



SVHCD FINANCE COMMITTEE

AGENDA

TUESDAY, April 28, 2020

5:00 p.m. Regular Session

HELD VIA ZOOM VIDEOCONFERENCE ONLY

To participate with Zoom videoconferencing,
use the link below:

<https://zoom.us/j/92281381276?pwd=MFN5bXVVbHQvUnNOU2ZMS1MvTm1wdz09>

and enter the **Meeting ID: 922 8138 1276, Password: 006083**

To participate via telephone only, dial +1 669 900 9128
and enter the **Meeting ID: 922 8138 1276, Password: 006083**

In compliance with the Americans Disabilities Act, if you require special accommodations to participate in a District meeting, please contact District Clerk Vivian Woodall at vwoodall@sonomavalleyhospital.org or (707) 935.5005 at least 48 hours prior to the meeting.		
AGENDA ITEM	RECOMMENDATION	
MISSION STATEMENT <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>		
1. CALL TO ORDER/ANNOUNCEMENTS	<i>Nevins</i>	
2. PUBLIC COMMENT SECTION <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.</i>	<i>Nevins</i>	
3. CONSENT CALENDAR Finance Committee Minutes 03.24.20	<i>Nevins</i>	Inform/Action
4. OUTPATIENT DIAGNOSTIC CENTER UPDATE	<i>Mather/ Sarmiento</i>	Inform
5. ADMINISTRATIVE REPORT	<i>Mather</i>	Inform
6. FINANCIAL REPORT MONTH ENDED MARCH 31, 2020	<i>Jensen</i>	Inform
7. REVIEW THIRD QUARTER FY 2020 CAPITAL SPENDING	<i>Jensen</i>	Inform
8. FISCAL YEAR 2021 BUDGET UPDATE	<i>Jensen</i>	Inform

9. HELP II LOAN PROGRAM APPLICATION DISCUSSION	<i>Jensen</i>	Inform
10. APPROVAL OF DELAY OF \$1.2 MILLION LINE OF CREDIT PAYMENT FROM APRIL 21 TO APRIL 22, 2020	<i>Jensen</i>	Action
11. ADJOURN	<i>Nevins</i>	



SVHCD
FINANCE COMMITTEE MEETING
MINUTES
TUESDAY, MARCH 24, 2019
Schantz Conference Room

Present		Staff	Public
Sharon Nevins via Zoom Joshua Rymer via Zoom Dr. Subhash Mishra via Zoom Peter Hohorst via telephone Art Grandy via Zoom Bruce Flynn via Zoom	Susan Porth via telephone	Kelly Mather, CEO via Zoom Ken Jensen, CFO, via Zoom Sarah Dungan, Controller, via telephone Dawn Kuwahara, via Zoom	Luis Sarmiento, Vertran Assoc., via telephone

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
MISSION & VISION STATEMENT <i>The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.</i>			
1. CALL TO ORDER/ANNOUNCEMENTS	<i>Nevins</i>		
	Called to order at 5:00 pm		
2. PUBLIC COMMENT SECTION	<i>Nevins</i>		
	None		
3. CONSENT CALENDAR	<i>Nevins</i>		
	Minutes from the February 25, 2020, meeting were reviewed.	MOTION: by Rymer to approve, 2 nd by Grandy. All in favor	
4. OUTPATIENT DIAGNOSTIC CENTER UPDATE	<i>Mather/Sarmiento</i>		
	Mr. Sarmiento gave an update on the Outpatient Diagnostic Center project. September 2020 is the current projected timeline for activating the line of credit. Construction work stopped on the CT project as of March 16, 2020, so is currently three weeks behind schedule.		
5. MASTER FACILITY AND INFRASTRUCTURE DRAFT PLAN	<i>Mather</i>		

	Ms. Mather shared a first draft of the Master Facility and Infrastructure Plan, which included most equipment or projects over \$100k that will need to be replaced. Priorities include anesthesia machines and ventilators, isolation room, kitchen, and sharing medical records with UCSF.		
6. ENGAGEMENT OF AUDITORS FOR MID-YEAR REVIEW	<i>Jensen</i>		
	Mr. Jensen reported that the auditors will review reserves next month. This is the last year of the contract with these auditors.		
7. POLICY FOR FOUNDATION LOANS TO THE HOSPITAL	<i>Jensen</i>		
	Mr. Jensen advised the Committee that some community members noticed SVH received loans from the Foundation, which were approved by the Foundation Board. He asked whether a policy was needed to establish a means of quickly obtaining funds from the Foundation. Mr. Rymer said the Board was aware of both loans, even though they were not brought to the Finance Committee. He thought it would be a good idea to have a policy which did not require Board approval because of the short-term situation. These are unrestricted funds. The CEO is given authority to do this but must report the transaction to the Board in public.		Review bylaws for this language.
8. ADMINISTRATIVE REPORT	<i>Mather</i>		
	Ms. Mather gave an update on the COVID-19 situation at the hospital. As of March 15, 2020, protective measures were implemented for staff and visitors and elective surgeries were cancelled. The hospital has been in constant communication with the County, the City, and UCSF, among others. Whenever the Incident Command Center is opened, expenses are tracked for that emergency. A dialysis model will be presented at the April Committee meeting. Endoscopy suite services are being explored. The brand strategy is delayed but		

	will be out within next month or two. The CIHQ survey was completed with no significant findings.		
9. FINANCIAL REPORT MONTH ENDED FEBRUARY 29, 2020	<i>Jensen</i>		
	Mr. Jensen reported that cash collections were \$4.1 million in February. Days' cash were 15.7, A/R days were 42.5, A/P days were 42.2 and slightly under \$3 million. He also reviewed the payer mix. Inpatient revenue was off due to low volumes. Total operating revenue was \$4.1 million, over budget by \$435,439. Expenses included salaries which were over budget in nursing, legal costs which were over due to an employee issue, and implants which were higher than budgeted. The operating margin/loss (\$298,868) for the month and (\$3,129,065) year to date. After accounting for all activity, net income was \$307,066 in February and \$3,985,715 year to date. EBDA was 6.3% for the month and 10.5% year to date. The cash forecast was developed before accounting for any loss of revenue. The parcel tax advance was received.		
10. BUDGET UPDATE	<i>Jensen/Dungan</i>		
	Ms. Dungan said a few budget meetings have begun, but many leaders are not available or not ready.		
11. ADJOURN	<i>Nevins</i>		
	Ms. Nevins suggested the Subcommittee on the Three-Year Projection meet at 4:30 p.m. before the next Committee meeting. Meeting adjourned at 5:50 p.m.		

SONOMA VALLEY HOSPITAL
COST PROJECTIONS and FUNDING SUMMARY
FISCAL YEAR 3/2020 THROUGH 6/2020
DESIGN, PRECONSTRUCTION AND CONSTRUCTION
As Reported 4/22/2020

	Through:	Mar '20	Apr '20	May '20	Jun '20
Campaign					
Fundraising Goal:	\$	21,000,000			
Total Confirmed Pledges:	\$	16,545,924			
Total Verbal Pledges:	\$	1,000,000			
Total Cash Gifts Collected:	\$	1,574,738			
Total Committed:	\$	19,120,662			
As Reported 4/8/2020					
Total Pledge Payments Collected:	\$	9,998,671			
Total Cash Gifts Collected:	\$	1,574,738			
Total Pledges & Cash Due*:	\$	11,573,409	\$ 11,588,409	\$ 11,616,909	\$ 11,659,159
*Includes (\$8,580) in Uncollectible Pledges.					

Project					
Total Approved Funding:					
Total Spent**:					
Total Projected Costs:	\$	4,469,361	\$ 5,171,420	\$ 5,389,099	\$ 5,970,916
**Includes \$462,846 in Campaign Expenses.					
Total Projected Cash In Hand:	\$	7,115,262	\$ 6,428,203	\$ 6,239,024	\$ 5,699,456
Calculated From 4/8/2020 Email from Carla Kappel					
Available Line of Credit:	\$	-	\$ -	\$ -	\$ -
		Mar '20	Apr '20	May '20	Jun '20

Funds					
Pledge Payments			\$ 15,000	\$ 28,500	\$ 42,250
Verbal Pledges Amortized Over Span of Campaign			\$ -	\$ -	\$ -
Expenses					
Proj. #0 - ODC Preparation	\$	655,549	\$ -	\$ -	\$ -
Proj. #0 - Master Facility Planning	\$	127,812	\$ -	\$ -	\$ -
SPC 4D	\$	-	\$ -	\$ -	\$ -
Proj. #0 - Decommissioning Study	\$	125,622	\$ -	\$ -	\$ -
Proj. #1 CT, Waiting, Imaging Refurb	\$	1,427,976	\$ 388,167	\$ 104,359	\$ 111,736
IT/Other	\$	360,686	\$ 33,962	\$ 36,006	\$ 174,142
Proj. #2 Cardiology Equipment	\$	40,514	\$ 242,760	\$ 39,787	\$ 6,939
Blood Draw	\$	-	\$ -	\$ -	\$ -
Proj. #3 MRI	\$	703,412	\$ 37,170	\$ 36,457	\$ 285,681
Cardio Rooms	\$	-	\$ -	\$ -	\$ 2,250
Old MRI Area	\$	-	\$ -	\$ 1,070	\$ 1,070
Proj. #4 UCSF Clinic	\$	8,235	\$ -	\$ -	\$ -
3D Mammo	\$	556,709	\$ -	\$ -	\$ -
Campaign Expenses	\$	462,846	\$ -	\$ -	\$ -
Other	\$	-	\$ -	\$ -	\$ -
Total	\$	4,469,361	\$ 702,059	\$ 217,679	\$ 581,817

