



## SVHCD FINANCE COMMITTEE

### AGENDA

Wednesday February 13, 2019

2:00 pm Special Phone Session

#### Location: Administrative Conference Room

Sonoma Valley Hospital, 347 Andrieux Street

Sonoma CA 95476

248 East Road, Alford, MA 01266

54-500 West Residence Club Drive, La Quinta, CA 92253

930 Amedo Court, Sonoma, CA 95476

62 Westlake Rd, Key Largo, Florida 33037

270 Perkins St, Sonoma CA 95476

Call In Number 866-228-9900, guest code 294221

<p>M In compliance with the Americans Disabilities Act, if you require special accommodations to participate in a Finance Committee meeting, please contact District Clerk Stacey Finn at <a href="mailto:sfinn@svh.com">sfinn@svh.com</a> or (707) 935.5004 at least 48 hours prior to the meeting.</p>	<b>RECOMMENDATION</b>	
<b>AGENDA ITEM</b>		
<p><b>MISSION STATEMENT</b> The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</p>		
<p><b>1. CALL TO ORDER/ANNOUNCEMENTS</b></p>	Nevins	
<p><b>2. PUBLIC COMMENT SECTION</b> <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Board consideration. At all times please use the microphone</i></p>	Nevins	
<p><b>3. UNION BANK LOAN AGREEMENT</b></p>	Nevins	Inform/Approval
<p><b>4. ADJOURN</b></p>	Nevins	



January 25, 2018

Sonoma Valley Health Care District  
Attn: Kelly Mather, CEO  
347 Andrieux Street  
Sonoma, CA 95476-6811

RE: Fourth Amendment ("Amendment") to the Amended and Restated Loan Agreement dated April 8, 2014 ("Agreement")

Dear Ms. Mather:

In reference to the Agreement defined above between MUFG Union Bank, N.A., formerly Union Bank, N.A. ("Bank") and Sonoma Valley Health Care District ("Borrower"), the Bank and Borrower desire to amend the Agreement. Capitalized terms used herein which are not otherwise defined shall have the meaning given them in the Agreement.

Amendment to the Agreement:

(1) Sections 1.1.1 of the Agreement shall be deleted and replaced in its entirety to read as follows:

"1.1.1 The Revolving Loan. Bank will loan to Borrower an amount not to exceed Six Million Seven Hundred Fifty Thousand Dollars (\$6,750,000) on or before March 31, 2020, Five Million Five Hundred Thousand (\$5,500,000) on or before April 1, 2020 and Five Million Dollars (\$5,000,000) on or before April 1, 2021 outstanding in the aggregate at any one time (the "Revolving Loan"). The proceeds of the Revolving Loan shall be used for Borrower's general working capital purposes. Borrower may borrow, repay and reborrow all or part of the Revolving Loan in accordance with the terms of the Revolving Note (defined below). All borrowings of the Revolving Loan must be made before January 31, 2022, at which time all unpaid principal and interest of the Revolving Loan shall be due and payable. The Revolving Loan shall be evidenced by Bank's standard form of commercial promissory note (the "Revolving Note"). Bank shall enter each amount borrowed and repaid in Bank's records and such entries shall be deemed correct. Omission of Bank to make any such entries shall not discharge Borrower of its obligation to repay in full with interest all amounts borrowed.

As of the date of this Agreement, the principal amount outstanding under Borrower's revolving loan with Bank evidenced by the promissory note dated September 6, 2016 ("Old Note") shall be deemed the initial principal amount outstanding under the Revolving Loan, and the Old Note is hereby cancelled and superseded by the Revolving Note.

