



SVHCD FINANCE COMMITTEE

AGENDA

TUESDAY, May 26, 2020

5:00 p.m. Regular Session

TO BE HELD VIA ZOOM VIDEOCONFERENCE

To Participate Via Zoom Videoconferencing,
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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 04.28.20	<i>Nevins</i>	Inform/Action
4. REVIEW OF SONOMA VALLEY HOSPITAL RETIREMENT PLAN	<i>Securities America; and CLS Investments</i>	Inform
5. OUTPATIENT DIAGNOSTIC CENTER UPDATE	<i>Mather/ Sarmiento</i>	Inform
6. APPROVAL OF UNISON ENERGY AGREEMENT FOR ALTERNATIVE POWER	<i>Drummond</i>	Inform/Action
7. ADMINISTRATIVE REPORT	<i>Mather</i>	Inform

8. REVIEW PROPOSED FISCAL YEAR 2021 BUDGET	<i>Jensen</i>	Inform
9. FINANCIAL REPORT MONTH ENDED APRIL 30, 2020	<i>Jensen</i>	Inform
10. HELP II LOAN PROGRAM AVAILABILITY	<i>Jensen</i>	Inform/Action
11. REVIEW OF LINE OF CREDIT	<i>Jensen</i>	Inform
12. ADJOURN	<i>Nevins</i>	



SVHCD
FINANCE COMMITTEE MEETING
MINUTES
TUESDAY, APRIL 28, 2019
Via Zoom Teleconference

Present		Staff	Public		
Sharon Nevins via Zoom x Joshua Rymer via Zoom x Dr. Subhash Mishra via Zoom x Peter Hohorst via Zoom x Art Grandy via Zoom x		Bruce Flynn via Zoom Susan Porth via Zoom x 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		Nevins			
		Called to order at 5:03 pm			
2. PUBLIC COMMENT SECTION		Nevins			
		None			
3. CONSENT CALENDAR		Nevins			
		The minutes of 3.24.20 were reviewed.		MOTION: by Rymer to approve, 2 nd by Flynn. All in favor	
4. OUTPATIENT DIAGNOSTIC CENTER UPDATE		Mather/Sarmiento			
		Ms. Mather said the CT project was currently 23 days behind schedule due to the COVID-19 situation. She anticipated finishing it by September 4 th and to be over budget by \$86k, to come out of contingency. Mr. Sarmiento gave an update on the Outpatient Diagnostic Center project as a whole. The timing of some donations has changed due to COVID-19 and economic fluctuations. Ms. Mather indicated the			

	MRI project would probably not be presented to the Board until the CT project was nearly complete so costs could be reviewed.		
5. ADMINISTRATIVE REPORT	<i>Mather</i>		
	Ms. Mather reported there had been a complete focus on COVID-19 for the past three weeks. The expected surge did not happen. The Hospital is still exploring ways to work with UCSF and Dr. Carroll may be taking space at SVH by year end. The new primary care physician starts in Sonoma on May 4 th . A budget discussion will be held with Valley of the Moon Post Acute this week since costs are much higher than the hospital has been charging them.		
6. FINANCIAL REPORT MONTH ENDED MARCH 31, 2020	<i>Jensen</i>		
	Mr. Jensen reported that outpatient gross revenue was short by (\$4 million) in the last half of March. He briefly discussed the payer mix. Days' cash were 15.6 in March. IGT funds of \$5.4 million were received in April, as well as COVID-19 relief funds of \$1 million. A/R days were 36.9 in March, A/P days were 53.4 and A/P was \$3.8 million (some payables were held back). Additional hospital relief funds were expected that had not yet been disbursed. Gross revenue down by 28% and total operating revenue was below budget by (\$598k). IT costs went up in with the purchase of equipment to enable remote working. The operating margin was off by (\$608k). After accounting for all items, net income for the month was (\$473k) off budget. In response to a question by Ms. Porth, Ms. Mather said staff were being flexed off due to lowered patient census and few surgeries. The last two payrolls had gone down.		
7. REVIEW THIRD QUARTER FY 2020 CAPITAL SPENDING	<i>Jensen</i>		
	Ms. Dungan gave a report on third quarter capital spending.		

