



**Finance & Audit Committee
Regular Open Meeting**

March 26, 2019



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

March 26, 2019, 5:30pm

Committee Members

Harris Simmonds, MD (Chair)

Brian Su, MD (Member)

Location:

Marin Healthcare District

100B Drakes Landing Road, Suite 250

Greenbrae, CA 94904

AGENDA

- | | |
|---|---------------------------|
| I. Call to Order | Simmonds |
| A. Roll Call | |
| B. Approval of Regular Meeting Agenda (Action) | |
| C. Approval of Minutes of previous regular meeting of February 26, 2019 (Action) | |
| D. General Public Comment - <i>Any member of the public audience may make statements regarding any items NOT on the agenda. Statements are limited to a maximum of three minutes. Please state your name if you wish to be recorded in the minutes.</i> | |
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| II. Investment | McManus/Canterbury |
| A. Canterbury Consulting: Discuss District Cash, Allocations & Risk | |
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| III. Finance | McManus |
| A. Financial Report – February 28, 2019 | |
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| IV. Agenda Items for Next Meeting | Simmonds |
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| V. Adjournment | Simmonds |

A copy of the agenda for the Regular Meeting will be posted and distributed at least seventy-two (72) hours prior to the meeting. American Sign Language Interpreters may be requested by calling (415) 927-5755 (voice) or (415) 927-5759 (facsimile) at least 48 hours in advance of this meeting.



**Previous Meeting Minutes
February 26, 2019**



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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.



MHD Corporate Investment Policy

Marin Healthcare District Corporate

Section	Updated	Needs Review	No Change	Comments
Investment Plan				
Purpose and Scope			X	
Investment Goals & Philosophy			X	
Background			X	
Definition of Duties			X	
Investment Guidelines and Performance Criteria			X	
Asset Allocation			X	
Managers' Investment Objectives and Guidelines				
Equities			X	
Fixed Income Securities			X	
Cash Equivalents			X	
Derivatives			X	
Appendices				
Appendix A			X	
Appendix B			X	
Appendix C			X	

Marin Healthcare District – Corporate Portfolio

Statement of Investment Policy

Draft: As of **February 7, 2018**

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 ensure a clear understanding of the investment objectives formulated from time to time by the District’s Board of Directors (the “MHD Board”); allocate responsibility for the management and oversight of the Corporate Portfolio among the MHD Board, the Finance & Audit Committee of the Board (the “Finance Committee”), the Marin General Hospital Investment Committee (MGH Investment Committee) and any Investment Advisor and Investment Managers retained to assist in the management of the Corporate Portfolio; and provide the policy parameters within which assets are to be managed and against which the success of the investment function is to be evaluated.

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, so as to provide a continuing source of funds, as a supplement to other District's resources, to support the District's operations. It is the MHD Board's expectation that this objective will be best met if the Corporate Portfolio is managed as a balanced portfolio consisting of equity and fixed income securities, and cash equivalent securities.

Background

The purpose of this Statement is to ensure that 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 a Healthcare District, Investment options are governed by the state of California as set forth in the Government Code chapters on "investment of Surplus" (Section 53600, et, seq.) And "Deposit of Funds" (Sections 53630, et. Seq.)

Definition of Duties

Marin Healthcare District (MHD)

The MHD Board of Directors delegates oversight of the District's Bond Corporate funds and their investment to the MGH Investment Committee which will advise the Finance Committee and the MHD Board on investment options and investment policy. The MGH Investment Committee shall have such other responsibilities that may be delegated in accordance with the District Bylaws or from time to time assigned by the MHD Board of Directors. The MHD Board of Directors is ultimately responsible for the disposition of the District's funds.