1.1.1 (a) The Standby L/C Sublimit. As a sublimit under the Revolving Loan, Bank shall issue, for the account of Borrower, one or more irrevocable standby letters of credit (individually, a "Standby L/C"). The aggregate amount available to be drawn under all Standby L/Cs and the aggregate amount of unpaid reimbursement obligations under drawn Standby L/Cs shall not exceed Two Million Five Hundred Thousand Dollars (\$2,500,000) and shall reduce, dollar for dollar, the maximum amount available under the Revolving Loan. All Standby L/Cs shall be drawn on terms and conditions acceptable to Bank and shall be governed by the terms of (and Borrower agrees to execute) Bank's standard form of standby letter of credit application and reimbursement agreement. No Standby L/C shall expire more than three hundred sixty five (365) days from the date of its issuance, and in no event later than January 31, 2023."

Except as specifically amended hereby, the Agreement shall remain in full force and effect and is hereby ratified and confirmed. This Amendment shall not be a waiver of any existing or future default or breach of a condition to covenant unless specified herein. This Amendment shall become effective when the Bank shall have received the acknowledgment copy of this Amendment executed by the Borrower.

Sincerely,

**MUFG UNION BANK, N.A.**

By:   
Name: Ryan Bradley  
Title: Managing Director

Agreed and Accepted to this \_\_\_\_ day of \_\_\_\_\_, 2019.

**SONOMA VALLEY HEALTH CARE DISTRICT**

By: \_\_\_\_\_  
Name: Kelly Mather  
Title: CEO



Borrower Name		
Sonoma Valley Health Care District, a California non-profit corporation		
Borrower Address 347 Andrieux Street Sonoma, CA 95476-6811	Office	Loan Number
	70061	848-043-484-6
	Maturity Date	Amount
	January 31, 2022	\$ 6,750,000.00

MUFG UNION BANK, N.A. ("Bank") is hereby authorized and instructed to disburse the proceeds of that certain promissory note ("Note") evidencing the obligation referred to above in the following manner:

Deposit the proceeds of the above referenced obligation into Borrower's account No. 7000174003 from time to time and in such amounts as may be requested verbally or in writing.

Decrease renewal of obligation no. 0080-00-0-000 which matures January 31, 2019 in the \$ 6,750,000.00 amount of \$7,000,000.00.

Total Disbursement(s): \$ 6,750,000.00

TERMS AND CONDITIONS

- 1. Bank is authorized to charge account number 7000174003 in the name(s) of Sonoma Valley Health Care District for payments, fees and expenses in connection with the Note and all renewals or extensions thereof. If no account number is designated, Borrower agrees to pay Bank's usual and customary fees for non-automated processing.
- 2. Bank shall disburse proceeds in the amounts stated above in accordance with the foregoing authorization or when Bank receives verbal or written authorization to do so from Borrower(s) or any one of the Borrowers, if there are joint Borrowers, but not later than the final date for availability provided in the loan documents. Bank, at its discretion, may elect to extend this date without notice to or acknowledgement by the Borrower(s).
- 3. This Authorization and the Note will remain in full force and effect until the obligations in connection with the Note have been fulfilled.
- 4. Unless dated by Bank prior to execution, the Note shall be dated by Bank as of the date on which Bank first makes funds available to borrower. Notwithstanding anything to the contrary herein, Bank reserves the right to decline to advance the proceeds of the Note if there is a filing as to the Borrower(s), or any of them of a voluntary or involuntary petition under the provisions of the Federal Bankruptcy Act or any other insolvency law; the issuance of any attachment, garnishment, execution or levy of any asset of the Borrower(s), or any endorser or guarantor which results in Bank deeming itself, in good faith insecure.
- 5. Bank is authorized to release information concerning Borrower's credit record and financial condition (i) to suppliers, other creditors, credit bureaus, credit reporting agencies, other credit reporters, and any Guarantors, (ii) to or among departments of Bank and its affiliates, and/or (iii) to other parties pursuant to an order from a governmental agency or court; and Bank is authorized to obtain such information from any third party at any time and to take such other steps as Bank deems appropriate to verify such information provided in connection therewith.