8. FISCAL YEAR 2021 BUDGET UPDATE			
	Ms. Dungan gave an update on the budget process, including additions of an ER manager and a 2% salary raise for staff in January 2021.		
9. HELP II LOAN PROGRAM APPLICATION DISCUSSION	<i>Jensen</i>		
	<p>Mr. Jensen informed the Committee of an available State loan program which could provide an equipment loan for five years, or a construction loan for 20 years, both at 2% interest. It is an ongoing program so there is no deadline; however, it may take three months to obtain the loan.</p> <p>Ms. Mather expressed a concern that this might go away with the current economic situation. She indicated that cash may be needed for the construction project and suggested going through the application process, but not using the loan unless necessary. Ms. Nevins asked Mr. Jensen to obtain further details and costs and inform the Committee. Then the proposal could be presented for Board approval next month.</p>		
10. APPROVAL OF DELAY OF \$1.2 MILLION LINE OF CREDIT PAYMENT FROM APRIL 2021 TO APRIL 2022	<i>Jensen</i>		
	Mr. Jensen reported that Union Bank had offered SVH the option to delay payment on the line of credit from April 2021 to April 2022.	A vote to approve the line of credit payment delay was taken by roll call. All seven Committee members voted aye.	
11. ADJOURN	<i>Nevins</i>		
	Meeting adjourned at 6:11 p.m.		



Finance Committee Meeting

Review of the SVH Retirement Plan

May 26, 2020

Sonoma Valley Health Care District

■ Presentation outline

- **Introduce Advisors and Services provided to the 403b and 457 plan**
- **Overview of SVH 403b and 457 Retirement Plan and Balances and Security Benefit Platform**
- **Recent Adoption of the CARES Act**
- **Expenses of the plan**
- **Introduce Case Eichenberger from CLS Investments**

Introduction to SVH Retirement & Savings Plan Service Team

Michael Felton (510)-407-2238
michael.felton@securitiesamerica.com

Margie Ratto-Young (510)-599-2117
margaret.ratto-young@securitiesamerica.com

Richard Maxey, CFP ® (916) 709-7798
richard.maxey@securitiesamerica.com

Services Provided by Advisors

- In-person enrollments on Tuesdays and Thursdays, Wednesdays by appointment-holding office hours in HR department
- Advisors meet employees annually or at employee's request in-person, online or via conference call
- Process enrollments, employees' changes to salary deferrals, loans, loan payoffs, distributions, rollovers, and Required Minimum Distributions
- Employee Education

SVH 403b Balance and Loan Balance

- Balances in the 403b Plan as of 5/15/2020
 - SVH 403(b) Balance: \$21,307,194
 - 55.34% managed by CLS Investments
- SVH 403b Employee Loan Total: \$ 744,519.45
 - Currently 55 loans

403b Contributions and Forfeiture Account

- SVH 403(b) Total Contributions 01/01/2020 thru 05/15/2020

- 403b Contribution breakdown:
 - Employee 403b Pre-tax Contributions: \$ 369,875.59
 - Employee ROTH 403b Contributions: \$ 157,670.91
 - Employer Match Contributions: \$ 191,856.60
 - Total 403(b) contributions \$719,403.10

- 403b Forfeiture Account: \$ 57,382.58

SVH 457 Balance, Loan Balance and Contributions

- SVH 457 Plan Balances as of 5/15/2020
- SVH 457 Balance: \$ 9,702,943.36
 - 49.82%, is managed by CLS Investments
- SVH 457 Loan Total: \$ 240,196.32
 - Currently 21 loans
- SVH 457 Employee Contributions 01/01/2020 thru 05/15/2020
 - \$ 189,530.90

Investments available in the SVH Retirement & Savings Plan

- **65 Mutual Funds available and 1 “fixed” account**
- **The participants in the plan choose their own investments or work with one of the advisors to build a diversified portfolio**
- **The participant account cost is .08% annually**
- **The internal mutual fund expenses range from .50% to 1.58% annually**
- **The Participants have the option of choosing a professional money management firm, CLS at a cost of 0.90%/year.**

SVH Adoption of the CARES ACT

- **The CARES Act was signed into law on March 27, 2020**
- **Sonoma Valley Healthcare District adopted the provisions of the Cares Act for both the 403(b) and the 457(b) Plan on April 15, 2020.**
- **The adopted provisions include**
 - **Corona virus related distributions**
 - **Enhanced loans and deferred loan repayments**
 - **Required Minimum Distribution (RMD) waivers for 2020**

Questions?