The MHD Board & The Finance 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 MGH Investment 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. With the assistance of the MGH Investment Committee, the MHD Board and the Finance Committee has adopted this Policy as the statement of intent for achieving the District's investment objectives. The MHD Board and the Finance Committee has the responsibility to:

- Review this Policy at least annually and adopt modifications to this Policy as appropriate

Marin Healthcare District

Statement of Investment Policy

- Approve the engagement of an Investment Advisor recommended by the MGH Investment Committee, including the terms of the Investment Advisor's retention and the scope of activities to be delegated to the Investment Advisor
- Develop criteria to review the Investment Advisor's performance and, with the assistance of the MGH Investment Committee, review that performance annually and as otherwise necessary
- Consider and approve recommendations developed by the MGH Investment Committee with the assistance of the Investment Advisor regarding asset allocation and other strategic matters related to the Corporate Portfolio, including the management of portions of the Corporate Portfolio by Investment Managers recommended by the Investment Advisor
- Consider and approve arrangements for the custody of the assets in the Corporate Portfolio, including the retention of one or more Custodians

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

The MGH Investment Committee

The MGH Investment Committee is responsible for implementing the investment policies approved by the MHD Board and making recommendations to the MHD Board with respect to possible changes in those policies at such times as the MGH Investment Committee, with the assistance of the Investment Advisor, believes such changes to be appropriate. The MGH Investment Committee will also function as the District's interface with the Investment Advisor and through it with any Investment Managers retained on the advice of the Investment Advisor.

The MGH Investment Committee has the responsibility to:

- Review this Policy at least annually and make recommendations to the MHD Board & Finance Committee with respect to any modifications to this Policy it deems appropriate
- Recommend to the MHD Board & Finance Committee the engagement of an Investment Advisor, the terms of the Investment Advisor's retention and the scope of activities to be delegated to the Investment Advisor
- Approve investment manager(s) to manage the Corporate Portfolio in consultation with the Investment Advisor
- Develop criteria for the review of the Investment Manager's performance, conduct that review annually and as otherwise necessary and report the results of any such review to the MHD Board & Finance Committee
- 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

Marin Healthcare District

Statement of Investment Policy

- Consider and approve arrangements for the custody of the assets in the Corporate Portfolio including the retention of one or more Custodians
- On matters not delegated to the Investment Advisor, including the investment of assets in the Corporate Portfolio not subject to the Investment Advisor’s oversight, consider and approve the arrangements regarding such matters

The Chief Financial Officer (CFO)

The Chief Financial Officer in collaboration with the MGH Investment Committee and the investment consultant(s), is responsible for the financial management and enforcement of the investment assets within the context of the investment 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 shall provide those consulting services required by the MGH Investment Committee and the MHD Board to assist them 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 has the responsibility to:

- Provide advice to the MGH Investment Committee regarding the investment of the Corporate Portfolio subject to the Investment Advisor’s oversight in a manner designed to achieve the District’s investment objectives, including the allocation of those funds among different investment managers.
- Recommend, for retention by the District, the Investment Managers specializing in the management of assets within the asset classes approved by the MGH Investment Committee.
- At least quarterly and more frequently as necessary, provide the MGH Investment Committee and the Finance Committee with performance measurement and evaluation reports for each Investment Manager and for the overall Portfolio, 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 as defined under “Investment Guidelines and Performance Criteria” below.
 - For Individual Investment Managers,

Marin Healthcare District

Statement of Investment Policy

- 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 in order to achieve that return.
- Comparison of each Investment Manager's performance against their respective benchmarks and peers.
- Recommend, as needed, revisions to this Policy.
- 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

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

Marin Healthcare District

Statement of Investment Policy

Investment Guidelines and Performance Criteria

General

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 a balanced portfolio consisting of equity and fixed income securities, alternative investments such as hedge funds and private equity funds, real estate or real estate-linked securities and cash equivalent securities.

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

It is the intention of the Investment Committee that the Investment Advisor provide an allocation so as to limit the overall risk of the Portfolio to a level not to exceed of the Policy Index, as measured by the standard deviation over rolling three and five year periods.

Socially Responsible Investing:

It is the investment committee's desire that the Corporate Portfolio's investment program reflect the Corporate Portfolio'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 Exhibit C.

Asset Allocation

The allocation of assets held in the Portfolio should be consistent with the objectives of return and risk established by the Investment 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 Investment Committee and the Board and delivered to the Investment Advisor. See schedule B.

Marin Healthcare District

Statement of Investment Policy

Rebalancing

In order to maintain the risk and return characteristics of the Portfolio established by the Board, it is understood that there may be a need to 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. The Investment Advisor will make recommendations regarding rebalancing to the Investment Committee or CFO on a quarterly basis and as otherwise necessary.