Status / Issues	Finances / Budget																																																																																																																																																																																						
<div>Key</div> <div><div>Complete,</div><div>No Issue,</div><div>Likely Risk,</div><div>Budget or Schedule at Risk</div></div>	<table><thead><tr><th>Description</th><th>Board Approved Budget</th><th>Committed</th><th>Spent to Date</th><th>Exposure</th><th>Forecast</th></tr></thead><tbody><tr><td colspan="6">Project #0</td></tr><tr><td>ODC Preparation</td><td>\$845,904</td><td>\$655,549</td><td>\$655,549</td><td>\$-</td><td>\$655,549</td></tr><tr><td>Master Facility Planning</td><td>\$142,039</td><td>\$127,812</td><td>\$127,812</td><td>\$-</td><td>\$127,812</td></tr><tr><td>SPC 4D</td><td>\$-</td><td>\$-</td><td>\$-</td><td>\$-</td><td>\$-</td></tr><tr><td>Decommissioning Study</td><td>\$288,468</td><td>\$125,622</td><td>\$125,622</td><td>\$-</td><td>\$125,622</td></tr><tr><td>Total</td><td>\$1,276,411</td><td>\$908,983</td><td>\$908,983</td><td>\$-</td><td>\$908,983</td></tr><tr><td colspan="6">Project #1</td></tr><tr><td>CT, Waiting, Imaging Refurb</td><td>\$9,365,951</td><td>\$3,173,622</td><td>\$1,427,976</td><td>\$4,220,378</td><td>\$7,394,000</td></tr><tr><td>CT Contingency</td><td>Included Above</td><td>\$-</td><td>\$-</td><td>\$647,000</td><td>\$647,000</td></tr><tr><td>IT/Other</td><td>Included Above</td><td>\$574,542</td><td>\$360,686</td><td>\$751,458</td><td>\$1,326,000</td></tr><tr><td>Total</td><td>\$9,365,951</td><td>\$3,748,165</td><td>\$1,788,662</td><td>\$5,618,835</td><td>\$9,367,000</td></tr><tr><td colspan="6">Project #2</td></tr><tr><td>Cardiology Equipment</td><td>\$330,000</td><td>\$43,018</td><td>\$40,514</td><td>\$273,104</td><td>\$316,122</td></tr><tr><td>Cardiology Contingency</td><td>Included Above</td><td>\$-</td><td>\$-</td><td>\$13,878</td><td>\$13,878</td></tr><tr><td>Blood Draw</td><td>\$-</td><td>\$-</td><td>\$-</td><td>\$-</td><td>\$-</td></tr><tr><td>Total</td><td>\$330,000</td><td>\$43,018</td><td>\$40,514</td><td>\$286,982</td><td>\$330,000</td></tr><tr><td colspan="6">Project #3</td></tr><tr><td>MRI</td><td>\$1,229,347</td><td>\$843,630</td><td>\$703,412</td><td>\$7,196,138</td><td>\$8,039,768</td></tr><tr><td>MRI Contingency</td><td>Forecasted as:</td><td>\$-</td><td>\$-</td><td>\$485,965</td><td>\$485,965</td></tr><tr><td>Cardiology Rooms/Shell Space</td><td>\$-</td><td>\$-</td><td>\$-</td><td>\$740,494</td><td>\$740,494</td></tr><tr><td>Old MRI Area</td><td>\$-</td><td>\$6,125</td><td>\$-</td><td>\$93,875</td><td>\$100,000</td></tr><tr><td>Total</td><td>\$1,229,347</td><td>\$849,755</td><td>\$703,412</td><td>\$8,516,472</td><td>\$9,366,227</td></tr><tr><td colspan="6">Project #4</td></tr><tr><td>UCSF Clinic</td><td>\$50,000</td><td>\$50,000</td><td>\$8,235</td><td>\$(41,765)</td><td>\$8,235</td></tr><tr><td>Total</td><td>\$12,251,709</td><td>\$5,599,921</td><td>\$3,449,806</td><td>\$14,380,524</td><td>\$19,980,445</td></tr><tr><td>3D Mammo</td><td>\$505,762</td><td>\$556,709</td><td>\$556,709</td><td>\$-</td><td>\$556,709</td></tr><tr><td>Campaign Expenses</td><td>\$-</td><td>\$462,846</td><td>\$462,846</td><td>\$-</td><td>\$462,846</td></tr><tr><td>Other</td><td>\$-</td><td>\$-</td><td>\$-</td><td>\$-</td><td>\$-</td></tr><tr><td>Subtotal</td><td>\$12,757,471</td><td>\$6,619,476</td><td>\$4,469,361</td><td>\$14,380,524</td><td>\$21,000,000</td></tr></tbody></table> <div><div>Budget Notes</div><div>1.) 3-D Mammography Equipment was purchased by the Foundation. 2.) Forecast includes Amendment 20 to Dome Construction.</div></div> <div><div>Cash Flow/ Cost Projections</div><div><div>Money Raised vs. Project Expenses</div><div><div>— Money Raised — Total Project Expenses ● Activation of Credit Line ● Exhaustion of Cash on Hand & Credit Line</div><div></div></div></div></div> <div>NOTE: Campaign Funds Run Out 11/2020. Credit Line Required by 10/2020. Credit Line Funds Run Out 6/2021. Money Raised Does Not Factor the \$1M Verbal Pledge.</div> <tr><td colspan="2"><div>Project #0 - ODC: Study Scope Complete</div><div>Project #0 - Master Planning: Study Scope Complete</div><div>After Several Master Facility Planning meetings, the following was determined to be the best path forward: <div>Enhance diagnostic services to remain viable to population: replace aging CT, locate a 3T MRI inside the hospital, improve revenue streams through Cardiology and Orthopedics on site.</div><div>Provide more patient amenities, centralize scheduling, and upgrade technology to remain competitive.</div><div>Leverage UCSF affiliation to provide the framework needed to thrive in Sonoma.</div><div>The Board and CEO to continue to dialogue about future steps to meet 2030 seismic requirements.</div></div><div>Project #0 - Decommissioning: Study Scope Complete</div><div>The study of the Central and East Wings to determine the feasibility of decommissioning these wings yielded the following: <div>Cost of scope required for decommissioning exceeds any benefit to the hospital.</div><div>The scopes of work would include building a stand-by kitchen in the west wing, removal of the SNF from the east wing, having to relocate medical records to the West Wing, and building structural and fire separations between the West Wing and the Central Wing.</div></div><div>Project #1 - CT</div><div>CT Construction Start - Phase 2 (Staff Hub, Old CT) - 6/25/20 Updated to 08/27/2020 Per COVID-19</div><div>CT Go Live - 7/2020 Updated to 9/2020 Per COVID-19 (Contingent on CDPH Sign-off)</div><div>Wait Area Available for Staff Hub Relocation - 6/16/20 Updated to 8/6/2020 Per COVID-19 (Contingent on CDPH Sign-Off)</div><div>Old CT Demo Start - 7/2020 Updated to 9/2020 Per COVID-19</div><div>Substantial Completion CT Project - Phase 2 - 9/23/20 Updated to 11/6/2020 Per COVID-19</div><div>Shelter in Place Orders by Bay Area Counties Have Resulted in Field Work Stoppage Through 5/3/2020; 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Total	\$12,251,709	\$5,599,921	\$3,449,806	\$14,380,524	\$19,980,445																																																																																																																																																																																		
3D Mammo	\$505,762	\$556,709	\$556,709	\$-	\$556,709																																																																																																																																																																																		
Campaign Expenses	\$-	\$462,846	\$462,846	\$-	\$462,846																																																																																																																																																																																		
Other	\$-	\$-	\$-	\$-	\$-																																																																																																																																																																																		
Subtotal	\$12,757,471	\$6,619,476	\$4,469,361	\$14,380,524	\$21,000,000																																																																																																																																																																																		
<div>Project #0 - ODC: Study Scope Complete</div> <div>Project #0 - Master Planning: Study Scope Complete</div> <div>After Several Master Facility Planning meetings, the following was determined to be the best path forward: <div>Enhance diagnostic services to remain viable to population: replace aging CT, locate a 3T MRI inside the hospital, improve revenue streams through Cardiology and Orthopedics on site.</div><div>Provide more patient amenities, centralize scheduling, and upgrade technology to remain competitive.</div><div>Leverage UCSF affiliation to provide the framework needed to thrive in Sonoma.</div><div>The Board and CEO to continue to dialogue about future steps to meet 2030 seismic requirements.</div></div> <div>Project #0 - Decommissioning: Study Scope Complete</div> <div>The study of the Central and East Wings to determine the feasibility of decommissioning these wings yielded the following: <div>Cost of scope required for decommissioning exceeds any benefit to the hospital.</div><div>The scopes of work would include building a stand-by kitchen in the west wing, removal of the SNF from the east wing, having to relocate medical records to the West Wing, and building structural and fire separations between the West Wing and the Central Wing.</div></div> <div>Project #1 - CT</div> <div>CT Construction Start - Phase 2 (Staff Hub, Old CT) - 6/25/20 Updated to 08/27/2020 Per COVID-19</div> <div>CT Go Live - 7/2020 Updated to 9/2020 Per COVID-19 (Contingent on CDPH Sign-off)</div> <div>Wait Area Available for Staff Hub Relocation - 6/16/20 Updated to 8/6/2020 Per COVID-19 (Contingent on CDPH Sign-Off)</div> <div>Old CT Demo Start - 7/2020 Updated to 9/2020 Per COVID-19</div> <div>Substantial Completion CT Project - Phase 2 - 9/23/20 Updated to 11/6/2020 Per COVID-19</div> <div>Shelter in Place Orders by Bay Area Counties Have Resulted in Field Work Stoppage Through 5/3/2020; However, Construction Activities Resumed 4/13/2020 Following Notice to Contractor Regarding Essentiality of Project.</div> <div>Project #2 - Cardio</div> <div>Project #3 - MRI</div> <div>Backcheck 0 Comments Expected From OSHPD – 4/17/20 - Received 4/20/2020</div> <div>Response to Backcheck 0 To Be Submitted to OSHPD - 5/14/2020</div> <div>Backcheck 1 Comments Expected From OSHPD - 6/15/20</div> <div>MRI Develop Final GMP and Design Build Agreement - 6/9/20</div> <div>Response to Backcheck 1 To Be Submitted to OSHPD - 7/13/20</div> <div>OSHPD Plan Approval - 8/7/2020</div> <div>Construction Start - MRI Area - 8/10/20</div> <div>Construction Start - Roof - 1/18/21</div> <div>Substantial Completion - MRI - 7/1/21</div> <div>MRI Go Live - Summer 2021</div> <div>Project #4 - UCSF Clinic</div> <div>Project to remain open until directed to close by CEO.</div> <div>Test fit for UCSF in progress.</div>																																																																																																																																																																																							



To: SVH Finance Committee
From: Ken Jensen, CFO
Date: April 28, 2020
Subject: Financial Report for the Month Ending March 31, 2020

On March 2nd the hospital opened its Incident Command Center (ICC) in response to the Covid-19 pandemic. During the week of March 16th the hospital began cancelling elective surgeries and non-emergent outpatient diagnostic services in order to conserve resources and prepare for a potential surge of Covid-19 patients. Furthermore, the County of Sonoma issued a Shelter in Place order on March 17th, and since then the hospital has seen a decline in emergency room visits by roughly 50%. The decrease in volume from the last two weeks of March has resulted in a loss of net revenue of (\$1.1M).

In the month of March the hospital accrued the FY 18-19 Rate Range IGT with gross proceeds of \$5,481,012 and a matching fee of \$2,314,115 for a net gain of \$3,166,897. The hospital received the funds in April after Partnership Health Plan disbursed the funds early to help hospitals during the COVID-19 pandemic.

For the month of March the hospital's actual operating margin of \$1,557,362 was (\$608,771) unfavorable to the budgeted operating margin of \$2,166,133. After accounting for all other activity; the net income for March was \$2,351,088 vs. the budgeted net income of \$2,824,978 with a monthly EBDA of 25.7% vs. a budgeted 35.0%.

Gross patient revenue for March was \$16,863,744, or (\$6,568,764) under budget. Inpatient gross revenue was under budget by (\$2,466,582). Inpatient days were under budget by (115) days and inpatient surgeries were under budget by (6) cases. Outpatient gross revenue was under budget by (\$3,615,772). Outpatient visits were under budgeted expectations by (1,931) visits, outpatient surgeries were under budget by (87) cases, and special procedures were under budget by (46) cases. The Emergency Room gross revenue was under budget by (\$486,410) with ER visits under budgeted expectations by (276) visits.

Deductions from revenue were favorable to budgeted expectations by \$7,165,477. This has to do with the decrease in hospital volume due to cancellations and decline in both outpatient and inpatient services and the accrual of the FY 18-19 Rate Range IGT of \$5,481,012. Without accounting for the FY 18-19 Rate Range IGT, the hospital's net patient service revenue would be under budget by (\$5,454,943).



After accounting for all other operating revenue, the **total operating revenue** was favorable to budgeted expectations by \$597,539.

Operating Expenses of \$6,816,792 were unfavorable to budget by (\$1,206,310) primarily due to the IGT matching fee being over the expected amount by (\$1,204,307). Salaries and wages and agency fees were under budget by \$17,752 and employee benefits were under budget by \$5,879. Professional fees are under budget by \$33,124 due to clinic physician costs being under budgeted expectations by \$19,692. Supplies are over budget by (\$22,007) due to the cost of implants being over budget by (\$22,433) and the unbudgeted cost for a new firewall and internet access for offsite offices (\$16,487). Purchased services were over budget by (\$51,567) due to IT costs being over budget by (\$24,319), the unbudgeted costs in Quality related to the human/patient experience initiative (\$7,500) and budgeted services used in the month of March. Total expenses in the month of March related to COVID-19 were \$51,094.

After accounting for all income and expenses, but not including Restricted Contributions and GO bond activity, the net gain for March was \$1,882,841 vs. a budgeted net income of \$2,451,817. The hospital received \$304,946 in donations from the Sonoma Valley Hospital Foundation primarily for the Outpatient Diagnostic Center costs. The total net income for March after all activity was \$2,351,088 vs. a budgeted net income of \$2,824,978.

EBDA for the month of March was 25.7% vs. the budgeted 35.0%.

Patient Volumes – March

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	63	87	-24	87
Acute Patient Days	218	333	-115	317
Observation Days	16	0	16	3
OP Gross Revenue	\$12,309	\$16,411	(\$4,102)	\$15,281
Surgical Cases	80	173	-93	163

Gross Revenue Overall Payer Mix – March

	ACTUAL	BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Medicare	33.7%	41.5%	-7.8%	41.0%	41.6%	-0.6%
Medicare Mgd Care	21.0%	14.0%	7.0%	14.4%	14.2%	0.2%
Medi-Cal	21.5%	17.6%	3.9%	17.5%	17.6%	-0.1%
Self-Pay	1.1%	1.6%	-0.5%	1.8%	1.5%	0.3%
Commercial	20.6%	20.9%	-0.3%	21.9%	20.8%	1.1%
Workers Comp	1.7%	2.4%	-0.7%	2.7%	2.3%	0.4%
Capitated	0.4%	2.0%	-1.6%	0.7%	2.0%	-1.3%
Total	100.0%	100.0%		100.0%	100.0%	

Cash Activity for March:

For the month of March the cash collection goal was \$3,902,425 and the Hospital collected \$3,672,940 or under the goal by (\$229,485). The year-to-date cash collection goal was \$33,360,877 and the Hospital has collected \$33,459,079 or over goal by \$98,202.

	CURRENT MONTH	PRIOR MONTH	VARIANCE	PRIOR YEAR
Days of Cash on Hand – Avg.	15.6	15.7	-0.1	4.2
Accounts Receivable Days	36.9	42.5	-5.6	43.7
Accounts Payable	\$3,775,082	\$2,983,638	\$791,444	\$4,868,524
Accounts Payable Days	53.4	42.2	11.2	60.7

ATTACHMENTS:

- Attachment A is the Payer Mix Analysis which includes the projected collection percentage by payer.
- Attachment B is the Operating Indicators Report
- Attachment C is the Balance Sheet
- Attachment D (two pages) is the Statement of Revenue and Expense. The first page breaks out the hospital operations and page two includes all other activity.
- Attachment E is the Variance Analysis
- Attachment F is the Cash Projection





To: SVHCD Board of Directors
From: Kelly Mather
Date: 3/25/20
Subject: Administrative Report

Summary

We have spent the last few weeks preparing for and responding to the Coronavirus pandemic. We have increased our Inpatient capacity and continue to prepare for a potential surge. As I write this today, we have not yet had a surge. We canceled elective surgeries starting on March 16th and soon followed with limiting outpatients to just essential or urgent care. Many of the physicians are using telehealth for their visits. The Incident Command team leadership has been amazing and the staff have all shined with their dedication and service to our patients and community.