Bank is subject to the USA Patriot Act and hereby notifies Borrower that pursuant to the requirements of that Act, Bank is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow Bank to identify Borrower in accordance with the Act.

The Borrower(s) by their execution of this Authorization accept the foregoing terms, conditions and instructions.

Executed as of: January 25, 2019

Borrower(s):

Sonoma Valley Health Care District, a California non-profit corporation

By: \_\_\_\_\_  
Kelly Mather, Chief Executive Officer



COMMERCIAL PROMISSORY NOTE  
(Base Rate)

Diana Madrid / DR / 33925

Debtor Name		
Sonoma Valley Health Care District, a California non-profit corporation		
Debtor Address	Office	Loan Number
347 Andrieux Street	70061	848-043-484-6
Sonoma, CA 95476-6811	Maturity Date	Amount
	January 31, 2022	\$ 6,750,000.00

\$ 6,750,000.00

Date January 25, 2019

FOR VALUE RECEIVED, on January 31, 2022, the undersigned ("Debtor") promises to pay to the order of MUFG UNION BANK, N.A. ("Bank"), as indicated below, the principal sum of Six Million Seven Hundred Fifty Thousand and 00/100ths Dollars (\$ 6,750,000.00), or so much thereof as is disbursed, together with interest on the balance of such principal from time to time outstanding, at the per annum rate or rates and at the times set forth below. Any letter of credit issued and outstanding in connection with this note shall result in reduction of the amount available to Debtor.

1. **INTEREST PAYMENTS.** Debtor shall pay interest on the last day of each month commencing February 28, 2019. Should interest not be paid when due, it shall become part of the principal and bear interest as herein provided. All computations of interest under this note shall be made on the basis of a year of 360 days, for actual days elapsed; provided that if an Interest Rate Hedge is outstanding, then interest on this note shall be computed on the basis of a year of 360 days, actual days elapsed. Whenever any payment required hereunder falls due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, unless, in the case of amounts accruing interest based on the LIBOR Rate, that day falls in a new calendar month, in which event such payment day shall be the next preceding Business Day. If any interest rate defined in this note ceases to be available from Bank for any reason, then said interest rate shall be replaced by the rate then offered by Bank, which, in the sole discretion of Bank, most closely approximates the unavailable rate.

(a) **BASE INTEREST RATE.** At Debtor's option, amounts outstanding hereunder in minimum amounts of \$ 150,000 shall bear interest at a rate, based on an index selected by Debtor, which is two and one-half percent (2.5 %) per annum in excess of the LIBOR Rate for the Interest Period selected by Debtor, acceptable to Bank. Notwithstanding the foregoing, if an Interest Rate Hedge is outstanding, then Debtor shall be deemed to have selected the LIBOR Rate for each relevant Interest Period.

No Base Interest Rate may be changed, altered or otherwise modified until the expiration of the Interest Period selected by Debtor. The exercise of interest rate options by Debtor shall be as recorded in Bank's records, which records shall be prima facie evidence of the amount borrowed under either interest option and the interest rate; provided, however, that failure of Bank to make any such notation in its records shall not discharge Debtor from its obligations to repay in full with interest all amounts borrowed. In no event shall any Interest Period extend beyond the maturity date of this note.

To exercise this option, Debtor may, from time to time with respect to principal outstanding on which a Base Interest Rate is not accruing, and on the expiration of any Interest Period with respect to principal outstanding on which a Base Interest Rate has been accruing, select an index offered by Bank for a Base Interest Rate Loan and an Interest Period by telephoning an authorized lending officer of Bank located at the banking office identified below prior to 10:00 a.m., Pacific time, on any Business Day and advising that officer of the selected index, the Interest Period and the Origination Date selected (which Origination Date, for a Base Interest Rate Loan based on the LIBOR Rate, shall follow the date of such selection by no more than two (2) Business Days).