Liquidity

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

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 Committee, with the advice of the Investment Advisor, at the time of retention of the Investment Manager.

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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 Depository Receipts (ADRs) and other equity securities traded on the world's stock exchanges or over-the-counter markets.

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 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.

Marin Healthcare District

Statement of Investment Policy

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

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Appendix A – Benchmarks

Total Fund	Policy Index	Universe
Corporate Portfolio	100% Barclays Global Capital Aggregate Index	N/A

Benchmarks	Benchmarks	Universe
Fixed Income		
PIMCO Total Return	Barclays Aggregate Index	Intermediate-Term Bond MStar
MetWest Total Return	Barclays Capital Aggregate Index	Intermediate-Term Bond MStar
Brandywine Global Opportunistic	Citigroup World Government Bond Index	World Bond Mstar MF
Templeton Global	Citigroup World Government Bond Index	World Bond Mstar MF
DoubleLine Total Return	Barclays Capital Aggregate Index	Intermediate-Term Bond MStar
Crescent High Income	Crescent Benchmark (50% BofA HY Mstr II/50% S&P LSTA Lev	Intermediate-Term Bond MStar

Appendix B – Asset Allocation

Asset Class	Target %	Min%	Max%
Capital Preservation Assets			
Fixed Income	100	0	100
Cash	0	0	10

Appendix C – Socially Responsible Investing

The purpose of the investments of the Corporate Portfolio is to provide for the security of the funds and to optimize return on them. At the same time, we want the investment decisions to support the values of the Corporate Portfolio. 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



**MHD Financials
February 28, 2019**



To: MHD Finance and Audit Committee
From: Jim McManus, CFO
Re: February 2019 Financial Report
Date: March 19, 2019

I. General Comments

These financial statements contain, in summary format, the balance sheet and income statement. Effective January 1, 2019, clinic results are no longer presented within District financials as the clinics have transitioned to become UCSF clinics.

II. FY 2019 Income Statement and Budget

The net District operating loss for the month was \$118,411 which was unfavorable to budget by \$6,745 primarily due to a payment of \$18,090 for the 2018 Annual Report mailing. Income included rental revenue from the hospital lease of \$44,260, interest income and net unrealized investment gains of \$1,870. The District incurred total expenses of \$164,541, including depreciation expense of \$117,971 associated with the MGH 2.0 parking garage which was completed in August 2016.

III. Balance Sheet

Assets

Cash at February 28, 2019 of \$6,202,334 increased by \$380,106 from January due to collections on clinic accounts receivables for services rendered prior to 2019.

Tax revenue receivables are \$5,184,260 and represent amounts due from the County of Marin. Payments received from the County for debt service are reflected in the Assets Limited To Use – Bond Funds balance.

In August 2016, the hospital parking facility was completed and placed into service. The cost of the garage was transferred from Hospital Construction Costs to Parking Garage. The asset is being depreciated over a period of 25 years.

Intangible Assets representing the Cardiovascular Associates of Marin (CAM) asset purchase price that was deemed to be for medical records and other intangibles were transferred to Prima Medical Foundation in conjunction with the clinic transition.

The balance of the proceeds from the bonds issued in November 2015 and the proceeds from the bonds issued in September 2017, net of issuance costs, are reflected in the account “Assets Limited to Use – Bond Funds”. Hospital Construction Costs incurred to date are \$321,439,593 (including the completed parking garage).

Liabilities and Net Assets

Accounts Payable and Accrued Expenses of \$45,828,208 are comprised of invoices payable and accruals for District and construction expenses. The reduction in liability from January



Creating a healthier Marin together.

results from the semi-annual bond interest payment offset by additional construction expenses.

Bonds payable are separated into current (principal due within one year) and non-current (due in greater than one year). 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 \$48,991,095.

