

MARIN HEALTHCARE DISTRICT MEASURE R

R **MEASURE R:** To allow Marin General Hospital to remain a non-profit, locally governed hospital and to require that revenues from the hospital be reinvested into improving patient care, equipment, advanced programs for heart disease, stroke, diabetes, cancer and seismic upgrades, shall Marin Healthcare District continue to lease Marin General Hospital to the non-profit Marin General Hospital Corporation for an annual rent of \$500,000 in accordance with the Hospital Lease Agreement dated August 6, 2014, and Resolution 2014-04 adopted August 5, 2014 ?

YES
NO

COUNTY COUNSEL'S IMPARTIAL ANALYSIS OF MEASURE R

MARIN HEALTHCARE DISTRICT

This measure was placed on the ballot by the Board of Directors of the Marin Healthcare District.

If this Measure is approved by a majority of the vote, Marin Healthcare District will continue to lease Marin General Hospital to the non-profit Marin General Hospital Corporation for an annual rent of five hundred thousand dollars (\$500,000) in accordance with the Hospital Lease Agreement dated August 6, 2014, and Resolution 2014-04 adopted August 5, 2014. Marin General Hospital will remain a non-profit, locally governed hospital and will require that revenues from the hospital be reinvested into improving patient care, equipment, advanced programs for heart disease, stroke, diabetes, cancer and seismic upgrades.

s/STEVEN M. WOODSIDE
County Counsel

The above statement is an impartial analysis of Measure R. If you desire a copy of the measure, please call the elections official's office at 415-473-6437 and a copy will be mailed at no cost to you.

ARGUMENT IN FAVOR OF MEASURE R

Of all the measures Marin voters will vote on this November, Measure R may have the broadest support. Measure R does not raise your taxes nor does it have any impact on your tax bill.

Measure R requires:

- Marin General remains a locally governed, community-owned hospital.
- Marin General operates on a non-profit basis, with all profits reinvested in our community hospital to improve healthcare services, medical equipment, and facilities.

Virtually all Marin County community and civic organization and elected officials support Measure R; as do medical professionals including doctors and nurses.

Marin General Hospital opened in 1952 to provide acute health care services to local residents and is the County's designated Trauma Center. MGH offers a wide range of high quality medical, trauma and psychiatric health care services and is now recognized as one of the best independent, publically owned medical centers/hospitals in the Bay Area. Just this past November, voters overwhelmingly supported a bond measure to modernize the hospital.

The Marin Healthcare District currently leases the hospital to the non-profit Marin General Hospital Corporation to manage the day-to-day operations of the hospital. Members of this non-profit corporation are Marin residents with financial and medical experience and serve without compensation.

California law requires that voters periodically approve the lease (operating) agreement. This agreement requires that revenues from the hospital be reinvested in our hospital to improve healthcare services including patient care, new medical equipment and advanced programs for heart disease, stroke, diabetes, cancer and improved medical facilities.

The lease agreement also requires that the Hospital pay Marin Healthcare District rent sufficient to cover annual District expenses to eliminate any burden on taxpayers.

Approval of Measure R guarantees that the hospital will operate on a non-profit basis and that Marin General Hospital will remain a locally governed, community-owned hospital to serve all residents of Marin County.

s/KATIE RICE

Marin County Supervisor

s/PATRICK BENNETT, MD

Chief of Medical Staff, Marin General Hospital

s/MICHELLE TRACY, RN

Director of Emergency and Trauma Services, MGH

s/JOANNE WEBSTER

President & CEO, San Rafael Chamber of Commerce

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE R

Do not be duped – vote “no” on Measure R. The 1985 decision privatizing Marin’s most valuable public asset – Marin General Hospital – was bad for healthcare and cost taxpayers hundreds of millions. Renewing this failed model will continue to benefit private interests over public wellbeing and accountability – for a long 30-year lease!