Bank will mail a written confirmation of the terms of the selection to Debtor promptly after the selection is made. Failure to send such confirmation shall not affect Bank's rights to collect interest at the rate selected. If, on the date of the selection, the index selected is unavailable for any reason, the selection shall be void. Bank reserves the right to fund the principal from any source of funds notwithstanding any Base Interest Rate selected by Debtor.

**(b) VARIABLE INTEREST RATE.** All principal outstanding hereunder which is not bearing interest at a Base Interest Rate shall bear interest at the Reference Rate, which rate shall vary as and when the Reference Rate changes.

At any time prior to the maturity date of this note, subject to the provisions of paragraph 4 below, Debtor may borrow, repay and reborrow hereunder so long as the maximum principal amounts outstanding do not exceed: \$ 6,750,000.00 from January 25, 2019 to and including March 31, 2020, \$ 5,500,000.00 from April 1, 2020 to and including March 31, 2021, and \$ 5,000,000.00 at all other times during the term of this note.

Debtor shall pay all amounts due under this note in lawful money of the United States at Bank's P.O. Box 30115, Los Angeles, CA 90030-0115 Office, or such other office as may be designated by Bank, from time to time.

**2. LATE PAYMENTS.** If any payment required by the terms of this note shall remain unpaid ten days after same is due, at the option of Bank, Debtor shall pay a fee of \$100 to Bank.

**3. INTEREST RATE FOLLOWING DEFAULT.** In the event of default, at the option of Bank, and, to the extent permitted by law, interest shall be payable on the outstanding principal under this note at a per annum rate equal to five percent (5 %) in excess of the interest rate specified in paragraph 1.b, above, calculated from the date of default until all amounts payable under this note are paid in full.

**4. PREPAYMENT.**

**(a)** Amounts outstanding under this note bearing interest at a rate based on the Reference Rate may be prepaid in whole or in part at any time, without penalty or premium. Debtor may prepay amounts outstanding under this note bearing interest at a Base Interest Rate in whole or in part provided Debtor has given Bank not less than five (5) Business Days prior written notice of Debtor's intention to make such prepayment and pays to Bank the prepayment fee due as a result. The prepayment fee shall also be paid, if Bank, for any other reason, including acceleration or foreclosure, receives all or any portion of principal bearing interest at a Base Interest Rate prior to its scheduled payment date. The prepayment fee shall be an amount equal to the present value of the product of: (i) the difference (but not less than zero) between (a) the Base Interest Rate applicable to the principal amount which is being prepaid, and (b) the return which Bank could obtain if it used the amount of such prepayment of principal to purchase at bid price regularly quoted

securities issued by the United States having a maturity date most closely coinciding with the relevant Base Rate Maturity Date and such securities were held by Bank until the relevant Base Rate Maturity Date ("Yield Rate"); (ii) a fraction, the numerator of which is the number of days in the period between the date of prepayment and the relevant Base Rate Maturity Date and the denominator of which is 360; and (iii) the amount of the principal so prepaid (except in the event that principal payments are required and have been made as scheduled under the terms of the Base Interest Rate Loan being prepaid, then an amount equal to the lesser of (A) the amount prepaid or (B) 50% of the sum of (1) the amount prepaid and (2) the amount of principal scheduled under the terms of the Base Interest Rate Loan being prepaid to be outstanding at the relevant Base Rate Maturity Date). Present value under this note is determined by discounting the above product to present value using the Yield Rate as the annual discount factor.

(b) In no event shall Bank be obligated to make any payment or refund to Debtor, nor shall Debtor be entitled to any setoff or other claim against Bank, should the return which Bank could obtain under this prepayment formula exceed the interest that Bank would have received if no prepayment had occurred. All prepayments shall include payment of accrued interest on the principal amount so prepaid and shall be applied to payment of interest before application to principal. A determination by Bank as to the prepayment fee amount, if any, shall be conclusive.