Update from FY 2020 Strategic Plan:

Strategic Priorities	Update
Exceed Community Expectations especially in Emergency Services	<ul style="list-style-type: none"> ➤ We are sharing a lot of messages about how the hospital is prepared and continuously keeping up to date with the needs due to COVID 19. The Emergency team is truly on the front line and have been incredible. ➤ Drive Thru Testing for COVID 19 started on Monday the 23rd and is available to patients after they are screened and it is deemed there is a need for an appointment through the nurses answering our hotline.
Create UCSF Health Outpatient Center	<ul style="list-style-type: none"> ➤ Construction on the new CT and Imaging waiting room has begun but this is now delayed due to the latest Emergency. We hope it will only be delayed for a few weeks. ➤ We have raised \$19.6 million towards the goal of \$21 million for the Capital Campaign. ➤ We have met with UCSF several times in 2020 to begin moving toward the next phase of their strategic plan to have a “hub” with their services at Sonoma and also enhance the affiliation.
Become a 5 Star Hospital	<ul style="list-style-type: none"> ➤ Our tri-annual accreditation survey is complete and everyone did well. There were no major findings. Danielle Jones did an amazing job leading SVH through this survey and all the team members made us shine. ➤ We are converting to the “Human Experience” model for patient and staff but this is on hold. ➤ We had 75% of team members complete the Staff Engagement survey and will report the results at the June board meeting after sharing with staff in May. ➤ It is time to refurbish our ICU and we have put in a request to the Foundation for their consideration.
Provide Access to Excellent Physicians	<ul style="list-style-type: none"> ➤ We have a new Primary Care Physician joining Prima Medical Group/Marin Health Medical Network and he will begin in May. ➤ There are several UCSF specialists that are interested in coming to Sonoma. ➤ Satellite Healthcare (dialysis company) will present plans to Finance in April. ➤ We are ready for the accreditation survey for Bariatrics Accreditation.
Healthy Hospital	<ul style="list-style-type: none"> ➤ The new Brand is complete and will be activated this Spring. ➤ Performance Evaluations are under way and should be complete by June.

FEBRUARY 2020

			National
Patient Experience	Current Performance	FY 2020 Goal	Benchmark
Would Recommend Hospital	80%	> 70 percent	50th percentile
Inpatient Overall Rating	75%	>70 percent	50th percentile
Outpatient Services	4.7	4.5	3.8
Emergency Department	4.5	4.5	3.8
Quality & Safety	YTD Performance	FY 2020 Goal	Benchmark
Central Line Infection	0	<1	<.51
Catheter Infection	0	<1	<1.04
Surgery Site Infection – Colon	1	<1	N/A
Surgery Site Infection – Joint	0	<1.5%	N/A
MRSA Bacteremia	0	<.13	<.13
C. Difficile	1	3.5	7.4/10,000 pt days
Patient Safety Indicator	.66	<1	<1
Heart Failure Mortality Rate	11.7%	13%	17.3%
Pneumonia Mortality Rate	17.5%	20%	23.6%
Stroke Mortality Rate	15.1%	15%	19.7%
Sepsis Mortality Rate	7.3%	<18%	25%
30 Day All- Cause Readmissions	14.1%	< 10 %	< 18.5%
Serious Safety Events	1	0	0
Falls	1.5	< 2.3	2.3
Pressure Ulcers	0	<3.7	3.7
Injuries to Staff	7	< 10	17
Adverse Drug Events with Harm	0	0	0
Reportable HIPAA Privacy Events	0	0	0
Case Mix Index	1.49	1.4	1.3
Hospital Star Rating	4	4	3
Staff Satisfaction	Performance	FY 2020 Goal	Benchmark
Staff Pulse Survey	4.17 out of 5	>3.8	75%
Turnover	6%/9%	< 15%	< 20%
Financial Stability	YTD Performance	FY 2020 Goal	Benchmark
EBDA	10.5%	3%	3%
Paid FTE's	231	<235	n/a
Days Cash on Hand	15.7	20	30
Days in Accounts Receivable	42.5	45	50
Length of Stay	3.7	3.85	4.03
Funds raised by SVHF	\$19.6 million	\$21 million	\$1 million
Strategic Growth		FY 2020 Goal	FY 2019
Inpatient Discharges	651/976	900	984
Outpatient Visits	36,111/54,166	55,000	54,596
Emergency Visits	7229/10,843	10,000	10,181
Surgeries + Special Procedures	1866/2799	3000	2950
Community Benefit Hours	826/1239	1000	1222

Note: Colors demonstrate comparison to National Benchmark



Healing Here at Home

TRENDED MONTHLY RESULTS

[illegible]

Sonoma Valley Hospital
Payer Mix for the month of March 31, 2020

ATTACHMENT A

YTD

Gross Revenue:	Actual	Budget	Variance	% Variance
Medicare	5,683,200	9,713,891	-4,030,691	-41.5%
Medicare Managed Care	3,542,581	3,284,791	257,790	7.8%
Medi-Cal	3,625,980	4,128,544	-502,564	-12.2%
Self Pay	187,686	363,172	-175,486	-48.3%
Commercial & Other Government	3,469,846	4,916,320	-1,446,474	-29.4%
Worker's Comp.	294,603	560,032	-265,429	-47.4%
Capitated	59,848	465,758	-405,910	-87.2%
Total	16,863,744	23,432,508	(6,568,764)	

Actual	Budget	Variance	% Variance
79,873,150	79,988,284	-115,134	-0.1%
27,991,272	26,989,687	1,001,585	3.7%
34,127,039	33,856,316	270,723	0.8%
3,456,965	2,974,338	482,627	16.2%
42,683,539	40,152,264	2,531,275	6.3%
5,216,623	4,491,787	724,836	16.1%
1,418,836	3,773,048	-2,354,212	-62.4%
194,767,424	192,225,724	2,541,700	

Net Revenue:	Actual	Budget	Variance	% Variance
Medicare	720,061	1,290,975	-570,914	-44.2%
Medicare Managed Care	401,020	389,905	11,115	2.9%
Medi-Cal	403,934	424,001	-20,067	-4.7%
Self Pay	106,531	184,201	-77,670	-42.2%
Commercial & Other Government	1,106,792	1,496,377	-389,585	-26.0%
Worker's Comp.	58,449	117,719	-59,270	-50.3%
Capitated	1,047	8,477	-7,430	-87.6%
Prior Period Adj/IGT	5,481,012	3,770,478	1,710,534	45.4%
Total	8,278,846	7,682,133	596,713	7.8%

Actual	Budget	Variance	% Variance
9,705,340	10,510,879	-805,539	-7.7%
3,106,067	3,203,675	-97,608	-3.0%
3,466,094	3,477,043	-10,949	-0.3%
1,755,887	1,508,584	247,303	16.4%
13,085,908	12,231,961	853,947	7.0%
1,060,414	944,174	116,240	12.3%
29,362	68,669	-39,307	-57.2%
7,441,257	5,629,280	1,811,977	32.2%
39,650,329	37,574,265	2,076,064	5.5%

Percent of Net Revenue:	Actual	Budget	Variance	% Variance
Medicare	8.7%	16.8%	-8.1%	-48.2%
Medicare Managed Care	4.8%	5.1%	-0.3%	-5.9%
Medi-Cal	4.9%	5.5%	-0.6%	-11.3%
Self Pay	1.3%	2.4%	-1.1%	-45.8%
Commercial & Other Government	13.4%	19.5%	-6.1%	-31.3%
Worker's Comp.	0.7%	1.5%	-0.8%	-53.3%
Capitated	0.0%	0.1%	-0.1%	-100.0%
Prior Period Adj/IGT	66.2%	49.1%	17.1%	34.8%
Total	100.0%	100.0%	0.0%	0.0%

Actual	Budget	Variance	% Variance
24.5%	28.0%	-3.6%	-12.9%
7.8%	8.5%	-0.7%	-8.2%
8.7%	9.3%	-0.6%	-6.5%
4.4%	4.0%	0.4%	10.0%
33.0%	32.5%	0.5%	1.5%
2.7%	2.5%	0.2%	8.0%
0.1%	0.2%	-0.1%	-50.0%
18.8%	15.0%	3.8%	25.3%
100.0%	100.0%	-3.9%	-3.9%

Projected Collection Percentage:	Actual	Budget	Variance	% Variance
Medicare	12.7%	13.3%	-0.6%	-4.5%
Medicare Managed Care	11.3%	11.9%	-0.6%	-5.0%
Medi-Cal	11.1%	10.3%	0.8%	7.8%
Self Pay	56.8%	50.7%	6.1%	12.0%
Commercial & Other Government	31.9%	30.4%	1.5%	4.9%
Worker's Comp.	19.8%	21.0%	-1.2%	-5.7%

Actual	Budget	Variance	% Variance
12.2%	13.1%	-0.9%	-6.9%
11.1%	11.9%	-0.8%	-6.7%
10.2%	10.3%	-0.1%	-1.0%
50.8%	50.7%	0.1%	0.2%
30.7%	30.5%	0.2%	0.7%
20.3%	21.0%	-0.7%	-3.3%

SONOMA VALLEY HOSPITAL
OPERATING INDICATORS
For the Period Ended March 31, 2020

ATTACHMENT B

	CURRENT MONTH				YEAR-TO-DATE			YTD
	Actual 03/31/20	Budget 03/31/20	Favorable (Unfavorable) Variance		Actual 03/31/20	Budget 03/31/20	Favorable (Unfavorable) Variance	Prior Year 03/31/19
				Inpatient Utilization				
				Discharges				
1	47	74	(27)	Med/Surg	572	640	(68)	675
2	16	13	3	ICU	142	113	29	109
3	63	87	(24)	Total Discharges	714	753	(39)	784
				Patient Days:				
4	143	248	(105)	Med/Surg	1,921	2,134	(213)	2,241
5	75	85	(10)	ICU	731	728	3	699
6	218	333	(115)	Total Patient Days	2,652	2,862	(210)	2,940
7	16	-	16	Observation days	159	-	159	77
				Average Length of Stay:				
8	3.0	3.4	(0.3)	Med/Surg	3.4	3.3	0.0	3.3
9	4.7	6.5	(1.9)	ICU	5.1	6.4	(1.3)	6.4
10	3.5	3.8	(0.4)	Avg. Length of Stay	3.7	3.8	(0.1)	3.8
				Average Daily Census:				
11	4.6	8.0	(3.4)	Med/Surg	7.0	7.8	(0.8)	8.1
12	2.4	2.7	(0.3)	ICU	2.7	2.6	0.0	2.5
13	7.0	10.7	(3.7)	Avg. Daily Census	9.6	10.4	(0.8)	10.7
				Other Utilization Statistics				
				Emergency Room Statistics				
14	745	1,021	(276)	Total ER Visits	7,974	8,221	(247)	7,459
				Outpatient Statistics:				
15	3,280	5,211	(1,931)	Total Outpatients Visits	39,391	41,727	(2,336)	40,347
16	23	29	(6)	IP Surgeries	202	247	(45)	240
17	57	144	(87)	OP Surgeries	1,164	1,159	5	1,221
18	43	89	(46)	Special Procedures	623	710	(87)	722
19	233	377	(144)	Adjusted Discharges	2,663	3,182	(519)	2,825
20	807	1,111	(304)	Adjusted Patient Days	9,869	9,126	743	19,145
21	26.0	35.8	(9.8)	Adj. Avg. Daily Census	35.9	33.2	2.7	69.6
22	1.4306	1.4000	0.031	Case Mix Index - Medicare	1.3651	1.4000	(0.035)	1.4963
23	1.8042	1.4000	0.404	Case Mix Index - All payers	1.5255	1.4000	0.125	1.5330
				Labor Statistics				
24	217	223	5	FTE's - Worked	208	216	7.6	262
25	236	249	13	FTE's - Paid	231	242	10.3	292
26	45.95	44.04	(1.91)	Average Hourly Rate	45.06	43.31	(1.75)	42.76
27	9.08	6.95	(2.13)	FTE / Adj. Pat Day	6.44	7.28	0.83	4.20
28	51.7	39.6	(12.1)	Manhours / Adj. Pat Day	36.7	41.5	4.8	23.9
29	179.0	116.7	(62.4)	Manhours / Adj. Discharge	136.1	119.0	(17.1)	162.1
30	22.1%	21.9%	-0.2%	Benefits % of Salaries	22.6%	23.3%	0.7%	22.6%
				Non-Labor Statistics				
31	20.4%	14.0%	-6.4%	Supply Expense % Net Revenue	15.1%	14.1%	-1.1%	11.7%
32	2,457	1,462	(995)	Supply Exp. / Adj. Discharge	1,875	1,509	(365)	1,818
33	29,632	15,173	(14,460)	Total Expense / Adj. Discharge	16,154	13,196	(2,958)	17,134
				Other Indicators				
34	17.9			Days Cash - Operating Funds				
35	36.9	50.0	(13.1)	Days in Net AR	42.8	50.0	(7.2)	43.7
36	94%			Collections % of Net Revenue	101%			98.8%
37	53.4	55.0	(1.6)	Days in Accounts Payable	53.4	55.0	(1.6)	47.8
38	16.7%	16.9%	-0.2%	% Net revenue to Gross revenue	16.9%	17.8%	-0.8%	21.5%
39	18.0%			% Net AR to Gross AR	18.0%			18.9%