The public had to pass the \$675M bond (\$394M principle, \$276M interest) to modernize MGH after private interests stole hundreds of millions under the 1985 lease. Bondholders require **GOOD** management, not **PRIVATE** management.

When lease proponents say “community-owned”, they mean “unelected Board picked by CEO controlling MGH.” To them, “locally-governed” means “people who can have financial conflicts (contracts), meet in secret, spend public funds, and set the CEO’s salary (already \$1.3M).” Not good management.

Marin residents own MGH. We expect elected Directors to oversee it, as do other Districts. All public agencies hire competent executives and delegate day-to-day responsibility. The District owns MGH Corporation. The elected Board should become the private board, as El Camino District did at its hospital.

Public governance is our best hope for re-investing hospital returns to promote public wellbeing. When both elected and private Boards tolerate patient satisfaction in the 50th percentile nationally, voters recognize that privatization failed. Again.

INSIST THAT HOSPITAL OVERSIGHT RETURNS TO ELECTED DIRECTORS. Do not give away voter control again. We do not need this lease.

We were right to oppose the 1985 lease and we are again. Visit www.911mgh.com. Vote NO against Measure R.

s/DIANA D. PARNELL, MD

Former Elected Director, Marin Healthcare District

s/ESTHER BLAU, RN

Former Elected Director, Marin Healthcare District

s/LINDA L. REMY, MSW/PhD

Former Elected Director, Marin Healthcare District

s/FRANK EGGER

Former Mayor, Town of Fairfax

s/LAWRENCE ROSE, MD

Former Senior Medical Officer, CAL-OSHA

ARGUMENT AGAINST MEASURE R

Vote against leasing our publicly-owned Marin General Hospital again. This measure permits:

- Inadequate oversight of patient care
- Inadequate rent
- Loss of transparency and accountability
- Self-dealing private contracts to insiders without public disclosure (MGH CEO salary \$1.3 million)

The 1985 lease conflicts were about quality of care. Before Sutter left, MGH had 500 Health and Safety violations. The District Board was unable to do anything. Since July 2010, California investigated MGH 54 times, levying \$175,000 for safety violations including deaths. Patient satisfaction rank is below national 50th percentile; physicians rank care quality 66th percentile. The second multi-million dollar computer system in four years is in shambles. Nurses again are coming to the District Board with serious safety concerns. The District Board can do nothing about care if voters approve the lease.

Our 1985 MGH lease was so bad that the Legislature outlawed leasing District hospitals without a public vote. Few leases have passed since then and only after \$1 million campaigns by self-interested vendors and administrators. After Eden District leased their hospital, services and facilities began closing, and Eden lost a valiant fight to get it back. Don’t risk losing MGH again.

Voters recently approved a bond to rebuild MGH with no increase in behavioral health beds. The 1985 lease conservatively cost taxpayers \$500 million. That could have rebuilt MGH without the bond that our children’s children will be paying. The proposed tenant-friendly rent represents 0.023 of capital value.

No private entity would sign this document. It is bad business and bad medicine. We do not need this lease. It will bind us for 30 long years. The District Board should manage MGH, like most District Boards. Do not give away control again.

We were right to oppose the 1985 lease. We are right again. Learn more at www.911mgh.com. Vote “No.”

s/DIANA D. PARNELL, MD

Former Elected Director, Marin Healthcare District

s/ESTHER BLAU, RN

Former Elected Director, Marin Healthcare District

s/LINDA L. REMY, MSW, PhD

Former Elected Director, Marin Healthcare District

s/FRANK EGGER

Former Mayor, Town of Fairfax

s/LAWRENCE ROSE, MD, MPH

Former Senior Public Health Medical Officer,
CAL-OSHA

REBUTTAL TO ARGUMENT AGAINST MEASURE R

The opponents of Measure R deliberately mislead voters with inaccurate, untruthful statements.

