

MARIN HEALTHCARE DISTRICT

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

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

Website: www.marinhealthcare.org

Email: info@marinhealthcare.org

CLOSED SESSION & REGULAR MEETING OF THE FINANCE AND AUDIT COMMITTEE SEPTEMBER 27, 2016 AT 5:30 P.M.

Roll Call:

Chair: Jennifer Hershon, RN

Members: Jennifer Rienks, JD

Location:

MHD Conference Room at Drakes Landing
100B Drakes Landing Road, Suite 250
Greenbrae, CA 94904

Staff: James McManus, Chief Financial Officer
Jean Noonan, Controller
Michael Lighthawk, Executive Assistant

Regular Meeting Minutes

I. Call to Order

Hershon

- A. Roll Call – All members present.
- B. Approval of Agenda – Agenda approved.
- C. Approval of Minutes: June 27, 2016 – Previous minutes approved.
- D. General Public Comment – Dennis Whip

II. Review & Recommend Approval of Item Discussed in Closed Session

Hershon

- A. **Motion:** Recommend MHD Board approval of the terms of the Amendment to Marin Endocrine Care & Research Professional Services Agreement to add the services of Alex Uihlein, M.D.
 1. Recruitment Component Review (See Memo & Transaction Summary)

So, moved by Member Rienks and seconded by Chair Hershon. All ayes. **Motion passes.**

III. Finance

- A. **MHD Check Signing Procedures Proposal** (Pgs. 6-17 of the packet)

Mr. McManus referred the committee to the red-lined version of the Financial Procedures and Internal Controls (Pgs. 12-17). This policy is reviewed and updated as necessary every two years. Jim called attention to a few specific changes and acknowledged that Jean Noonan had worked on the updates as well.

- Financial system software change – The District had been using Quick Books as its financial system but the District is now using the hospital's system, Paragon.
- Changes to Segregation of Duties – (pg. 14) Assigns duties and charges to the CEO, CFO, and Controller.
- Cash Disbursements – Jim provided the committee background on the current check disbursement process pointing out where the opportunities are to improve the process and save time, including:
 - Eliminate the need for a second board signature. A check run report will be sent out to two board members for review.
 - Add "Controller, in the event that the CEO, CFO, or CAO are unavailable".
- General Controls (Pg. 15) – Referring to the proposed changes where "the CEO/CFO may authorized unbudgeted expenditures up to \$50,000," Member Rienks asked what unbudgeted items would arise outside of the 1206(b) Clinics adding that all other

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expenditures for the District are budgeted? Discussions ensued on the topic of the parameters currently in place that require board approval for check disbursements.

Following discussion, the committee and CFO agreed to change the statement proposed above to "The CEO/CFO may authorize unbudgeted expenditures up to \$50,000 for the operation of the 1206(b) Clinics."

Motion: Recommend that the MHD Board of Directors approve all revisions and edits to the Financial Procedures and Internal Controls policy suggested by management and the committee. Motion so moved and seconded. **Motion Passes.**

B. Financial Reports (Pg. 21-23)

McManus

Mr. McManus stated that payments have been made that payoff those bonds that are reaching one year's maturity (\$12,615,000). The \$2,645,000 represents our current maturities over the next year. These payments are based on the Bond Repayment Schedule. The Assets Limited To Use – Bond Funds as of 8/31/2016 of \$107,588,148 are the funds available to us to pay invoices and expenditures on MGH 2.0. It is projected that we will run out of bond funds by November of next year thus, our expectation is that we will begin the process for the second tranche of bond funds mid-2017.

Depreciation Expense (Pg. 22) – Mr. McManus provided background on the transfer of the parking garage asset to the District. Archer Norris and Orrick had suggested to transfer the garage to the district books when the first bond requisitions were paid. This being done, the garage will now be depreciated on the District's books in 2017.

1206(b) Clinic Performance (Pg. 23) – Currently, there 50 FTE's in the clinics including Behavioral Health, Palliative Care and Nurse Practitioners. Overall, the clinics are meeting budget year-to-date. The expectation is that the clinics will continue to perform as expected.

IV. Bond Compliance Report (Pgs. 25-29)

Noonan/McManus

Bond Requisitions – Ms. Noonan referred to the first slide that shows the 19 bond requisitions made to BNY Mellon as of August 31, 2016 totaling \$63.8M leaving \$104M left in the fund that we can draw to. McCarthy Building Companies receives the greatest amount of bond payments at \$45M followed by Lee, Burkhardt, & Liu, LLC (architects who have been acquired by Perkins/Eastman) at \$5M.

MGH 2.0 (Pg. 27) – As of August 31, 2016, \$77.7M in expenses has been incurred for MGH 2.0.

Project Funds Expended (Pg. 28) – This schedule is provided by Vertran & Associates that captures the building project costs by category from 2010 to August 31, 2016. Projected costs across categories is provided on the next slide which shows projected costs through 2020 and is analyzed and updated monthly.

Bond Compliance – Ms. Noonan pointed out that the District's Bond Indentures requires us to publish a Continuing Disclosure by October 1st of every year. Included with that is the listing of the

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top 20 property tax assessed payers in the District as well as the audited financial statements. These documents are posted publicly on the Electronic Municipal Market Asset website (EMMA); www.emma.msrb.com. Member Rienks suggested that a link be posted to the District website on the Citizen's Bond Oversight Committee web page for the community's reference. Mr. McManus suggested that we include a statement to the effect that our Bond Indenture requires Continuing Disclosure of the use of bond funds. It is also suggested that a press release would be appropriate anytime the District fulfills disclosure requirements related to the bond funds.

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| V. Agenda Items for Next Meeting (November 22, 2016) | Hershon |
| A. 2017 Budget | |
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VI. Adjournment |
Hershon |