

# MARIN HEALTHCARE DISTRICT

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## **Board of Directors Finance and Audit Committee Monday, October 28, 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); Tricia Lee, (EA)

*Guest Present:* Debashis Chowdhury; Jason Levey (Canterbury Consulting)

*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 July. 29, 2024.

#### **3. Public Comment**

There was no public comment.

#### **4. Review MHD Corporate Investment Portfolio**

Mr. Levey and Mr. Chowdhury reviewed the corporate investment portfolio (Tab #2). The key focus was an evaluation of the investment policy and a potential increase in equity allocation. Mr. Levey reported that the portfolio's performance for the 3rd quarter showed a return of approximately 5%, with a year-to-date return just under 7%, aligning with the benchmark index. While most investment strategies performed well, WCM, a small-cap U.S. growth manager, lagged slightly due to its conservative investment approach. The committee noted that WCM's long-term track record remained strong and that its current underperformance was largely due to market conditions favoring lower-quality stocks.

The discussion then shifted to asset allocation, specifically a proposed shift from 80% fixed income and 20% equity to a 60% fixed income and 40% equity allocation.

The committee also reviewed the district's cash holdings, which includes:

- Money Market account
- Local Agency Investment Fund (LAIF)
- Checking Account

A proposal was made to reallocate excess cash into fixed-income investments to optimize returns while maintaining liquidity. The committee agreed that maintaining six months' worth of cash on hand was sufficient, and discussions included whether to continue using LAIF or to move funds to Canterbury's

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fixed-income options. Canterbury was asked to research the history and structure of LAIF to determine whether it remains a viable investment vehicle for the district.

The committee then formalized two recommendations to present to the board:

1. Cash Management Strategy:

- Maintain two to three months' worth of cash in a checking account for daily operations.
- Keep an additional three to four months' worth of cash in an easily accessible fixed-income account, either through Canterbury or LAIF.
- Reallocate excess cash into fixed-income investments to generate returns while preserving liquidity.

2. Investment Allocation Adjustment:

- Shift the current investment allocation to 40% equity and 60% fixed income over a six-month phased implementation period.

### **5. District Financial Reports**

*A. July 2024*

Mr. Brettner reviewed July financials (Tab #4) The month of July saw \$80K in investment income, bringing the total investment income for the year to \$138K. Total income stood at \$105K bringing the year-to-date total to \$270. The financial outlook for investment earnings is now positive.

*B. August 2024*

August continued to show strong investment income, with an additional \$58K recorded. The rent income remained consistent at \$54K per month. August reflected a significant bond payment. The district made a \$1.2M payment toward current bond maturities, reducing bonds payable by \$1.5M. The only unusual expense for the month was a \$7K charge for graphic design services by West Valley Group, which was related to the development of the district's website redesign.

*C. September 2024*

Mr. Brettner reviewed September financials (Tab #6). September maintained the trend of strong investment income, contributing to a year-to-date total of \$255K. The month did not include any unusual expenses, aside from routine legal fees, accounting costs, and amortized dues for the ACHD. There were no significant changes to the balance sheet, aside from the expected activity related to scheduled bond payments.

### **6. Adjournment**

Chair Su adjourned the meeting at 6:28 pm.