Securities offered through Securities America, Inc., member FINRA and SIPC. Advisory services offered through Securities America Advisors, Inc., an SEC Registered Investment Advisory firm.

Margaret Ratto-Young, Representative – California Life Insurance License 0G73320

Richard Maxey, CFP® – California Life Insurance License 0B34213

Michael Felton, Representative – California Life Insurance License 0778845

CLS, Blaise Santiago and CLS, Case Eichenberger, Sonoma Valley Health Care District and the Securities America Companies are not affiliated.



Case Eichenberger, CIMA®



Senior Client Portfolio Manager

Case Eichenberger co-manages CLS's American Funds strategies and the CLS Shelter Fund, works closely with CLS's separate account strategies (Master Manager), and communicates with advisors and their clients both remotely and in-person.

Since joining CLS in 2007, Mr. Eichenberger has held various roles, including Relationship Representative and Internal Wholesaler. In 2015, he accepted the role of Client Portfolio Manager and was promoted to Senior Client Portfolio Manager in 2018.

Mr. Eichenberger received his Bachelor of Science degree in Business Administration from Midland University. He holds the FINRA Series 6, 63, and 65 licenses and Certified Investment Management Analyst (CIMA®) designation. During the accreditation process, he attended the Wharton School of Business at the University of Pennsylvania.

Mr. Eichenberger is a member of Greater Omaha Young Professionals and a volunteer for Habitat for Humanity.

Did you know? [Case comes from a long line of educators.](#)



SONOMA VALLEY HEALTH CARE DISTRICT RETIREMENT & SAVINGS PLAN 403B & 457B DEFERRED COMPENSATION PLAN REVIEW



May 2020

About CLS



Key Stats

- **Founded:** 1989
- **Corporate Headquarters:** Omaha, NE
- **Assets Under Management:** \$8.5B
- **Active Broker-Dealer Partners:** 600+
- **Approved CLS Advisors:** 6,600+
- **CLS Investors:** Nearly 45,000 (institutional investors include several state 529 plans and prominent university endowment funds)
- **Website:** www.clsinvest.com
- **Podcast:** Orion's The Weighing Machine
www.clsinvest.com/spotlight/the-weighing-machine

As of 03/31/2020



About CLS



Key Stats

- **Investment Team: 5**
- **Investment Team Credentials:**
 - 2 Chartered Financial Analyst (CFA®) Holders
 - 1 Chartered Alternative Investment Analysts (CAIA®)
 - 1 Certified Investment Management Analyst (CIMA®)
- **Industry Veterans:** Experienced team with backgrounds from Fidelity Management & Research, Goldman Sachs, E*Trade, Charles Schwab, State Street, and TD Ameritrade

About CLS



Awards and Accolades

- **2019 ETF Investor of the Year Winner***
- **2017 ETF.com ETF Investor of the Year Winner***
- **4-Time ETF.com ETF Strategist of the Year Finalist***
- **2018 and 2016 WealthManagement.com ETF Strategist of the Year Winner***
- **2018 4-Category Finalist for WealthManagement.com Industry Awards***
- **2017 WealthManagement.com ETF Strategist of the Year Finalist***
- **Grant Engelbart, CFA, CAIA: One of the 2018 Top Ten Portfolio Managers to Watch by Money Management Executive***
- **Social Media: 2,500+ Followers Across Platforms**
- **CLS is Among the Top 10 shareholders in 85 ETFs****
- **Top Holder of 12 ETFs****



*This material is not complete without the information located at the end of this presentation.

**Data from Bloomberg as of 11/30/2019



Plan Overview



- **Your Advisor:** Margaret Ratto-Young, Michael Felton & Richard Maxey
- **Third Party Administrator:** Security Benefit
- **CLS Management Strategy:** AdvisorOne Hybrid with 30% Protection Option
- **Security Benefit Plan Number:** 403(b) 200206000 and 457 612817000

Plan Overview



- **Fiduciary Responsibility:**
 - CLS Investments is a fiduciary for all investors that choose us to manage their account.
- **Fees:**
 - 0.90% annualized advisory fee.
 - Average internal fund cost, by model: 1.38%.