Sonoma Valley Health Care District
Balance Sheet
As of March 31, 2020

ATTACHMENT C

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Assets			
Current Assets:			
1 Cash	\$ 2,351,588	\$ 463,356	\$ 734,404
2 Cash - Money Market	235,051	1,334,946	1,259
3 Net Patient Receivables	5,785,337	6,937,171	6,708,016
4 Allow Uncollect Accts	(1,199,855)	(1,160,611)	(1,173,911)
5 Net A/R	4,585,482	5,776,560	5,534,105
6 Other Accts/Notes Rec	305,220	329,486	(56,867)
7 Parcel Tax Receivable	1,691,803	1,691,803	1,777,301
8 GO Bond Tax Receivable	1,172,250	1,172,250	1,197,608
9 3rd Party Receivables, Net	6,986,284	2,950,548	6,608,195
10 Inventory	976,674	960,964	840,085
11 Prepaid Expenses	738,528	595,721	956,555
12 Total Current Assets	\$ 19,042,880	\$ 15,275,634	\$ 17,592,645
13 Property, Plant & Equip, Net	\$ 49,309,380	\$ 49,287,767	\$ 51,347,570
14 Trustee Funds - GO Bonds	4,187,441	4,558,768	3,568,572
15 Other Assets	-	-	-
16 Total Assets	\$ 72,539,701	\$ 69,122,169	\$ 72,508,787
Liabilities & Fund Balances			
Current Liabilities:			
17 Accounts Payable	\$ 3,775,082	\$ 2,983,638	\$ 4,868,524
18 Accrued Compensation	3,194,538	3,040,852	3,392,724
19 Interest Payable - GO Bonds	190,847	472,594	201,521
20 Accrued Expenses	1,636,215	1,646,798	1,393,047
21 Advances From 3rd Parties	-	-	105,388
22 Deferred Parcel Tax Revenue	949,989	1,266,656	1,713,308
23 Deferred GO Bond Tax Revenue	776,201	1,034,933	-
24 Current Maturities-LTD	351,797	370,245	747,113
25 Line of Credit - Union Bank	5,473,734	5,473,734	6,723,734
26 Other Liabilities	1,041,036	44,236	2,351,386
27 Total Current Liabilities	\$ 17,389,439	\$ 16,333,686	\$ 21,496,745
28 Long Term Debt, net current portion	\$ 28,734,173	\$ 28,723,482	\$ 32,887,402
Fund Balances:			
30 Unrestricted	\$ 17,854,532	\$ 15,808,390	\$ 11,429,135
31 Restricted	8,561,557	8,256,611	6,695,505
32 Total Fund Balances	\$ 26,416,089	\$ 24,065,001	\$ 18,124,640
33 Total Liabilities & Fund Balances	\$ 72,539,701	\$ 69,122,169	\$ 72,508,787

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended March 31, 2020**

ATTACHMENT D

Month					Year-To- Date					YTD
This Year		Variance			This Year		Variance			Prior Year
Actual		\$	%	Actual	Budget	\$	%			
1	63	87	(24)	-28%	Volume Information					
2	218	333	(115)	-35%	Acute Discharges	714	753	(39)	-5%	784
3	16	-	16	0%	Patient Days	2,652	2,862	(210)	-7%	2,940
4	12,309	16,411	(4,102)	-25%	Observation Days	159	-	159	*	13
					Gross O/P Revenue (000's)	142,348	131,974	10,374	8%	\$ 132,518
Financial Results										
Gross Patient Revenue										
5	\$ 4,554,509	\$ 7,021,091	(2,466,582)	-35%	Inpatient	\$ 52,419,148	\$ 60,252,010	(7,832,862)	-13%	\$ 71,326,423
6	6,169,864	9,785,636	(3,615,772)	-37%	Outpatient	82,064,063	78,371,737	3,692,326	5%	76,845,591
7	6,139,371	6,625,781	(486,410)	-7%	Emergency	60,284,213	53,601,977	6,682,236	12%	55,727,202
8	\$ 16,863,744	\$ 23,432,508	(6,568,764)	-28%	Total Gross Patient Revenue	\$ 194,767,424	\$ 192,225,724	2,541,700	1%	\$ 203,899,216
Deductions from Revenue										
9	(13,959,730)	(19,347,181)	5,387,451	28%	Contractual Discounts	\$ (160,648,160)	\$ (158,717,691)	(1,930,469)	-1%	\$ (166,250,420)
10	(100,000)	(150,000)	50,000	33%	Bad Debt	(1,830,000)	(1,350,000)	(480,000)	-36%	(1,285,000)
11	(6,180)	(23,672)	17,492	74%	Charity Care Provision	(80,192)	(213,048)	132,856	62%	(230,626)
12	5,481,012	3,770,478	1,710,534	45%	Prior Period Adj/Government Program Revenue	7,441,257	5,629,280	1,811,977	*	6,930,341
13	\$ (8,584,898)	\$ (15,750,375)	7,165,477	-45%	Total Deductions from Revenue	\$ (155,117,095)	\$ (154,651,459)	(465,636)	0%	\$ (160,835,705)
14	\$ 8,278,846	\$ 7,682,133	596,713	8%	Net Patient Service Revenue	\$ 39,650,329	\$ 37,574,265	2,076,064	6%	\$ 43,063,511
15	\$ 23,554	\$ 35,682	(12,128)	-34%	Risk contract revenue	\$ 219,868	\$ 321,138	(101,270)	-32%	\$ 684,078
16	\$ 8,302,400	\$ 7,717,815	584,585	8%	Net Hospital Revenue	\$ 39,870,197	\$ 37,895,403	1,974,794	5%	\$ 43,747,589
17	\$ 71,754	\$ 58,800	12,954	22%	Other Op Rev & Electronic Health Records	\$ 603,616	\$ 529,200	74,416	14%	\$ 122,605
18	\$ 8,374,154	\$ 7,776,615	597,539	8%	Total Operating Revenue	\$ 40,473,813	\$ 38,424,603	2,049,210	5%	\$ 43,870,194
Operating Expenses										
19	\$ 1,918,994	\$ 1,936,746	17,752	1%	Salary and Wages and Agency Fees	\$ 16,332,224	\$ 16,395,928	63,704	0%	\$ 19,578,973
20	670,430	\$ 676,309	5,879	1%	Employee Benefits	5,907,454	5,968,610	61,156	1%	6,805,951
21	\$ 2,589,424	\$ 2,613,055	23,631	1%	Total People Cost	\$ 22,239,678	\$ 22,364,538	124,860	1%	\$ 26,384,924
22	\$ 405,191	\$ 438,315	33,124	8%	Med and Prof Fees (excl Agency)	\$ 3,860,935	\$ 3,925,319	64,384	2%	\$ 4,276,052
23	573,201	551,194	(22,007)	-4%	Supplies	4,992,043	4,802,011	(190,032)	-4%	5,134,710
24	414,856	363,289	(51,567)	-14%	Purchased Services	3,423,539	3,339,551	(83,988)	-3%	3,467,876
25	265,214	266,763	1,549	1%	Depreciation	2,332,579	2,400,867	68,288	3%	2,603,579
26	87,452	90,712	3,260	4%	Utilities	892,824	934,068	41,244	4%	903,764
27	42,510	39,582	(2,928)	-7%	Insurance	350,310	356,238	5,928	2%	317,937
28	20,198	40,752	20,554	50%	Interest	288,693	426,625	137,932	32%	454,684
29	104,631	97,012	(7,619)	-8%	Other	899,579	894,204	(5,375)	-1%	945,178
30	2,314,115	1,109,808	(1,204,307)	109%	Matching Fees (Government Programs)	2,765,336	1,561,029	(1,204,307)	-77%	2,584,514
31	\$ 6,816,792	\$ 5,610,482	(1,206,310)	-22%	Operating expenses	\$ 42,045,516	\$ 41,004,450	(1,041,066)	-3%	\$ 47,073,218
32	\$ 1,557,362	\$ 2,166,133	\$ (608,771)	28%	Operating Margin	\$ (1,571,703)	\$ (2,579,847)	1,008,144	39%	\$ (3,203,024)

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended March 31, 2020**

ATTACHMENT D

Month					Year-To- Date					YTD	
This Year			Variance		This Year			Variance		Prior Year	
Actual			\$	%	Actual	Budget	\$	%			
33	\$	8,812	\$	(18,942)	27,754	-147%	Non Operating Rev and Expense				
34		-		1,375	(1,375)	-100%	Miscellaneous Revenue/(Expenses)			\$	(143,829)
35		0		(13,416)	13,416	-100%	Donations				10,019
36		316,667		316,667	-	0%	Physician Practice Support-Prima				(410,864)
37		0		0	-	0%	Parcel Tax Assessment Rev				2,849,253
38	\$	325,479	\$	285,684	39,795	14%	Extraordinary Items				0
							Total Non-Operating Rev/Exp			\$	2,304,579
39	\$	1,882,841	\$	2,451,817	(568,976)	-23%	Net Income / (Loss) prior to Restricted Contributions			\$	(898,445)
40	\$	-	\$	-	-	0%	Capital Campaign Contribution			\$	30,447
41	\$	304,946	\$	209,860	95,086	0%	Restricted Foundation Contributions			\$	1,773,802
42	\$	2,187,787	\$	2,661,677	(473,890)	-18%	Net Income / (Loss) w/ Restricted Contributions			\$	905,804
43		163,301		163,301	-	0%	GO Bond Activity, Net				1,378,004
44	\$	2,351,088	\$	2,824,978	(473,890)	-17%	Net Income/(Loss) w GO Bond Activity			\$	2,283,808
	\$	2,148,055	\$	2,718,580	(570,525)		EBDA - Not including Restricted Contributions			\$	1,705,134
		25.7%		35.0%							3.9%

* Operating Margin without Depreciation expense:

\$ 1,557,362	\$ 2,166,133	\$ (608,771)	28%
265,214	266,763	1,549	1%
\$ 1,822,576	\$ 2,432,896	\$ (607,222)	25%

Operating Margin	\$ (1,571,703)	\$ (2,579,847)	\$ 1,008,144	39%
Add back Depreciation	2,332,579	2,400,867	68,288	3%
Operating Margin without Depreciation expense	\$ 760,876	\$ (178,980)	\$ 1,076,432	525%

Sonoma Valley Health Care District
Variance Analysis
For the Period Ended March 31, 2020

ATTACHMENT E

Operating Expenses	YTD Variance	Month Variance	
Salary and Wages and Agency Fees	63,704	17,752	Salaries and wages are over budget by (\$17,230) and agency fees are under budget by \$34,982.
Employee Benefits	61,156	5,879	PTO under budget by \$10,872 and employee benefits over budget by (\$4,993).
Total People Cost	124,860	23,631	
Med and Prof Fees (excl Agency)	64,384	33,124	Physician and professional fees are under budget primarily due to clinic physician costs being under budget by \$19,692.
Supplies	(190,032)	(22,007)	Supplies are over budget by (\$22,007) due to the cost of implants being over budget by (\$22,433) and the unbudgeted cost for a new firewall and internet access for offsite offices (\$16,487).
Purchased Services	(83,988)	(51,567)	Purchased services were over budget by (\$51,567) due to IT costs being over budget by (\$24,319), the unbudgeted costs in Quality related to the human/patient experience initiative (\$7,500) and budgeted services used in the month of March.
Depreciation	68,288	1,549	
Utilities	41,244	3,260	
Insurance	5,928	(2,928)	
Interest	137,932	20,554	
Other	(5,375)	(7,619)	
Matching Fees (Government Programs)	(1,204,307)	(1,204,307)	Matching fee for FY 18-19 Rate Range IGT.
Operating expenses	(1,041,066)	(1,206,310)	

Sonoma Valley Hospital
Cash Forecast
FY 2020

ATTACHMENT F

	Actual July	Actual Aug	Actual Sept	Actual Oct	Actual Nov	Actual Dec	Actual Jan	Actual Feb	Actual Mar	Forecast Apr	Forecast May	Forecast Jun	TOTAL
Hospital Operating Sources													
1 Patient Payments Collected	4,267,579	3,747,119	3,783,981	3,724,440	3,674,833	4,402,798	4,285,824	3,729,401	4,098,798	2,265,360	2,052,680	3,701,357	43,734,169
2 Capitation Revenue	26,337	24,434	24,943	24,298	25,643	26,005	24,819	19,835	23,554	22,735	22,735	22,735	288,073
3 Napa State	2,565	983	6,153	17,109	18,240	49,465	14,872	-	142	11,231	11,231	11,231	143,223
4 Other Operating Revenue	27,168	113,630	31,381	162,702	77,470	51,209	86,697	148,851	96,064	58,800	58,800	58,800	971,572
5 Other Non-Operating Revenue	38,832	43,824	24,455	35,838	13,448	22,627	20,495	10,126	22,181	25,795	25,795	25,785	309,201
6 Unrestricted Contributions	12,593		755	3,263	6,219	2,765	10,214	1,550	545	1,375	1,375	1,375	42,029
7 Line of Credit													-
Sub-Total Hospital Sources	4,375,074	3,929,990	3,871,668	3,967,650	3,815,852	4,554,869	4,442,921	3,909,763	4,241,285	2,385,296	2,172,616	3,821,283	45,488,267
Hospital Uses of Cash													
8 Operating Expenses	4,751,297	5,353,928	4,260,382	4,307,504	4,160,854	4,479,501	5,664,106	4,235,166	3,575,640	3,539,515	3,985,074	4,085,675	52,398,641
9 Add Capital Lease Payments	111,366	185,165	32,638	390,032	112,524	33,887	71,986	7,732	7,757	7,150	7,150	74,150	1,041,537
10 Additional Liabilities/LOC		625,000				625,000							1,250,000
11 Capital Expenditures	435,215	73,951	160,473	54,243	187,550	59,628	447,224	146,675	304,401	209,860	209,860	209,859	2,498,940
Total Hospital Uses	5,297,879	6,238,044	4,453,493	4,751,778	4,460,928	5,198,016	6,183,316	4,389,573	3,887,797	3,756,525	4,202,084	4,369,684	57,189,118
Net Hospital Sources/Uses of Cash	(922,805)	(2,308,055)	(581,825)	(784,129)	(645,076)	(643,147)	(1,740,395)	(479,810)	353,488	(1,371,229)	(2,029,468)	(548,401)	(11,700,850)
Non-Hospital Sources													
12 Restricted Cash/Money Market	(1,056,509)	725,000	1,500,000			(500,000)	200,000		1,100,000	(6,000,000)			(4,031,509)
13 Restricted Capital Donations	342,251	5,000	160,473	36,918	187,550	59,628	447,224	146,675	304,401	209,860	209,860	209,859	2,319,699
14 Parcel Tax Revenue	100,099					2,108,197			1,000,000	545,000			3,753,296
15 Other Payments - South Lot/LOC/Fire Claim	956,411		51,682										1,008,092
16 Other:									35,656	1,094,748			1,130,404
17 IGT									1,408,802	5,481,012			6,889,814
18 IGT - AB915					31,705					1,033,318	294,488		1,359,511
19 PRIME						135,000							135,000
Sub-Total Non-Hospital Sources	342,251	730,000	1,712,154	36,918	219,255	1,802,825	647,224	146,675	3,848,859	2,363,938	504,348	209,859	12,564,307
Non-Hospital Uses of Cash													
20 Matching Fees					67,500		451,221		2,314,115				2,832,836
Sub-Total Non-Hospital Uses of Cash	-	-	-	-	67,500	-	451,221	-	2,314,115	-	-	-	2,832,836
Net Non-Hospital Sources/Uses of Cash	342,251	730,000	1,712,154	36,918	151,755	1,802,825	196,003	146,675	1,534,744	2,363,938	504,348	209,859	9,731,471
Net Sources/Uses													
Net Sources/Uses	(580,553)	(1,578,055)	1,130,329	(747,211)	(493,321)	1,159,679	(1,544,392)	(333,135)	1,888,232	992,709	(1,525,120)	(338,542)	
Operating Cash at beginning of period	3,450,014	2,869,461	1,291,406	2,421,736	1,674,525	1,181,204	2,340,883	796,491	463,356	2,351,588	3,344,297	1,819,177	
Operating Cash at End of Period	2,869,461	1,291,406	2,421,736	1,674,525	1,181,204	2,340,883	796,491	463,356	2,351,588	3,344,297	1,819,177	1,480,635	
Money Market Account Balance	3,258,551	2,533,925	1,034,199	1,034,330	1,035,454	1,534,600	1,334,793	1,334,946	235,051	6,235,051	6,235,051	6,235,051	
Total Cash at End of Period	6,128,012	3,825,331	3,455,935	2,708,855	2,216,658	3,875,483	2,131,284	1,798,302	2,586,639	9,579,348	8,054,228	7,715,686	
Average Days of Cash on Hand	38.82	36.60	28.00	22.51	16.89	17.85	20.38	15.67	15.61	61.80	51.96	49.78	