(c) Bank shall provide Debtor a statement of the amount payable on account of prepayment. Debtor acknowledges that (i) Bank establishes a Base Interest Rate upon the understanding that it apply to the Base Interest Rate Loan for the entire Interest Period, and (ii) Bank would not lend to Debtor without Debtor's express agreement to pay Bank the prepayment fee described above.

(d) If Debtor has entered into an Interest Rate Hedge, Debtor acknowledges and agrees that (i) Bank (or its affiliate) has the right, but not the obligation, under the Swap Documents (defined below) governing such Interest Rate Hedge, to compel an early termination, in full or in part, of such Interest Rate Hedge as a result of any unscheduled prepayment under this note, (ii) any such early termination may result in payment obligations (which may be substantial in amount) being owed by Debtor to Bank (or any affiliate of Bank) as early termination, close-out or settlement amounts, which amounts shall be determined in accordance with the Swap Documents governing such Interest Rate Hedge and shall be in addition to any prepayment fee and other charges specified herein, and (iii) if such full or partial early termination of the Interest Rate Hedge results in an amount owing by Bank or its affiliate to Debtor, then Bank may in its discretion apply such amount to prepayment of principal hereunder, together with accrued interest on such principal and any resulting prepayment fee. Debtor further acknowledges and agrees that neither Bank nor any of its affiliates is under any obligation to enter into Interest Rate Hedges with Debtor and that such Interest Rate Hedges will be governed by documentation separate from this note.

DEBTOR INITIAL HERE: \_\_\_\_\_

**5. DEFAULT AND ACCELERATION OF TIME FOR PAYMENT.** Default shall include, but not be limited to, any of the following: (a) the failure of Debtor to make any payment required under this note when due; (b) any breach, misrepresentation or other default by Debtor, any guarantor, co-maker, endorser, or any person or entity other than Debtor providing security for this note (hereinafter individually and collectively referred to as the "Obligor") under any security agreement, guaranty or other agreement between Bank and any Obligor, together with and including any

document or agreement evidencing or governing any Interest Rate Hedge, or any other swap, option, forward or similar transaction entered into between Debtor and Bank or any affiliate of Bank ("Swap Document"); (c) the insolvency of any Obligor or the failure of any Obligor generally to pay such Obligor's debts as such debts become due; (d) the commencement as to any Obligor of any voluntary or involuntary proceeding under any laws relating to bankruptcy, insolvency, reorganization, arrangement, debt adjustment or debtor relief; (e) the assignment by any Obligor for the benefit of such Obligor's creditors; (f) the appointment, or commencement of any proceeding for the appointment of a receiver, trustee, custodian or similar official for all or substantially all of any Obligor's property; (g) the commencement of any proceeding for the dissolution or liquidation of any Obligor; (h) the termination of existence or death of any Obligor; (i) the revocation of any guaranty or subordination agreement given in connection with this note; (j) the failure of any Obligor to comply with any order, judgement, injunction, decree, writ or demand of any court or other public authority; (k) the filing or recording against any Obligor, or the property of any Obligor, of any notice of levy, notice to withhold, or other legal process for taxes other than property taxes; (l) the default by any Obligor personally liable for amounts owed hereunder on any obligation concerning the borrowing of money; (m) the issuance against any Obligor, or the property of any Obligor, of any writ of attachment, execution, or other judicial lien; or (n) the deterioration of the financial condition of any Obligor which results in Bank deeming itself, in good faith, insecure. Upon the occurrence of any such default, Bank, in its discretion, may cease to advance funds hereunder and may declare all obligations under this note immediately due and payable; however, upon the occurrence of an event of default under d, e, f, or g, all principal and interest hereunder shall automatically become immediately due and payable.