Participants and Assets



CLS Risk Budget – 403B Plan

Model Name	Participants by Model	AUM by Model
AdvisorOne 30% Protection 50 - SVH RB (46-55)	2	\$242,687.49
AdvisorOne 30% Protection 60 - SFR SVH RB (56-65)	1	\$62,105.34
AdvisorOne 30% Protection 70 - SFR SVH RB (66-75)	1	\$3,491.75
AdvisorOne 30% Protection 80 - SFR SVH RB (76-85)	1	\$8,279.07
SVH - SFR 403B (0) - Model 00 RB (93-100)	16	\$472,473.79
SVH - SFR 403B (0) - Model 01 RB (86-92)	15	\$747,495.43
SVH - SFR 403B (0) - Model 02 RB (80-85)	41	\$1,802,567.24
SVH - SFR 403B (0) - Model 03 RB (75-79)	33	\$1,735,866.66
SVH - SFR 403B (0) - Model 04 RB (70-74)	33	\$2,109,295.45
SVH - SFR 403B (0) - Model 05 RB (65-69)	27	\$1,294,879.09
SVH - SFR 403B (0) - Model 06 RB (60-64)	11	\$784,392.38
SVH - SFR 403B (0) - Model 07 RB (51-59)	15	\$1,765,598.79
SVH - SFR 403B (0) - Model 08 RB (42-50)	3	\$651,741.66
SVH - SFR 403B (0) - Model 09 RB (35-41)	1	\$111,055.22
Grand Total	200	\$11,791,929.36

As of 5/14/2020.

Participants and Assets

CLS Risk Budget – 457B Plan

Participants and Assets by CLS Risk Budget – 457B Plan

Model Name	Participants by Model	AUM by Model
AdvisorOne 30% Protection 70 - SFR SVH RB (66-75)	1	\$294,163.44
SVH - SFR 457B (0) - Model 00 RB (93-100)	4	\$72,783.42
SVH - SFR 457B (0) - Model 01 RB (86-92)	5	\$263,049.72
SVH - SFR 457B (0) - Model 02 RB (80-85)	13	\$803,688.61
SVH - SFR 457B (0) - Model 03 RB (75-79)	17	\$987,784.21
SVH - SFR 457B (0) - Model 04 RB (70-74)	14	\$900,197.60
SVH - SFR 457B (0) - Model 05 RB (65-69)	9	\$241,139.12
SVH - SFR 457B (0) - Model 06 RB (60-64)	7	\$346,475.07
SVH - SFR 457B (0) - Model 07 RB (51-59)	11	\$593,950.49
SVH - SFR 457B (0) - Model 08 RB (42-50)	1	\$57,369.13
SVH - SFR 457B (0) - Model 09 RB (35-41)	1	\$14,580.23
Grand Total	85	\$4,834,318.83

As of 5/14/2020.

Market Performance

as of 05/01/2020

FIXED INCOME	10-YEAR	5-YEAR	3-YEAR	1-YEAR	YTD	QTD	APRIL
Cash Equivalent ¹	0.58	1.11	1.70	1.78	0.41	0.28	0.01
U.S. Investment Grade Bonds ²	3.96	3.80	5.17	10.84	4.98	3.00	1.78
EQUITIES	10-YEAR	5-YEAR	3-YEAR	1-YEAR	YTD	QTD	APRIL
Global Equity Market ³	7.05	4.33	4.34	-5.25	-13.26	-12.26	10.70
Total U.S. Market ⁴	11.45	8.54	8.34	-0.56	-10.07	-10.10	13.21
Domestic Large-Cap Equity ⁵	12.08	9.97	10.46	3.70	-7.23	-7.69	12.94
Domestic Small-Cap Equity ⁶	7.84	2.31	-1.33	-17.50	-21.62	-19.50	14.60
International Equity ⁷	3.18	0.06	-0.15	-11.36	-17.72	-15.47	7.82
Developed International Equity ⁸	3.53	-0.01	-0.36	-11.15	-17.86	-16.21	7.22
Emerging Market Equity ⁹	1.95	0.18	0.59	-12.04	-17.32	-13.31	9.55
DIVERSIFIERS	10-YEAR	5-YEAR	3-YEAR	1-YEAR	YTD	QTD	APRIL
Diversified Alternatives ¹⁰	1.46	-1.00	-1.83	-6.21	-9.50	-9.15	5.01
Commodity ¹¹	-7.07	-9.07	-8.62	-23.18	-24.47	-18.48	-1.54