Foundation Support:							
Dept #	Department	DESCRIPTION	FY 2016	FY 2017	FY 2018	FY 2019	YTD FY 2020
6171	OB	Panda infant warmer	41,465				
6171	OB	Natus Hearing Screening	21,397				
	MRI	1.5 8 Channel Knee Coil		42,211			
7420	Surgery	Mini C-Arm		68,819			
7420	Surgery	Stryker Audio/Video Integration Upgrade (Tower System)		378,302			
6171	OB	Philips Fetal Monitor - 2		47,724			
7420	Surgery	TruClear Hysteroscope System		41,700			
6171	OB	Jaundice Meter JM-105			7,332		
7500	Laboratory	GramPro Slide Strainer			6,914		
7420	Surgery/A Women's Place	Mammotone Neoprobe			44,244		
7631	Mammography	3 D Hologic Equipment			428,718		
7631	Mammography	Construction/furnishings/service eqt			612,596		
7631	Mammography	3D Reading Monitor			31,102		
8340	Dietary	Walk in Freezer				8,498	
7500	Laboratory	ABL Flex Plus Analyzer				16,049	
8450	Engineering/Plant Ops	Infrared Thermal Imager					10,336
6010	ICU	Patient Lift for ICU					8,605
		A Women's Place - Building Improvements (Closed CIP in FY 2020)				22,601	
		A Women's Place - Equipment and Furniture (Closed CIP in FY 2020)				33,280	
6170	Med-Surg	MDM Patient Journey System					71,155
Foundation Support Sub-total			\$ 62,862	\$ 578,756	\$ 1,130,906	\$ 80,429	\$ 90,096

Equipment:							
Dept #	Department	DESCRIPTION	FY 2016	FY 2017	FY 2018	FY 2019	YTD FY 2020
7630	Medical Imaging	Dual Tower Imaging Table	6,296				
7670	Ultrasound	GE Ultrasound - Interface Software	14,681				
6171	OB	Epidural pumps	7,962				
9552	Timeshare	X-ray Machine	42,800				
8340	Dietary	Water & Ice dispenser	5,052				
8340	Dietary	Steamer Table with Stand	8,146				
7420	Surgery	Reconditioned Microscope	7,138				
7420	Surgery	High Flow Insufflator		7,642			
7420	Surgery	Rhizo Radio Freq Ablator		21,616			
7430	Ambulatory Care	Transport Gurney 30"		4,170			
7430	Ambulatory Care	Eye Surgery Stretcher		6,801			
7420	Surgery	Signia XL Bariatric Stapler		39,655			
7630	Medical Imaging	Empower CTA injector system			22,480		
7420	Surgery	Trimano Adapter/Support Arm			17,923		
8340	Dietary	Double Oven			7,586		
7420	Surgery	Amsco Steris Table			12,500		
8700	Medical Records	Misc Furniture/ reclassified CIP			6,550		
7420	Surgery	G6 Cyclo System Optical laser			21,432		
8340	Dietary	Mobile shelving - Uline				6,909	
8480	Information Systems	GHA Technologies UCSF Telemedicine Cart				8,265	
7420	Surgery	Stryker Medical - Refurbished PI drive/attachments				15,415	
7420	Surgery	Olympus - EVIS EXERA III				29,716	
8450	Engineering/Plant Ops	UCSF signage - multiple sites				8,182	
7420	Surgery	Stryker Medical - System 8 Drill/saws				107,487	
Various		Celtic Lease payoff - various equipment					421,904
7420	Surgery	Zimmer Biomet Intellicart System w/Evac Station					22,034
7420	Surgery	Alcon Centurian Phaco Machine					65,250
7420	Surgery	Olympus America - Urology equipment					62,118
Equipment Sub-total			\$ 92,075	\$ 79,884	\$ 88,471	\$ 175,974	\$ 571,306

Information Systems/Electronic Health Records:							
Dept #	Department	DESCRIPTION	FY 2016	FY 2017	FY 2018	FY 2019	YTD FY 2020
8480	Information Systems	Wyse D90D7 Thin Clients	9,000				
8480	Information Systems	Single Sign On System		81,506			
8480	Information Systems	Computrition - Hospitality Suite Menu Plnr		93,897			
8480	Information Systems	E H R Phase III: E-RX & ECQM - Closed CIP			38,637		
8480	Information Systems	E H R Phase IV: Purge PHI/Host One Content - Closed CIP			53,268		
8480	Information Systems	E H R Phase V: Paragon 14 Upgrade - Closed CIP			55,920		
8480	Information Systems	E H R Phase VI: Eligibility of Insurance Module - Closed CIP			7,964		
8480	Information Systems	E H R Phase VII: HUB - Closed CIP			98,449		
8480	Information Systems	9 HP Elite Notebooks			11,728		
8480	Information Systems	Citrix Platinum Netscaler Upgrade			255,639		
8480	Information Systems	Dell Computers - 20					17,252
8480	Information Systems	Dragon One Speech Recognition - Physician dictation					11,300
Equipment Sub-total			\$ 9,000	\$ 175,403	\$ 521,605	\$ -	\$ 28,552

Building/Leasehold Improvements							
Dept #	Department	DESCRIPTION	FY 2016	FY 2017	FY 2018	FY 2019	YTD FY 2020
8450	Engineering/Plant Ops	Nurse Call System - Closed CIP	249,567				
8450	Engineering/Plant Ops	Carpet - Hallway	66,282				
8450	Engineering/Plant Ops	Otto Construction - Site Bench	16,661				
8450	Engineering/Plant Ops	Automatic doors - Lobby	13,163				
9553	Timeshare - 462 W. Napa	462 W. Napa Timeshare - Closed CIP	50,740				
8450	Engineering/Plant Ops	Spring pumps - 2 (basement)	9,100				
8450	Engineering/Plant Ops	NPC2 - Closed CIP	14,412				
8450	Engineering/Plant Ops	ER Communications - Closed CIP	10,853				
8450	Engineering/Plant Ops	Rewire 3rd Floor TV Cable		9,406			
8450	Engineering/Plant Ops	Metro Electric - 3rd Floor Cabling			30,160		
8450	Engineering/Plant Ops	Fire Alarm 2nd floor Replacement - Closed CIP	55,649	101,458			
8450	Engineering/Plant Ops	SNF Nurse Call - Closed CIP		174,625	21,135		
8450	Engineering/Plant Ops	SNF Pipes - Closed CIP		109,509			
8450	Engineering/Plant Ops	Lobby Upgrade - Closed CIP	135,710	46,665			
8450	Engineering/Plant Ops	Additional 3rd Floor Cabling			13,460		
7073	SFP Clinic - Perkins	Conklin Bros Flooring				16,859	
Infrastructure Sub-total			622,137	441,663	64,755	16,859	-
Total Capital Assets			\$ 786,074	\$ 1,275,706	\$ 1,805,736	\$ 273,262	\$ 689,954
Recap:							
Capital Spend - Hospital			723,212	696,950	674,830	192,833	599,858
Capital Spend - Foundation			62,862	578,756	1,130,906	80,429	90,096
Total Capital Assets			\$ 786,074	\$ 1,275,706	\$ 1,805,736	\$ 273,262	\$ 689,954

Account #		Construction In Progress (CIP)	CIP Budget	Spent to Date	CIP Balance at 6/30/2019	Spending Fiscal YTD 2020	CIP Balance Fiscal YTD 2020
1258-0050		ODC - Project 1	11,500,000	3,516,099	2,010,758	1,505,341	3,516,099
1258-0060		Conversion of Rooms 215-217	66,110	107,465	104,104	3,361	107,465
1258-0440		EHR Implementation	6,315,356	5,110,075	107,882	(70,882)	37,000
1258-0820		CIP - 3rd Floor Acute Care Move	230,000	253,014	250,729	2,285	253,014
1258-0830		Wound Care Expansion	74,350	42,746	-	42,746	42,746
CIP Balance			\$ 18,185,816	\$ 9,029,399	\$ 2,473,473	\$ 1,482,851	\$ 3,956,324

Foundation
Operations
MedOne Leases/operations
Foundation
Foundation/Operations

Capital Financing/Leasing:

Dept #	Department	DESCRIPTION	Previous Years	FY 2016	FY 2017	FY 2018	YTD FY 2019	Monthly Cost	Term	Final Payment
8450	CEC Loan Phase 1	California Energy Commission loan	443,774					3,563	180 Months	06/22/2023
8450	CEC Loan Phase 2	California Energy Commission loan	675,452					7,796	96 Months	06/22/2022
7630	Medical Imaging	Fluoroscopy Equipment			418,171			7,717	60 Months	12/01/2021
7420	Surgery	Cyclo G6 Laser console with Probes				21,432		595	36 Months	02/22/2021
7420	Surgery	Gastrosopes (3) - Operating Lease				121,500		3,375	36 Months	01/31/2021
8480	Information Systems	Citrix Netscaler				124,598	255,639	6,677	48 Months	08/01/2022
Capital Financing/Leasing Total			\$ 1,119,226	\$ -	\$ 418,171	\$ 267,530	\$ 255,639	\$ 29,723		

Bi-annual Payments
Bi-annual Payments
Financing
Interest free
Operating Lease
Annual payments

Vivian Woodall

From: Ken Jensen
Sent: Tuesday, April 21, 2020 3:16 PM
To: Vivian Woodall
Cc: Sarah Dungan
Subject: Fw: Loans

Here is the link to the HELP II (Healthcare Expansion Loan Program) loan application.

<https://www.treasurer.ca.gov/chffa/programs/help.asp>

From the FAQ

How may loan proceeds be used?

Loan proceeds up to \$1,500,000 per borrower may be used for eligible uses as listed below.

Eligible Uses:

- Purchase, construction, renovation, or remodeling of real property
- Purchase equipment and furnishings
- Perform feasibility studies, site tests, and surveys associated with real property
- Pay permit fees, architectural fees, and pre-construction costs

Ineligible Uses:

- Appraisal fees
- Title fees
- Financial advisor fees
- Authority loan fees

Loan proceeds up to \$1,000,000 may be used to refinance existing debt. The existing debt must qualify as an eligible use under the HELP II Loan Program.

- Refinance existing debt, but only when a single obligation is paid in full

What is the maximum loan amount and interest rate?

CHFFA currently offers the following loan types and terms.

Loan Types and Terms*

	Equipment & Furnishings	Refinance	Purchase, Construct, & Renovate Real Property
Interest Rate	2%	3%	2%
Loan Amount	\$25,000 - \$1,500,000	\$25,000 - \$1,000,000	\$25,000 - \$1,500,000
Amortization	5 years	15 years	20 years

* Loan terms are subject to change.

[Back to Top](#)

How long does it take to obtain financing after the loan application is submitted?

Generally, loans may be funded as early as 30 days after a loan is approved by the Authority.

[Back to Top](#)

How do I apply for a loan or get more information about the HELP II Loan Program?

The HELP II loan [application](#) is currently posted on our website. For more information, you may contact staff at (916) 653-2799 or [email us](#).

Who is eligible for a loan?

CHFFA can help potential borrowers who meet the following requirements:

- Be a non-profit 501(c)(3) corporation, or a public health facility as defined in Government Code Section 15432(d).
- Qualify as a small or rural health facility, or district hospital as specified in the law.
- Annual gross revenues of \$30 million or less for small facilities; there is no gross revenue limit for qualifying rural facilities and district hospitals.
- Licensed by the State of California, typically through the Departments of Health Care Services, Public Health, or Social Services.
- Facility is certified, organized, maintained and operated for the diagnosis, care, prevention, and treatment of human illness, or physical, mental, or developmental disability, including convalescence and rehabilitation and including care during and after pregnancy.

