



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

FINANCE AND AUDIT COMMITTEE

Regular Meeting

February 26, 2019, 5:30pm

MINUTES

- I. **Call to Order:** Chair Simmonds called the Regular Meeting of the Finance & Audit Committee to order at 5:35pm.
 - A. Roll Call:
 1. Committee Members Present: Harris Simmonds, MD (Chair); Brian Su, MD (Member)
 2. Staff Members Present: Jim McManus (CFO), Michael Lighthawk (EA); Jean Noonan, (Controller).
 - B. Approval of Agenda: **Agenda Approved.**
 - C. Approval of Minutes for November 27, 2018: **Minutes approved.**
 - D. General Public Comment – **No public.**

II. Finance

- A. Financial Report – December 31, 2018

Assets

Jim McManus opened discussion on the Balance Sheet indicating the columns show financials for YE 2018; ME November 30, 2018; YE 2017; as well as the dollar difference between years ending 2017 & 2018. Cash and Cash Equivalents represent \$3.1M of Operating Cash in the general account with Union Bank. This account also includes the \$1M invested in the MHD Corporate Portfolio plus any interest realized to date. Net Patient Revenue of \$4.4M is what the District is due to receive from Clinic Operations in 2018. Tax Revenue Receivables of \$5.1M are the monies from the County of Marin related to the issuance of GO Bonds in 2015 & 2017.

(It was noted that the financials for what was formerly Marin Healthcare District's 1206(b) Clinics, will no longer be reported at the District Finance and Audit Committee in 2019 as Clinic revenues now pass through UCSF's financial systems.)

Total Assets of the District as of December 31, 2018 are \$481M.

Liabilities & Net Assets

Jim pointed out that the Intercompany Payables and Receivables between MGH and MHD is based on the Hospital Lease Agreement where MGH is responsible for the funding of the District Clinics. Current Bond Maturities of \$6.6M is based on the Bond Repayment Schedule with the current annual portion due to be paid in August every year. Intercompany Payables of \$1M is due to MGH from the District reimbursing to the hospital what was advanced to the District as a monthly retainer for Marin Medical Practice Concept's (MMPC) cash flow.



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Income Statement – Jim pointed out that monthly Rental Revenue of \$43K is rent due to the District from MGH based on the current Lease Agreement. Depreciation Expense is the amount depreciated on the Parking Garage; \$118K for December, and \$1.4M year-to-date. MGH Program Support is the \$200K in annual funding approved to support Behavioral Health in Marin. The Operating Income of the District is technically considered a loss due to the depreciation of the Hospital. Tax Revenue is recorded for our auditors to show what is assessed and collected by the County of Marin and passed through the District to BNY Mellon to pay for the bonds.

1206(b) Clinics Dashboard - Jim outlined the financial structure of the Clinics' Dashboard. The Palliative Care After Hours Clinic is funded by Blue Shield. Jim noted that Behavioral Health does not include the offset from MGH. Further discussions ensued regarding the operations of the Clinic's under UCSF and Prima.

B. Financial Report – January 31, 2019

Jim noted that the District Financials will no longer show Clinic Financials unless there are new District 1206(b) Clinics going forward from January 1, 2019.

Jean noted that the District has sold many of the clinic assets previously held by the District to Prima Medical Foundation for \$1.1M which was well above the booked value. Jim added that Cash & Cash Equivalents is now up to \$5.8M from \$3.1M at the end of 2018. January's Total Assets & Liabilities changed little since December 2018.

C. Investment Committee Update (met February 12, 2019)

Jim reported that the initial District cash investment was \$1M and now stands \$1.05M. Funds and allocations in the District Corporate and Bond Proceeds' portfolios are invested differently according to the appropriate risk for each portfolio as defined in each portfolios' Investment Policy.

Dr. Simmonds asked for an overview of the procedure for investing more available cash into the District Portfolio. Jim explained that the MGH Investment Sub-Committee, under advisement from Canterbury Consulting, oversees all 5 of the organizations' portfolios & Investment Policies: MGH Corporate, MGH Foundation, MGH Pension, MHD Bond Proceeds, and MHD Corporate. Recommendations for changes or additions to the portfolios is given to the MGH Finance Committee for approval before being passed on to the respective Board of Directors for final approval. The District Finance & Audit Committee may introduce discussion of adding or changing allocations to the District Portfolios at any time.

Dr. Simmonds agreed that the committee is interested in investing more available cash into the District Corporate Portfolio and asks that the next Finance & Audit Committee have this discussion on the agenda for the March meeting and include Canterbury Consulting.



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D. Citizen's Bond Oversight Committee Update (met February 20, 2019)

Jean Noonan began with outlining the Requisition Process. Vertran & Associates (Ron Peluso) signs off on the requests and present to the CEO, Lee Domanico, for approval prior to submitting to BNY Mellon for payment. Typically, there are about two requisitions submitted per month to BNY Mellon. Currently, there is \$155M in the BNY Mellon bond account. There are 68 requisitions to date totaling \$243M.

III. Audit

A. Moss Adams Audit Planning Letter

Jim McManus presented the Audit Planning Letter where Moss Adams outlines what they are charged with providing to the District relevant to the 2018 Audit. The Report of the Independent Auditors is then reviewed by this committee and presented to the District Board of Directors.

IV. Agenda Items for Next Meeting

- Discuss MHD Corporate Portfolio, allocation and funding with Canterbury Consulting.

V. Adjournment – Chair Simmonds adjourned the meeting at 6:20pm.