Source: Morningstar

¹Morningstar Cash Index ²Bloomberg Barclay's Capital U.S. Aggregate Bond Index ³Morningstar Global Market Large-Mid Index ⁴Morningstar U.S. Market Index ⁵Morningstar U.S. Large Cap Index ⁶Morningstar U.S. Small Cap Index ⁷Morningstar Gbl ex U.S. Large-Mid Index ⁸Morningstar DM ex U.S. Large-Mid Index ⁹Morningstar EM Large-Mid Index ¹⁰Morningstar Diversified Alternatives Index ¹¹Bloomberg Commodity Index.

SFR Retirement AdvisorOne Hybrid 75

Performance as of April 30, 2020
Prepared for Sonoma Valley Health Care District



Risk Budget Range	1-Month	3-Month	YTD	1 Year	3 Year*	5 Year*	10 Year*
Sonoma Valley Health Care District 457b Deferred Compensation Plan 612817							
Risk Budget 100	10.7%	-13.4%	-16.0%	-9.8%	0.4%	1.3%	4.8%
Risk Budget 90	9.5%	-12.4%	-14.7%	-8.9%	0.3%	1.2%	N/A
Risk Budget 80	8.6%	-11.6%	-13.7%	-8.0%	0.4%	1.2%	4.3%
Risk Budget 70	7.4%	-10.9%	-12.8%	-7.2%	0.4%	1.2%	4.0%
Risk Budget 60	6.1%	-9.4%	-10.7%	-5.7%	0.6%	1.2%	3.7%
Risk Budget 50	5.7%	-8.9%	-10.1%	-4.9%	0.9%	1.4%	3.6%
Risk Budget 40	5.3%	-8.2%	-9.0%	-4.1%	0.7%	1.2%	N/A
Sonoma Valley Health Care District Retirement & Savings Plan 403b 200206							
Risk Budget 100	10.7%	-13.4%	-16.0%	-9.8%	0.3%	1.2%	4.8%
Risk Budget 90	9.9%	-12.8%	-15.2%	-9.3%	0.2%	1.2%	4.6%
Risk Budget 80	8.7%	-11.6%	-13.7%	-8.0%	0.4%	1.2%	4.3%
Risk Budget 70	7.7%	-10.9%	-12.6%	-7.2%	0.4%	1.1%	4.0%
Risk Budget 60	6.5%	-9.7%	-11.1%	-5.8%	0.5%	1.2%	3.7%
Risk Budget 50	5.8%	-8.8%	-9.9%	-4.8%	0.8%	1.3%	3.5%
Risk Budget 40	5.2%	-8.0%	-8.8%	-3.9%	0.8%	1.2%	N/A
CASH EQUIVALENT ¹	0.0%	0.3%	0.4%	1.8%	1.7%	1.1%	0.6%
US BONDS ²	1.8%	3.0%	5.0%	10.8%	5.2%	3.8%	4.0%
GLOBAL EQUITY ³	10.7%	-12.3%	-13.3%	-5.3%	4.3%	4.3%	7.0%
TOTAL US EQUITY ⁴	13.2%	-10.1%	-10.1%	-0.6%	8.3%	8.5%	11.5%
US Large Cap Equity ⁵	12.9%	-7.7%	-7.2%	3.7%	10.5%	10.0%	12.1%
US Small Cap Equity ⁶	14.6%	-19.5%	-21.6%	-17.5%	-1.3%	2.3%	7.8%
TOTAL INTL EQUITY ⁷	7.8%	-15.5%	-17.7%	-11.4%	-0.2%	0.1%	3.2%
Developed Int'l Equity ⁸	7.2%	-16.2%	-17.9%	-11.1%	-0.4%	0.0%	3.5%
Emerging Int'l Equity ⁹	9.5%	-13.3%	-17.3%	-12.0%	0.6%	0.2%	1.9%

¹Morningstar (MStar) Cash ²Bloomberg Barclays US Aggregate Bond Index ³MStar Global Market Lg-Mid ⁴MStar US Markets ⁵MStar US Large Cap ⁶MStar US Small Cap

⁷MStar Global Mkt exUS Lg-Mid ⁸MStar DM exUS Lg-Mid ⁹MStar EM exUS Lg-Mid

This information is incomplete without the disclosures on the following page(s).