Eligible facilities may include:

- Acute Care Hospitals

How do I determine my monthly payments?

[2% Interest Rate Schedule](#) for equipment and furnishings; and purchase, construction, and renovation of real property
[3% Interest Rate Schedule](#) for refinancing

[Back to Top](#)

What is the repayment period for a HELP II loan?

- Property acquisition, construction, and renovation loans are limited to a maximum of 20 years.
- Refinancing loans are limited to a maximum of 15 years.
- Equipment loans are limited to a maximum of 5 years.

[Back to Top](#)

Does CHFFA require a 5% down payment or other borrower's contribution?

Borrowers must contribute a minimum of five percent (5%) toward project costs. This five percent (5%) must be in the form of cash or documented project expenditures, subject to Authority approval. For refinancing transactions, the five percent (5%) may come from the equity in the property.

CALIFORNIA HEALTH FACILITIES
FINANCING AUTHORITY

The HELP II Loan Program
Application

LOW FIXED INTEREST RATE

LOANS FOR
CALIFORNIA'S NON-PROFIT
SMALL AND RURAL
HEALTH FACILITIES

915 Capitol Mall, Suite 590
Sacramento, California 95814
Phone: (916) 653-2799
Fax: (916) 654-5362
Website: www.treasurer.ca.gov/chffa

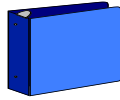
CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

**THE HELP II LOAN PROGRAM
TABLE OF CONTENTS**

PROGRAM INFORMATION	<i>i</i>
Applying for a Loan	1
 Exhibit A - APPLICATION FORM	
Tab 1. Summary Information	A-1
Tab 2. Sources and Uses of Funds	A-2
Tab 3. Project Information	A-3
Tab 4. Management Discussion of Financials / List of Debt	A-5
Tab 5. Population Served / Utilization / Community Service	A-6
Tab 6. Legal Status Questionnaire	A-7
Tab 7. Religious Affiliation Due Diligence	A-8
Tab 8. Certification	A-10
Tab 9. Exhibit B - Community Service Certificate	B-1
* Exhibit C - Government Code 15438.5	C-1
* Exhibit D - Schedule of Monthly and Annual Loan Payments	D-1
* Exhibit E - License Requirements for Appraisers	E-1
 * Information only item – do not include in application	
Attachment A. Financial Information	ATT-1
Attachment B. Background	ATT-1
Attachment C. Management Information	ATT-1
Attachment D. Corporate Status	ATT-1
Attachment E. Seismic Upgrades (For Acute Care Hospitals Only)	ATT-1
Attachment F. Checklist – HELP II Loan Application	ATT-2

A

pplying for a loan



The Authority welcomes your application and wishes you success in your financing endeavors. Staff will be pleased to answer any questions you have or to provide technical assistance in preparing the application. A pre-application discussion with Authority staff is recommended to ensure that the borrower and project qualify for financing. **Please call us at (916) 653-2799.**

GENERAL INFORMATION

Applications will be accepted on a continual basis. Applications are due by the 20th of each month to be included on the agenda for the following month meeting date.

The Authority staff may require a site visit to evaluate the project and the borrower's operations.

All loans must be approved by the Authority's Board at its regularly scheduled meeting in Sacramento (generally the last Thursday of the month). Visit our website at www.treasurer.ca.gov/chffa. Applicants must attend the meeting to present their proposals and answer any questions from members of the Authority.

PREPARING THE APPLICATION

1. Prepare two report covers (Fig. 1) with two-prong metal fasteners (Fig. 2), with Tabs 1-9 for the application form and Tabs A-F for attachments.

Fig. 1

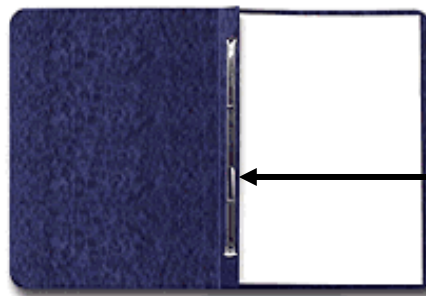


Fig. 2



2. In Tabs 1-9 of the folders, place the completed written application form as requested (see pages A-1 through A-10 and B-1 though B-3). The application must be typed. **Incomplete or illegible applications will not be considered for financing.**
3. In Tabs A through E, insert the attachments as requested on page ATT-1.
4. In Tab F, insert the completed HELP II Application Checklist, page ATT-2.



SUBMITTING THE APPLICATION

Enclose a check for \$50 made payable to the *California Health Facilities Financing Authority* and forward an original and one copy of the application to:

California Health Facilities Financing Authority
915 Capitol Mall, Suite 590
Sacramento, California 95814
Attn. Operations Manager

THE CLOSING PROCESS

All approved borrowers will receive a loan closing package approximately one week after loan approval. The package is fairly self-contained and includes most of the documents required for closing. However, there are a few documents each borrower must individually provide for closing. Upon the borrower's completion and submission of the closing package to the Authority, a check will be issued in the total amount of the loan. Each loan closing takes approximately four weeks after loan approval, depending upon the complexity of the transaction.



HELP II Loan Program Application Form (Exhibit A)

Tab 1. Summary Information

BORROWER INFORMATION		
Legal Name <i>[Name from Articles of Incorporation or Amendment(s)]</i>		
Street Address	Federal Tax I.D. Number	
City, State & Zip	County	Contact Person / Title
P.O. Box Address <i>[If Applicable]</i>	Telephone Number	Fax Number
Facility Name <i>[If different from Borrower Legal Name]</i>	E-mail Address	
Project Street Address	Have you been a prior borrower in the HELP II Program? <input type="checkbox"/> Yes <input type="checkbox"/> No	
City, State & Zip	County	
If yes, date(s) loan(s) funded.		

LOAN INFORMATION		
AMOUNT REQUESTED: <i>[Max. \$1,000,000, including existing HELP II Balances]</i> \$	REPAYMENT TERM (Years): <i>[Real estate, max. 15 years / Equipment, max. 5 years]</i>	DATE FUNDS NEEDED:
EST. VALUE OF COLLATERAL: \$	DESCRIPTION OF COLLATERAL: (i.e. address)	LIEN POSITION: <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> Other:

ELIGIBILITY																								
To be eligible for financing, applicants must meet <u>each</u> of the six following requirements. Please confirm eligibility by checking all that apply:																								
<ol style="list-style-type: none"> 1. <input type="checkbox"/> We qualify as a health facility under the Authority's enabling legislation – Section 15432(d) of the Government Code. We are licensed by the State of California through the Department of Health Services or _____. Type of facility: (Check all applicable boxes) <table style="width: 100%; border: none;"> <tr> <td><input type="checkbox"/> Acute Care Hospital</td> <td><input type="checkbox"/> Community Clinic</td> <td><input type="checkbox"/> Psychiatric Facility</td> </tr> <tr> <td><input type="checkbox"/> Adult Day Health Center</td> <td><input type="checkbox"/> Community Mental Health</td> <td><input type="checkbox"/> Public Health Center</td> </tr> <tr> <td><input type="checkbox"/> AIDS Clinic</td> <td><input type="checkbox"/> Community Work-Activity</td> <td><input type="checkbox"/> Rehabilitation Facility</td> </tr> <tr> <td><input type="checkbox"/> Alcoholism Recovery Facility</td> <td><input type="checkbox"/> Developmental Disability</td> <td><input type="checkbox"/> Skilled Nursing/Intermediate Care</td> </tr> <tr> <td><input type="checkbox"/> Blood Bank</td> <td><input type="checkbox"/> Diagnostic/Treatment Center</td> <td><input type="checkbox"/> Other (describe):</td> </tr> <tr> <td><input type="checkbox"/> Chemical Dependency Facility</td> <td><input type="checkbox"/> Group Home</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Child Day Care Facility</td> <td><input type="checkbox"/> Multilevel Care Facility</td> <td></td> </tr> </table> 2. <input type="checkbox"/> Must be a non-profit 501 (c) (3) corporation according to IRS definition, or a public health facility (e.g. District Hospital). 3. Must be one of the following: <table style="width: 100%; border: none;"> <tr> <td><input type="checkbox"/> A corporation with no more than \$30 million in annual gross revenues, as shown on most recent audited financial statements.</td> </tr> <tr> <td><input type="checkbox"/> Located in a rural Medical Service Study Area as defined by the California Health Manpower Policy Commission.</td> </tr> <tr> <td><input type="checkbox"/> A District Hospital</td> </tr> </table> 4. <input type="checkbox"/> Must provide for consumer savings and community benefits (see page A-6). 5. <input type="checkbox"/> Must have been in existence for at least three years performing the same types of services. 6. <input type="checkbox"/> Must have three (3) years audited financial statements. 	<input type="checkbox"/> Acute Care Hospital	<input type="checkbox"/> Community Clinic	<input type="checkbox"/> Psychiatric Facility	<input type="checkbox"/> Adult Day Health Center	<input type="checkbox"/> Community Mental Health	<input type="checkbox"/> Public Health Center	<input type="checkbox"/> AIDS Clinic	<input type="checkbox"/> Community Work-Activity	<input type="checkbox"/> Rehabilitation Facility	<input type="checkbox"/> Alcoholism Recovery Facility	<input type="checkbox"/> Developmental Disability	<input type="checkbox"/> Skilled Nursing/Intermediate Care	<input type="checkbox"/> Blood Bank	<input type="checkbox"/> Diagnostic/Treatment Center	<input type="checkbox"/> Other (describe):	<input type="checkbox"/> Chemical Dependency Facility	<input type="checkbox"/> Group Home		<input type="checkbox"/> Child Day Care Facility	<input type="checkbox"/> Multilevel Care Facility		<input type="checkbox"/> A corporation with no more than \$30 million in annual gross revenues, as shown on most recent audited financial statements.	<input type="checkbox"/> Located in a rural Medical Service Study Area as defined by the California Health Manpower Policy Commission.	<input type="checkbox"/> A District Hospital
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<input type="checkbox"/> Located in a rural Medical Service Study Area as defined by the California Health Manpower Policy Commission.																								
<input type="checkbox"/> A District Hospital																								
<div style="display: flex; justify-content: space-between; align-items: center;"> <p style="margin: 0;">If one or more of these requirements cannot be met, please contact the Authority to determine eligibility.</p> </div>																								

Tab 2. Sources and Uses

Sources of Funds:

HELP II loan (Max. \$1,000,000, can't exceed 95% of appraised value)	\$ _____	(<u>!Zero</u>)
Borrower funds*	\$ _____	(<u>!Zero</u>)
Other sources, list (i.e. bank loan **, grant, etc.)		
_____	\$ _____	(<u>!Zero</u>)
_____	\$ _____	(<u>!Zero</u>)
_____	\$ _____	(<u>!Zero</u>)
Total Sources	\$ <u>0</u>	(<u>0%</u>)

Must equal 100%

* “Borrower funds” must comprise at least five percent (5%) of the total sources of funds. This 5% must either be in the form of cash or documented project expenditures, subject to approval by the Authority.

** If obtaining a bank loan, please describe the terms of the loan. _____

Uses of Funds:

Purchase real property	\$ _____
Construction, renovation, remodel real property	\$ _____
Refinance real property debt	\$ _____
Purchase equipment	\$ _____
Finance start-up facility (up to \$200,000, case-by-case basis)	\$ _____
Other*** _____	\$ _____
_____	\$ _____
_____	\$ _____
Authority Loan Fee [1.25% of HELP II Loan Amount]	\$ <u>0</u>
Other closing costs (title, escrow, etc., typically \$1,000 - \$2,000)	\$ _____
Total Uses (must equal total sources)	\$ <u>0</u>

*** Eligible uses include permit fees, architectural fees, pre-construction costs, feasibility studies, site tests, surveys, etc.
[See Page ii for listing of qualified Uses of Funds.]

Tab 3. Project Information

Provide the following information about the project:

PROJECT INFORMATION (USE ADDITIONAL PAGES AS NECESSARY.)	
Provide the following information about the project:	
1a. What is the expected Project start date?	1b. When will the Project be complete?
2. List the precise street address, city and county of the project.	
3. For renovation or construction projects, list the name of the construction company or contractor (if one is already chosen) completing the work.	
4. List the name of any other lenders/grantors participating in this project, include phone numbers, status of loan approval/grant commitment, terms of loan. Please provide a copy of loan/grant commitment letter, if available.	
5. For acquisition of real property, list the name of the seller. If seller is a partnership, provide names of the individuals that make up the partnership.	

Purpose of Loan: (Check all applicable boxes)

- | | | |
|--|---|---|
| <input type="checkbox"/> Purchase real estate | <input type="checkbox"/> Construction * | <input type="checkbox"/> Purchase equipment |
| <input type="checkbox"/> Refinance real estate | <input type="checkbox"/> Renovation * | <input type="checkbox"/> Other (describe): |

* HELP II Loan borrowers must comply with California's prevailing wage law under Labor Code section 1720, et seq. for public works projects. The Authority recommends applicants and borrowers consult with their legal counsel.

Provide a comprehensive description of the project. (Additional project information is requested on Page A-4)

Fully describe what specific problem this project addresses? (i.e. community needs, demand, etc.)

Tab 3. Project Information (continued)

Real estate collateral will be required for *construction, acquisition, renovation or refinancing* projects. Therefore, for these types of projects, provide the name and address of the Title Company you have selected to handle your transaction.

