,704,724
Net Assets				
Net Assets	38,694,891	38,694,891	-	46,565,238
Net (Loss)/Income	(6,831,958)	(6,182,482)	(649,476)	(7,870,347)
Total Net Assets	31,862,933	32,512,409	(649,476)	38,694,891
Total Liabilities and Net Assets	427,785,468	427,252,324	533,144	440,399,615