Here are the facts:

- Measure R guarantees that Marin General Hospital remains a non-profit, locally governed, independent, publically owned hospital.
- Measure R requires that all profits are reinvested into improving patient care, hospital facilities and providing advanced medical technologies in our community.
- Measure R guarantees that the management of the hospital is managed, not by politicians, but by a non-profit board. The members of the non-profit board serve without compensation and have expertise in finance and medicine.
- The opponents' statement that the hospital is in some way failing is just wrong. The hospital recently received national recognition for **outstanding quality** in numerous fields including cancer, heart, stroke and orthopedics.
- Just this year Marin General received the Distinguished Hospital Award from Healthgrades. This award is given to hospitals in the U.S. that produce **clinical quality** outcomes that are at or above the 95th percentile.
- Measure R does not raise your taxes.
- Measure R is supported by members of the Marin Board of Supervisors, the San Rafael Chamber of Commerce, doctors, nurses and members of the city councils throughout Marin County.

Marin General Hospital is Marin County's designated Trauma Hospital and serves the entire community, including Kaiser members. Passage of Measure R will allow our hospital to remain independent and continue to provide critical healthcare services to our entire community.

Please vote YES on Measure R.

s/STEVE KINSEY

Marin County Supervisor

s/MARY JANE BURKE

Marin County Superintendent of Schools

s/TOM PETERS

President and CEO, Marin Community Foundation

s/MIKE GIANNINI

Emergency Medical Services Battalion Chief,
Marin County Fire

s/HEIDI KHUN

Founder and CEO, Roots of Peace

BEFORE THE BOARD OF DIRECTORS OF THE MARIN HEALTHCARE DISTRICT

RESOLUTION 2014-005

CALL FOR NOVEMBER 4 BALLOT MEASURE ELECTION AND CONSOLIDATION

The Board of Directors of the Marin Healthcare District does hereby resolve as follows:

RESOLVED, that pursuant to the authority contained in Section 32121(p) of the Health & Safety Code of the State of California, the Board of Directors of the Marin Healthcare District does hereby call for an election of the voters of the District to be held November 4, 2014, to approve a measure, by a majority of the voters voting on the measure, proposing the transfer of all the real and personal property associated with Marin General Hospital and its campus and operations by long term lease pursuant to the Hospital Lease Agreement dated as of August 6, 2014, and does hereby determine and fix the date of the election as of the 4th day of November, 2014, which date being the first Tuesday after the first Monday in November, 2014. "Full text" is not required to appear in the Sample Ballot Pamphlet.

The ballot measure shall read and appear on the ballot as follows:

Measure R

“To allow Marin General Hospital to remain a non-profit, locally governed hospital and to require that revenues from the hospital be reinvested into improving patient care, equipment, advanced programs for heart disease, stroke, diabetes, cancer and seismic upgrades, shall Marin Healthcare District continue to lease Marin General Hospital to the non-profit Marin General Hospital Corporation for an annual rent of \$500,000 in accordance with the Hospital Lease Agreement dated August 6, 2014, and Resolution 2014-04 adopted August 5, 2014 ?”

Yes _____ No _____

BE IT FURTHER RESOLVED, pursuant to Section 32121(p)(2) of the Health & Safety Code the appraised fair market value range of the Hospital assets being leased is \$21,050,000 to \$23,680,000, based on the report by Value & Information Group, an independent expert on valuation of such facilities, and the consideration received by the District from the tenant, Marin General Hospital Corporation, a California nonprofit public benefit corporation, (“MGH”) in exchange for the 30 year Hospital Lease consists of those considerations set forth in the Board's Resolution 2014-04, incorporated herein, and in particular:

- The District Board has determined that the form of operations that will produce the optimal chance for long term successful provision of nonprofit, community based, hospital and related healthcare services for Marin County is the continued operation of the Hospital by the District's affiliated tax exempt nonprofit corporation under the proposed new 30 year Lease Agreement with MGH, without the burden of significant rent, as opposed to a sale or lease at

full market value to an outside entity without District oversight

- The District will receive base cash rent of \$500,000 per year plus an annual CPI increase
- MGH provides District administrative and secretarial support services, office space, furniture, computer hardware and software and equipment as required for District to conduct its affairs, along with other overhead expenses, including insurance, subject to an annual ceiling of \$509,000, plus an annual CPI increase
- Additional contingent rent paid will be paid if Marin General Hospital achieves both of the following: (a) 150 days of cash on hand, and (b) earnings before interest, depreciation and amortizations (“EBIDA”) that is in excess of the higher of (i) 10% of MGH’s Net Revenue (as determined under GAAP), or (ii) the then-current level of EBIDA as a percentage of Net Revenue required for MGH to achieve an “A” category credit rating (the “Additional Rent Triggers”). When MGHC achieves both of the Additional Rent Triggers, it shall pay Additional Rent in the amount of 2% of any amount of MGH’s EBIDA that is in excess of the second Additional Rent Trigger set forth above
- Marin General Hospital will continue to fund any deficits in the operations of the Marin Healthcare District Medical Care Centers, providing needed physician access for the residents of Marin

BE IT FURTHER RESOLVED, that pursuant to Section 1002 of the California Elections Code, and Section 32121(p) of the Health & Safety Code, this Board does hereby notify the Marin County Board of Supervisors, and the Marin County Elections Department, that this Board chooses to hold such election on the first Tuesday after the first Monday in November, 2014, and requests consolidation with any election that may be held on the same day, in the same territory or in territory that is in part the same.

BE IT FURTHER RESOLVED, that pursuant to Elections Code section 10002 and 10400, the Board of Directors of the Marin Healthcare District hereby requests the Board of Supervisors of the County of Marin to authorize the Marin County Elections

Official to render all services otherwise required to be performed by the Secretary of the District for the election to be held on November 4, 2014. Said services include, but are not limited to:

- Publication of Notices calling the election
- Publication of Notices calling for ballot arguments
- Provision of voter lists
- Preparation, printing of ballots
- Conducting polling place election
- Counting of ballots

- Certification of election
- All aspects of election not specified above that may be agreed upon by the County Clerk or County Registrar of Voters and the Secretary of the District

BE IT FURTHER RESOLVED, that the Chief Executive Officer or Chair of the Board or his/her designee(s) are hereby authorized to execute any other document and to perform all acts necessary to place the measure on the ballot, and to comply with requirements of law and election officials.

BE IT FURTHER RESOLVED, that the Board of Supervisors is hereby authorized and directed to canvass the returns of the election and to certify the results of the election to the District as required by law.

BE IT FURTHER RESOLVED, that the Marin Healthcare District shall reimburse the County of Marin for all costs and expenses incurred by the County in conducting said election upon presentation of a bill to the District.

BE IT FURTHER RESOLVED, that the District Secretary is hereby authorized and directed to file a copy of this Resolution with the Board of Supervisors and the County Clerk upon its adoption by the Board of Directors of the Marin Healthcare District, and contingent upon the approval and execution of the Hospital Lease by the Marin General Hospital corporation on or before August 6, 2014.

PASSED AND ADOPTED this 5th day of August, 2014, by the following votes:

AYES: 4
NOES: 0
ABSENT: 1

s/HARRIS SIMMONDS, M.D., Secretary
Board of Directors of the Marin Healthcare District
s/LARRY BEDARD, M.D., Chair
Board of Directors of the Marin Healthcare District

CERTIFICATE OF SECRETARY
MARIN Healthcare District,
a California Special District

The undersigned, Harris Simmonds, M.D., being the Secretary of Marin Healthcare District (the “District”), hereby certifies for and on behalf of the District that the foregoing and attached Resolution is a true and correct copy of this Resolution of the District, as adopted by the Board of Directors at a properly noticed meeting at which a quorum was present, and that the same is in full force and effect.

DATED this fifth day of August, 2014.

s/HARRIS SIMMONDS
Secretary, Board of Directors