Name of Title Company	Contact Person and Title	
Address of Title Company	Telephone Number	Fax Number
	E-mail Address	

For the types of projects listed below, please supply the following additional information in Tab 3:

	<i>Construction or Remodeling Projects</i>	<i>Acquisition or Refinancing of real property</i>	<i>Equipment</i>
Required with application	<ul style="list-style-type: none">• Project timeline.• Construction contract.• An estimate of property value. Your broker/realtor can assist you in this area.• A Preliminary Title report dated within 30 days of the application date	<ul style="list-style-type: none">• A description of the land or property to be acquired.• A copy of the existing loan or note (for a refinancing).• Copy of executed purchase contract, counter offers, and all addendums for purchases.• An estimate of property value. Your broker/realtor can assist you in this area.• A Preliminary Title report dated within 30 days of the application date	<ul style="list-style-type: none">• A complete list of the items to be purchased, itemized by cost.• Provide copies of requisitions, invoices or estimates to support your request, if available.
If available, however, not required at time of application; but required prior to loan closing	<ul style="list-style-type: none">• Building permits required to begin construction.• An appraisal (no older than six months) verifying that the loan amount shall not exceed 95% of the “as improved” appraised value. See Exhibit E to determine the appropriate licensed appraiser to use.	<ul style="list-style-type: none">• An appraisal (no older than six months) verifying that the loan amount shall not exceed 95% of the “as is” appraised value. See Exhibit E to determine the appropriate licensed appraiser to use.	

Tab 4. Management Discussion of Financials

MANAGEMENT FINANCIAL DISCUSSION

INCOME STATEMENT DISCUSSION

Please provide a comprehensive management discussion of the last 3 years audited and current interim financials. Also, include in this discussion any material changes from year-to-year for line item revenues, expenses, unrestricted net assets. Please provide explanation below.

BALANCE SHEET DISCUSSION

Please provide a comprehensive management discussion of the last 3 years audited and current interim financials. Also discuss any material changes in the assets, liabilities, or unrestricted net assets. Please provide explanation below.

LIST OF LONG-TERM DEBT

List all debt owed by the Corporation. Place an * by any debt which is being refinanced with the HELP II loan.
(Include existing lines of credit, and amounts currently outstanding).

<u>Lender</u>	<u>Original Loan Date / Amount</u>	<u>Amount Outstanding</u>	<u>Interest Rate/ Monthly Paymnt</u>	<u>Est. Value of Collateral</u>	<u>Maturity Date</u>	<u>Purpose (i.e. purchase, remodel) Description (i.e. address)</u>

Tab 5. Population Served / Utilization / Community Service

POPULATION SERVED

The following categories require the number of clients in each sub-group, as shown on the applicant's most recent records.

Age	Gender	Ethnic Composition
0-19	Male	Asian/Pacific Islander
20-34	Female	African American
35-44	Total	Caucasian
45-64		Hispanic
65 & Over		Native American
Total		Filipino
		Other
		Total

UTILIZATION

Clients Served / (Patient Visits) Fiscal Year Ended January 31

	One Months Ended		Fiscal Year Ended January 31	
	January			
	20	20	20	20
Totals	/ ()	/ ()	/ ()	/ ()

COMMUNITY SERVICE AND SAVINGS PASS THROUGH REQUIREMENTS

	Yes	No
A. Are borrower's services made available to all persons in the area served by the facility? (Sec. 15459, Gov. Code)		
Note: Please read and execute the Community Service Obligation certificate. (Exhibit B of Application, insert in Tab 9)		
B. Are borrower's services eligible for Medi-Cal reimbursement? (Sec. 15459.1, Gov. Code)		
C. Will savings realized as a result of a loan through the HELP II Program be passed through to the consuming public? (See 15438.5, Gov Code) (See Exhibit C)		
D. Describe the manner in which savings realized as a result of a loan through the HELP II Program will be passed through to the consuming public. (See 15438.5, Gov Code) (See Exhibit C)		

Tab 6. Legal Status Questionnaire

Applicant Name:

1. Financial Viability

Disclose any legal or regulatory action or investigation that may have a material impact on the financial viability of the project or the applicant. The disclosure should be limited to actions or investigations in which the applicant or the applicant's parent, subsidiary, or affiliate involved in the management, operation, or development of the project has been named a party.

Response:

2. Fraud, Corruption, or Serious Harm

Disclose any legal or regulatory action or investigation involving fraud or corruption, or health and safety where there are allegations of serious harm to employees, the public, or the environment. The disclosure should be limited to actions or investigations in which the applicant or the applicant's current board member (except for volunteer board members of non-profit entities), partner, limited liability corporation member, senior officer, or senior management personnel has been named a defendant within the past ten years.

Response:

Disclosures should include civil or criminal cases filed in state or federal court; civil or criminal investigations by local, state, or federal law enforcement authorities; and enforcement proceedings or investigations by local, state or federal regulatory agencies. The information provided must include relevant dates, the nature of the allegation(s), charters, complaint or filing, and the outcome.

I/We attest that we have provided full disclosure as indicated in *response* to the items #1 and #2 above.

Signature of Principal, CEO, or Lead Administrator

Date

Print or Type Name

Signature of President or Chair of Governing Board

Date

Print or Type Name

TAB 7. Religious Affiliation due Diligence:

Note: Evidence (e.g., written admission policy, patient/resident application form, written hiring policies, codes of conduct, website information, statistical information, etc.) of each stated fact should be included in this tab.

QUESTIONS	ANSWER (Yes or No) Please provide explanations as requested – Attach additional pages as needed
Admission Policies	
<ul style="list-style-type: none"> Does the facility admit patients or residents of all religions and faiths? 	<input type="checkbox"/> Yes <input type="checkbox"/> No (please explain)
<ul style="list-style-type: none"> Are patients/residents ever turned away because of their religious affiliation? 	<input type="checkbox"/> Yes (please explain) <input type="checkbox"/> No
<ul style="list-style-type: none"> Does the facility grant any preference, priority or special treatment with respect to admission, treatment, payment, etc., based on religion or faith? 	<input type="checkbox"/> Yes (please explain) <input type="checkbox"/> No
<ul style="list-style-type: none"> Does the facility focus on the needs of, market to, or target, a particular religious population? 	<input type="checkbox"/> Yes (please explain) <input type="checkbox"/> No
<ul style="list-style-type: none"> Does the facility discourage individuals from seeking admission to the facility on the basis of religion? 	<input type="checkbox"/> Yes (please explain) <input type="checkbox"/> No
<ul style="list-style-type: none"> Is it the facility's mission to serve patients/residents of a particular religion? 	<input type="checkbox"/> Yes (please explain) <input type="checkbox"/> No
<ul style="list-style-type: none"> What percentage of the patients/residents admitted and treated at the facility are of the same religious denomination as the facility's religious affiliation? 	
Hiring and Employment Practices	
<ul style="list-style-type: none"> Does the facility hire employees and medical staff that are of all religions and faiths? 	<input type="checkbox"/> Yes <input type="checkbox"/> No (please explain)
<ul style="list-style-type: none"> In hiring employees and medical staff, does the facility give preference to applicants of a particular religion? 	<input type="checkbox"/> Yes (please explain) <input type="checkbox"/> No

Tab 7. Religious Affiliation Due Diligence (Continued):

Note: Evidence (e.g., written admission policy, patient/resident application form, written hiring policies, codes of conduct, website information, statistical information, etc.) of each stated fact should be included in this tab.

QUESTIONS	ANSWER (Yes or No) Please provide explanations as requested – Attach additional pages as needed
<ul style="list-style-type: none"> What percentage of the facility's staff (professional and non-professional) is of the same religious denomination as the facility's religious affiliation? 	
<ul style="list-style-type: none"> Does the facility place any religious-based restrictions on how medical staff performs its duties or what medical procedures can be performed? 	<input type="checkbox"/> Yes (please explain) <input type="checkbox"/> No
<ul style="list-style-type: none"> Are employees or medical staff required to sign or abide by a statement of faith or religious beliefs or similar document? 	<input type="checkbox"/> Yes (please explain) <input type="checkbox"/> No
<p>To what degree does the health care facility enjoy institutional harmony apart from the affiliated church or religion?</p>	
<ul style="list-style-type: none"> Is the facility sponsored by a church or religion? 	<input type="checkbox"/> Yes (please explain) <input type="checkbox"/> No
<ul style="list-style-type: none"> Must members of the governing board of the facility be members of a particular religion or church? Does the church elect the board members? 	<input type="checkbox"/> Yes (please explain) <input type="checkbox"/> No
<ul style="list-style-type: none"> Does the church dictate how the health care facility allocates its resources? 	<input type="checkbox"/> Yes (please explain) <input type="checkbox"/> No
<ul style="list-style-type: none"> Does the church approve the facility's financial transactions? 	<input type="checkbox"/> Yes (please explain) <input type="checkbox"/> No
<p>Will loan proceeds be used to finance any building or facility that will be used for religious worship?</p>	<input type="checkbox"/> Yes (please explain) <input type="checkbox"/> No

Tab 8. Certification

Please have the Executive Director of the agency, Board Chairperson, or other individual with the authority to commit the agency to contract complete the following certification:

- 1. I certify that to the best of my knowledge, the information contained in this application and the accompanying supplemental materials is true and accurate. The applicant understands that misrepresentation may result in the cancellation of the loan and other actions which the Authority is authorized to take.*
- 2. The agency hereby agrees that all legal disclosure information requested has been disclosed.*

By (Print Name)

Signature

Title

Date

California Health Facilities Financing Authority**Certification and Agreement Regarding
Community Service Obligation**

Participating Health Institution ("Borrower"):

Name and Address of Financed Facility ("Facility"):

Medi-Cal Contract? ☐ YES ☐ NO

Name of Financing: **HELP II Loan Program**

1. General Assurance

Pursuant to Section 15459 of the California Government Code, the Borrower hereby certifies that the services of the Facility will be made available to all persons residing or employed in the area served by the Facility.

2. Compliance Requirements

As part of its assurance under Section 15459 of the California Government Code, the Borrower agrees to the following conditions:

- a) To advise each person seeking services at the Facility as to the person's potential eligibility for Medi-Cal and Medicare benefits or benefits from other governmental third party payers.
- b) To make available to the California Health Facilities Financing Authority ("Authority") and to any interested person a list of physicians with staff privileges at the Facility, which includes all of the following:
 - i) Name
 - ii) Specialty
 - iii) Language spoken.
 - iv) Whether the physician takes Medi-Cal and Medicare patients.
 - v) Business address and phone number.

- c) To inform in writing on a periodic basis all practitioners of the healing arts having staff privileges in the Facility as to the existence of the Borrower's community service obligation. Such notice to practitioners shall contain a statement, as follows:

"This Facility has agreed to provide a community service and to accept Medi-Cal and Medicare patients. The administration and enforcement of this agreement is the responsibility of the California Health Facilities Financing Authority and this facility."

- d) To post notices in the following form, which shall be multilingual where the borrower serves a multilingual community, in appropriate areas within the facility, including but not limited to, admissions offices, emergency rooms, and business offices:

"NOTICE OF COMMUNITY SERVICE OBLIGATION

This facility has agreed to make its services available to all persons residing or employed in this area. This facility is prohibited by law from discriminating against Medi-Cal and Medicare patients. Should you believe you may be eligible for Medi-Cal or Medicare, you should contact our business office [or designated person or office] for assistance in applying. You should also contact our business office [or designated person or office] if you are in need of a physician to provide you with services at this facility. If you believe that you have been refused services at this facility in violation of the community service obligation you should inform [designated person or office] and the California Health Facilities Financing Authority."

- e) To provide copies of the notice specified in paragraph d) for posting to all welfare offices in the county where the Facility is located.

3. Medi-Cal Exceptions

All references to Medi-Cal shall be deemed deleted from section 2 above if and to the extent any of the following conditions exist:

- a) The Facility is of a type and in a geographic area subject to Medi-Cal contracting and, following good faith negotiations, the Borrower has not been awarded a Medi-Cal contract by the California Medi-Cal Assistance Commission.
- b) The Facility is not of a type which provides services for which Medi-Cal payments are available.
- c) The Facility is, or is a part of, a multi-level facility and the health facility component of the Facility is of a size and type designed primarily to serve the health care needs of the residents of the multi-level facility.

Notwithstanding the foregoing, nothing in this Section 3 shall relieve the Borrower of its obligations, if any, under Section 1317 of the California Health and Safety code (relating to the provision of emergency service).

4. Compliance Reports

The Borrower agrees to make available to the Authority and to the public upon request an annual report substantiating compliance with the requirements of Section 15459 of the California Government Code. The annual report shall set forth sufficient information and verification therefor to indicate the Borrower's compliance. The report shall include at least the following:

- a) By category for inpatient admissions, emergency admissions, and outpatient admissions (where the facility has a separate identifiable outpatient service):
 - i) The total number of patients receiving services.
 - ii) The total number of Medi-Cal patients served.
 - iii) The total number of Medicare patients served.
 - iv) The total number of patients who had no financial sponsor at the time of service.
 - v) The dollar volume of services provided to each patient category listed in paragraphs i), ii), and iii).
- b) Any other information which the Authority may reasonably require.

5. Notices

Notices to the California Health Facilities Financing Authority required or permitted by this Agreement shall be given to the Authority addressed as follows:

California Health Facilities Financing Authority
915 Capitol Mall, Suite 590
Sacramento, CA 95814

or at such other or additional address as may be specified in writing by the Authority.

6. Terms of Agreement

This Agreement shall terminate when the Loan is no longer outstanding under the terms of the Note or similar agreement securing the Loan.