**Marin Healthcare District
Balance Sheet
February 28, 2019**

	2/28/2019	1/31/2019	Change	12/31/2018
Assets				
Current Assets				
Cash and Cash Equivalents	6,202,334	5,822,228	380,106	3,139,682
Net Patient Accounts Receivable	-	-	-	4,426,205
Other Receivables	-	-	-	154,709
Intercompany Receivables (Payables)	(14,089)	(33,110)	19,021	823,666
Inventories	-	-	-	15,692
Tax Revenues Receivable	5,184,260	5,184,260	-	5,184,260
Prepaid Expenses	20,667	4,275	16,392	253,792
Total Current Assets	11,393,172	10,977,653	415,519	13,998,006
Property, plant, and equipment, net	4,337,895	4,373,393	(35,499)	4,678,028
Parking Garage, net	24,059,855	24,142,328	(82,472)	24,224,800
Hospital Construction Costs	297,379,738	294,119,408	3,260,330	262,071,069
Intangible Assets, net	-	-	-	457,827
Assets Limited To Use - Bond Funds	157,655,700	165,055,838	(7,400,138)	175,144,742
Notes Receivable	-	-	-	102,185
Deposits & Retainers	36,000	36,000	-	69,633
Total Non-Current Assets	483,469,188	487,726,967	(4,257,779)	466,748,284
Total Assets	494,862,360	498,704,620	(3,842,260)	480,746,290
Liabilities and Net assets				
Current Liabilities				
Accounts Payable	1,527	1,200	327	-
Accrued Expenses	45,826,681	49,468,775	(3,642,094)	31,383,551
Intercompany Payables	1,000,000	1,000,000	-	1,000,000
Current Bond Maturities	6,645,000	6,645,000	-	6,645,000
Current Maturities of Long-Term Obligations	-	-	-	-
Total Current Liabilities	53,473,208	57,114,975	(3,641,767)	39,028,551
Bonds Payable	366,045,000	366,045,000	-	366,045,000
Bond Premium	26,350,179	26,431,548	(81,369)	26,512,917
Long-Term Obligations, Less Current Maturities	2,878	3,591	(713)	741,866
Total Liabilities	445,871,265	449,595,114	(3,723,849)	432,328,334
Net Assets				
Net Assets - Beginning Balance	48,417,956	48,417,956	-	37,091,305
Net (Loss)/Income	573,139	691,550	(118,411)	11,326,651
Total Net Assets	48,991,095	49,109,506	(118,411)	48,417,956
Total Liabilities and Net Assets	494,862,360	498,704,620	(3,842,260)	480,746,290

**Marin Healthcare District
Income Statement - Actual vs. Budget
For the Month Ended February 28, 2019**

	Month-to-Date			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Rental Revenue	\$44,260	\$44,347	(\$87)	\$88,521	\$88,694	(\$173)
Other Revenue	0	0	0	0	0	0
Investment Earnings	1,870	250	1,620	21,092	500	20,592
Total Income	46,130	44,597	1,533	109,613	89,194	20,419
Legal Fees	6,132	3,333	(2,799)	8,823	6,667	(2,156)
Accounting Fees	2,500	2,500	0	5,000	5,000	0
Board Compensation	1,000	1,017	17	2,200	2,033	(167)
Board Expenses	1,180	2,083	903	1,180	4,167	2,987
Depreciation Expense	117,971	124,996	7,025	235,942	249,992	14,050
Consulting Fees	0	0	0	0	0	0
Charitable Contributions	0	500	500	0	1,000	1,000
Community Education	18,091	4,167	(13,924)	18,091	8,333	(9,758)
Dues	1,000	1,000	0	2,000	2,000	0
MGH Program Support	16,667	16,667	(0)	33,333	33,333	0
Advertising	0	0	0	0	0	0
Total Expense	164,541	156,263	(8,278)	306,569	312,525	5,956
Net District Operating Income	(118,411)	(111,666)	(6,745)	(196,956)	(223,331)	26,375
Non-Operating Income/Expense						
Clinic Activity						
Net Income (Loss) From Clinics	0	0	0	770,097	0	770,097
MGH Clinic Reimbursement	0	0	0	0	0	0
Net Clinic Activity	0	0	0	770,097	0	770,097
Bond-Related Revenue/Expense						
Tax Revenue	0	0	0	0	0	0
Bond Fund Earnings (transferred to construction in progress)	0	0	0	0	0	0
Bond Issuance Costs	0	0	0	0	0	0
Net Income/(Loss)	(\$118,411)	(\$111,666)	(\$6,745)	\$573,141	(\$223,331)	\$796,472