**6. ADDITIONAL AGREEMENTS OF DEBTOR.** If any amounts owing under this note are not paid when due, Debtor promises to pay all costs and expenses, including reasonable attorneys' fees, (including the allocated costs of Bank's in-house counsel and legal staff) incurred by Bank in the negotiation, documentation and modification of this note and all related documents and in the collection or enforcement of any amount outstanding hereunder. Debtor and any Obligor, for the maximum period of time and the full extent permitted by law, (a) waive diligence, presentment, demand, notice of nonpayment, protest, notice of protest, and notice of every kind; (b) waive the right to assert the defense of any statute of limitations to any debt or obligation hereunder; and (c) consent to renewals and extensions of time for the payment of any amounts due under this note. If this note is signed by more than one party, the term "Debtor" includes each of the undersigned and any successors in interest thereof; all of whose liability shall be joint and several. Any married person who signs this note agrees that recourse may be had against the separate property of that person for any obligations hereunder. The receipt of any check or other item of payment by Bank, at its option, shall not be considered a payment on account until such check or other item of payment is honored when presented for payment at the drawee bank. Bank may delay the credit of such payment based upon Bank's schedule of funds availability, and interest under this note shall accrue until the funds are deemed collected. In any action brought under or arising out of this note, Debtor and any Obligor, including their successors and assigns, hereby consent to the jurisdiction of any competent court within the State of California, as provided in any alternative dispute resolution agreement executed between Debtor and Bank, and consent to service of process by any means authorized by said state's law. The term "Bank" includes, without limitation, any holder of this note. This note shall be construed in accordance with and governed by the laws of the State of California. This note hereby incorporates any alternative dispute resolution agreement previously, concurrently or hereafter executed between Debtor and Bank, other than any such provision contained in a Swap Document.

**7. DEFINITIONS.** As used herein, the following terms shall have the meanings respectively set forth below: "**Base Interest Rate**" means a rate of interest based on the LIBOR Rate. "**Base Interest Rate Loan**" means amounts outstanding under this note that bear interest at a Base Interest



Rate. **"Base Rate Maturity Date"** means the last day of the Interest Period with respect to principal outstanding under a Base Interest Rate Loan. **"Business Day"** means a day on which Bank is open for business for the funding of corporate loans, and, with respect to the rate of interest based on the LIBOR Rate, on which dealings in U.S. dollar deposits are carried out in the London interbank market. **"Interest Period"** means with respect to funds bearing interest at a rate based on the LIBOR Rate, any calendar period of 1, 2 or 3 months. In determining an Interest Period, a month means a period that starts on one Business Day in a month and ends on and includes the day preceding the numerically corresponding day in the next month. For any month in which there is no such numerically corresponding day, then as to that month, such day shall be deemed to be the last calendar day of such month. Any Interest Period which would otherwise end on a non-Business Day shall end on the first succeeding Business Day unless that day falls in a new calendar month, in which event such Interest Period shall end on the next preceding Business Day. **"Interest Rate Hedge"** means any interest rate swap, forward swap or swaption, or interest rate cap or collar transaction now or hereafter entered into between Debtor and Bank or any affiliate of Bank for purposes of hedging or mitigating, fully or partially, interest rate risk under this note. **"LIBOR Rate"** means, for any specified Interest Period, a per annum rate of interest determined by Bank as equal to the rate for deposits in US Dollars for a period comparable to the Interest Period which appears on the Reuters Screen LIBOR 01 Page (or any replacement or successor page or service) as of 11:00 a.m., London time, on the day that is two (2) Business Days preceding the first day of such Interest Period. **"Origination Date"** means the first day of the Interest Period. **"Reference Rate"** means the rate announced by Bank from time to time at its corporate headquarters as its Reference Rate. The Reference Rate is an index rate determined by Bank from time to time as a means of pricing certain extensions of credit and is neither directly tied to any external rate of interest or index nor necessarily the lowest rate of interest charged by Bank at any given time.

**DEBTOR:**

Sonoma Valley Health Care District, a California  
non-profit corporation

By: \_\_\_\_\_  
Kelly Mather, Chief Executive Officer