Name: _____ Signature: _____

Title: _____ Date: _____

RECEIVED AND ACKNOWLEDGED BY:

California Health Facilities Financing Authority

Executive Director

California Health Facilities Financing Authority

Government Code 15438.5

- (a) It is the intent of the Legislature in enacting this part to provide financing only, and, except as provided in subdivisions (b), (c), and (d), only to health facilities that can demonstrate the financial feasibility of their projects. **It is further the intent of the Legislature that all or part of any savings experienced by a participating health institution, as a result of that tax-exempt revenue bond funding, be passed on to the consuming public through lower charges or containment of the rate of increase in hospital rates. It is not the intent of the Legislature in enacting this part to encourage unneeded health facility construction.** Further, it is not the intent of the Legislature to authorize the authority to control or participate in the operation of hospitals, except where default occurs or appears likely to occur.
- (b) When determining the financial feasibility of projects, the authority shall consider the more favorable interest rates reasonably anticipated through the issuance of revenue bonds under this part. It is the intent of the Legislature that the authority attempt in whatever ways possible to assist health facilities to arrange projects that will meet the financial feasibility standards developed under this part.
- (c) If a health facility seeking financing for a project pursuant to this part does not meet the guidelines established by the authority with respect to bond rating, the authority may nonetheless give special consideration, on a case-by-case basis, to financing the project if the health facility demonstrates to the satisfaction of the authority the financial feasibility of the project, and the performance of significant community service. For the purposes of this part, a health facility that performs a significant community service is one that contracts with Medi-Cal or that can demonstrate, with the burden of proof being on the health facility, that it has fulfilled **at least two** of the following criteria:
 - (1) On or before January 1, 1991, has established, and agrees to maintain, a 24-hour basic emergency medical service open to the public with a physician and surgeon on duty, or is a children's hospital as defined in Section 14087.21 of the Welfare and Institutions Code, that jointly provides basic or comprehensive emergency services in conjunction with another licensed hospital. This criterion shall not be utilized in a circumstance where a small and rural hospital, as defined in Section 442.2 of the Health and Safety Code, has not established a 24-hour basic emergency medical service with a physician and surgeon on duty or will operate a designated trauma center on a continuing basis during the life of the revenue bonds issued by the authority.
 - (2) Has adopted, and agrees to maintain on a continuing basis during the life of the revenue bonds issued by the authority, a policy, approved and recorded by the facility's board of directors, of treating all patients without regard to ability to pay, including, but not limited to, emergency room walk-in patients.

- (3) Has provided and agrees to provide care, on a continuing basis during the life of the revenue bonds issued by the authority, to Medi-Cal and uninsured patients in an amount not less than 5 percent of the facility's adjusted inpatient days as reported on an annual basis to the Office of Statewide Health Planning and Development.
 - (4) Has budgeted at least 5 percent of its net operating income to meeting the medical needs of uninsured patients and to providing other services, including, but not limited to, community education, primary care outreach in ambulatory settings, and unmet nonmedical needs, such as food, shelter, clothing, or transportation for vulnerable populations in the community, and agrees to continue that policy during the life of the revenue bonds issued by the authority.
- (d) Enforcement of the conditions under which the authority issues bonds pursuant to this section shall be governed by the enforcement conditions under Section 15459.4.

Exhibit D

HELP II Loan Program
SCHEDULE OF MONTHLY AND ANNUAL LOAN PAYMENTS
(3% Interest Rate)

Loan Amount (\$)	YEARS							
	5 Years *		7 years		10 Years		15 Years	
	Monthly Payment	Annual Payment	Monthly Payment	Annual Payment	Monthly Payment	Annual Payment	Monthly Payment	Annual Payment
25,000	449	5,388	330	3,960	241	2,892	173	2,076
50,000	898	10,776	661	7,932	483	5,796	345	4,140
100,000	1,797	21,564	1,321	15,852	966	11,592	691	8,292
150,000	2,695	32,340	1,982	23,784	1,448	17,376	1,036	12,432
200,000	3,594	43,128	2,643	31,716	1,931	23,172	1,381	16,572
250,000	4,492	53,904	3,303	39,636	2,414	28,968	1,727	20,724
300,000	5,391	64,692	3,964	47,568	2,897	34,764	2,072	24,864
350,000	6,289	75,468	4,625	55,500	3,380	40,560	2,417	29,004
400,000	7,187	86,244	5,285	63,420	3,862	46,344	2,762	33,144
450,000	8,086	97,032	5,946	71,352	4,345	52,140	3,108	37,296
500,000	8,984	107,808	6,607	79,284	4,828	57,936	3,453	41,436
550,000	9,883	118,596	7,267	87,204	5,311	63,732	3,798	45,576
600,000	10,781	129,372	7,928	95,136	5,794	69,528	4,143	49,716
650,000	11,680	140,160	8,589	103,068	6,276	75,312	4,489	53,868
700,000	12,578	150,936	9,249	110,988	6,759	81,108	4,834	58,008
750,000	13,477	161,724	9,910	118,920	7,242	86,904	5,179	62,148
800,000	14,375	172,500	10,571	126,852	7,725	92,700	5,525	66,300
850,000	15,273	183,276	11,231	134,772	8,208	98,496	5,870	70,440
900,000	16,172	194,064	11,892	142,704	8,690	104,280	6,215	74,580
950,000	17,070	204,840	12,553	150,636	9,173	110,076	6,561	78,732
1,000,000	17,969	215,628	13,213	158,556	9,656	115,872	6,906	82,872

* The term of equipment loans is limited to the expected life of the financed equipment, not to exceed 5 years. / **NOTE:** All payments are rounded.

License Requirements for Appraisers

Note: Check Scope to determine the minimum licensing requirements for appraiser.

	Type of Licenses		
	Residential License	Certified Residential License	Certified General License
Scope of Appraisal Work	Any non-complex 1-4 family property with a transaction value up to \$1 million; and non-residential property with a transaction value up to \$250,000	Any 1-4 family property without regard to transaction value or complexity; and non-residential property with a transaction value up to \$250,000	All real estate without regard to transaction value or complexity
Education	150 hours of education covering 7 modules including 15-hour National USPAP Course module	200 hours of education covering 10 modules, including 15-hour National USPAP Course and an Associate Degree. In lieu of a Degree 21 semester credits in specific subject matters may be substituted	300 hours of education covering 10 modules, including the 15-hour National USPAP Course and a Bachelors Degree. In lieu of a Degree 30 semester credits in specific subject matters may be substituted
Experience	A minimum of 2000 hours encompassing 12 months of acceptable experience	A minimum 2,500 hours encompassing at least 30 months of acceptable experience	A minimum 3,000 hours encompassing at least 30 months of acceptable appraisal experience. At least 1,500 hours of the experience must be non-residential

For additional information contact:

Office of Real Estate Appraisers
1102 Q Street, Suite 4100
Sacramento, CA 95814

<http://www.orea.ca.gov>
(916) 552-9000

Provide the following attachments:

Attachment A. Financial Information

- Provide copies of the audited financial statements for the three most recent fiscal years and the most recent year-to-date interim financial statements (must be in the audited line item format*).

*Note: If Interim Financial Statements are not in the audited format this may delay processing your loan application. You may have to contact your auditor to complete interims.

Attachment B. Background

- Provide a copy of your organization's mission and history (i.e. brochure, website literature). What programs do you provide? How long have you been providing them?
- List the street address, city and county of the organization's other facilities, if applicable.

Attachment C. Management Information

- Provide a copy of the *Board Minutes* or *Board Resolution* approving the application for a HELP II loan for this project.
- Provide the resumes of the Executive Director, Chief Financial Officer, and/or key managers of the corporation.
- Provide the names of Board Members.
- Provide the name and title of the person to be designated by the board to sign loan documents if financing is approved (e.g., the Executive Director).

Attachment D. License / Corporate Status

- Provide a copy of the *State of California operating license or certification* (e.g. *Department of Health Services, Social Services, or other authorizing agency*), of facility to receive funding.
- Provide copies of your corporation's certified *Articles of Incorporation* and *Bylaws*, and any changes since the initial filings.

Attachment E. Seismic Upgrades (For Acute Care Hospitals Only)

Office of Statewide Health Planning and Development (OSHPD) regulations require that all general acute care hospital owners perform seismic evaluations on each hospital building and submit the results for review by January 1, 2001. The regulations subsequently require facilities to be in compliance with performance levels by January 1, 2008 or January 1, 2030 depending on building type.

1. Describe your organization's progress toward complying with OSHPD seismic evaluation regulations.
2. Provide any available cost estimates (preliminary or final) for completing seismic upgrades, if available.
3. Discuss any proposed or finalized financing options for any identified seismic upgrades.

Attachment F. Checklist - HELP II Loan Application

Please use checklist to determine if application is complete. **Incomplete or illegible applications will not be considered for financing.**

Tab 1. Summary Information

(Page A-1) ☐ - Completed Sections re: Borrower Information, Loan Information & Eligibility.

Tab 2. Sources and Uses

(Page A-2) ☐ - Completed Sources and Uses information.

Tab 3. Project Information

(Page A-3) ☐ - Completed Project Information.

(Page A-4) ☐ - If construction, acquisition, renovation or refinancing project, provided name and address of Title Company. Also include name, title, telephone and fax numbers of a contact person.

☐ - Provided requested additional information based on project type.

Tab 4. Management Discussion of Financials

(Page A-5) ☐ - Completed Management Discussion of Financials (Income Statement & Balance Sheet).

☐ - Provided List of Long-Term Debt

Tab 5. Population Served / Utilization / Community Service

(Page A-6) ☐ - Completed Population Served / Utilization / Community Service Information

Tab 6. Legal Status Questionnaire

(page A-7) ☐ - Completed Legal Status Questionnaire (with explanation for all "yes" answers).

Tab 7. Religious Affiliation due Diligence

(page A-8) ☐ - Completed Religious Affiliation Due Diligence.

Tab 8. Certification

(page A-10) ☐ - Signed Certification re: application content and legal disclosure information.

Tab 9. Certification and Agreement Regarding Community Service Obligation

(page B-1) ☐ - Completed Community Serviced Obligation

Attachment A. Financial Information

(Page ATT-1) ☐ - Provided copies for the three (3) most recent fiscal years audited and current interim financials

Attachment B. Background

(Page ATT-1) ☐ - Provided organization's background information.

☐ - Listed the street address, city and county of the organization's other facilities, if applicable.

Attachment C. Management Information

(Page ATT-1) ☐ - Provided copy of Board Minutes or Board Resolution approving HELP II loan.

☐ - Provided the resumes of the Executive Director, Chief Financial Officer, and/or key managers of the corporation.

☐ - Provided the names of Board Members.

☐ - Provided name/title of the person to be designated to sign loan documents.

Attachment D. License / Corporate Status

(page ATT-1) ☐ - Provided a copy of the *State of California operating license (e.g. Department of Health Services, Social Services, or other authorizing agency)* of facility to receive funding.

☐ - Provided copies of your corporation's certified *Articles of Incorporation* and *Bylaws*, and any changes since the initial filings.

Attachment E. Seismic Upgrades (For Acute Care Hospitals Only)

(page ATT-1) ☐ - Provided information regarding seismic upgrades

Attachment F. Checklist - HELP II Loan Application

(page ATT-2) ☐ - Completed the Checklist and inserted into Tab F.



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 March 30, 2020

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 April 30, 2020. 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 March 30, 2020 to and including March 31, 2021, and \$ 5,500,000.00 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. For the avoidance of doubt, if the LIBOR Rate as so determined herein would be less than zero, the LIBOR Rate shall be deemed to be zero for the purposes of this note. **"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

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.

Change in terms of obligation no. 0080-00-0-000 which matures January 31, 2022 in the amount of \$6,750,000.00.

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: March 30, 2020

Borrower(s):

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

By: Kelly Mather, Chief Executive Officer



WAIVER AND AMENDMENT

March 30, 2020

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

RE: Waiver and Fifth Amendment (“**Amendment**”) to the Amended and Restated Loan Agreement dated April 8, 2014 (“**Agreement**”), by and between MUFG Union Bank, N.A., formerly Union Bank, N.A. (“**Bank**”) and Sonoma Valley Health Care District (the “**Borrower**”) (all prior amendments and the Agreement together called the “**Existing Agreement**”; the Existing Agreement together with this Amendment called the “**Agreement**”)

Dear Ms. Mather:

In reference to the Existing Agreement defined above, the Bank and Borrower desire to amend the Existing Agreement. Capitalized terms used herein which are not otherwise defined shall have the meaning given them in the Agreement.

1. Amendment to the Existing Agreement:

- a) 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, 2021 and Five Million Five Hundred Thousand (\$5,500,000) on or after 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 January 25, 2019 (“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."

b) Sections 4.8 of the Existing Agreement shall be deleted and replaced in its entirety to read as follows:

"4.8 Balance Sheet Test. Revolving Loan availability shall be limited to seventy percent (70%) of the sum of (i) net accounts receivable, and (ii) contributions receivable, as measured at the end of each fiscal quarter (except for and excluding the fiscal quarter ending June 30, 2020)."

Waiver:

a) Bank hereby waives Borrower's breach of Section 4.8 (Balance Sheet Test) of the Existing Agreement for the periods ending March 31, 2020. Further breach of this section is not waived.

Except as specifically amended and waived hereby, the Existing 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.

Nothing in this Amendment shall be deemed to constitute Bank's release of Borrower of any of its obligations under the Loan Documents, and Borrower agrees that it shall remain fully liable under the Loan Documents as principal and not as a surety or guarantor.

This Amendment shall become effective when Bank shall have received the acknowledgment copy of this Amendment executed by the Borrower.

This Amendment may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

Sincerely,

MUFG UNION BANK, N.A.

By: _____
Ryan Bradley, Managing Director

Agreed and Accepted to this _____ day of _____, 2020.

SONOMA VALLEY HEALTH CARE DISTRICT

By: _____
Kelly Mather, CEO