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SFR Retirement AdvisorOne Hybrid 75

Performance as of April 30, 2020
Prepared for Sonoma Valley Health Care District



Risk Budget Range	YTD	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Sonoma Valley Health Care District 457b Deferred Compensation Plan 612817											
Risk Budget 100	-16.0%	21.0%	-11.5%	21.8%	7.1%	-5.3%	3.1%	23.1%	12.9%	-7.0%	14.5%
Risk Budget 90	-14.7%	19.5%	-10.8%	18.8%	7.3%	-4.6%	2.9%	20.3%	12.5%	-6.1%	N/A
Risk Budget 80	-13.7%	18.3%	-10.1%	17.2%	7.1%	-4.4%	2.7%	17.8%	12.1%	-5.1%	13.5%
Risk Budget 70	-12.8%	16.7%	-8.8%	15.0%	6.8%	-3.9%	2.3%	14.1%	11.4%	-3.2%	12.5%
Risk Budget 60	-10.7%	14.6%	-7.4%	12.6%	6.4%	-3.8%	2.0%	11.1%	10.8%	-1.7%	12.1%
Risk Budget 50	-10.1%	13.9%	-6.2%	11.8%	6.3%	-3.6%	1.9%	8.6%	10.3%	-0.2%	11.2%
Risk Budget 40	-9.0%	13.2%	-6.2%	9.7%	6.0%	-3.5%	1.9%	7.7%	10.0%	N/A	N/A
Sonoma Valley Health Care District Retirement & Savings Plan 403b 200206											
Risk Budget 100	-16.0%	21.0%	-11.7%	21.6%	7.1%	-5.3%	3.1%	23.1%	12.9%	-7.0%	14.5%
Risk Budget 90	-15.2%	19.7%	-10.9%	19.4%	7.4%	-4.6%	3.0%	20.5%	12.4%	-6.0%	14.0%
Risk Budget 80	-13.7%	18.4%	-10.1%	17.3%	7.2%	-4.4%	2.6%	17.7%	12.1%	-4.9%	13.4%
Risk Budget 70	-12.6%	16.7%	-8.9%	14.8%	6.7%	-3.9%	2.3%	14.3%	11.4%	-3.0%	12.4%
Risk Budget 60	-11.1%	15.0%	-7.5%	12.3%	6.4%	-3.5%	2.0%	10.9%	10.8%	-1.6%	12.1%
Risk Budget 50	-9.9%	14.3%	-6.8%	11.4%	6.3%	-3.6%	1.9%	8.2%	10.3%	-0.1%	11.0%
Risk Budget 40	-8.8%	13.1%	-6.1%	9.7%	6.0%	-3.5%	1.9%	7.3%	9.8%	N/A	N/A
CASH EQUIVALENT ¹	0.4%	2.2%	1.8%	0.9%	0.3%	0.0%	0.0%	0.1%	0.1%	0.0%	0.1%
US BONDS ²	5.0%	8.7%	0.0%	3.5%	2.6%	0.5%	6.0%	-2.0%	4.2%	7.8%	6.5%
GLOBAL EQUITY ³	-13.3%	26.5%	-9.4%	24.1%	7.9%	-2.2%	4.3%	23.1%	16.4%	-7.3%	13.7%
TOTAL US EQUITY ⁴	-10.1%	31.2%	-5.1%	21.5%	12.4%	0.7%	12.9%	33.1%	16.3%	1.6%	16.8%
US Large Cap Equity ⁵	-7.2%	31.8%	-3.4%	22.7%	11.2%	1.8%	13.6%	31.8%	16.0%	2.6%	13.4%
US Small Cap Equity ⁶	-21.6%	26.0%	-12.1%	15.0%	20.3%	-4.9%	6.9%	37.9%	16.5%	-2.6%	28.4%
TOTAL INTL EQUITY ⁷	-17.7%	21.7%	-13.9%	27.2%	4.4%	-4.8%	-3.7%	15.4%	17.2%	-13.5%	12.6%
Developed Int'l Equity ⁸	-17.9%	22.7%	-14.1%	24.7%	2.6%	-2.4%	-4.4%	21.1%	16.8%	-12.1%	10.2%
Emerging Int'l Equity ⁹	-17.3%	18.7%	-13.2%	35.9%	11.5%	-13.8%	-1.1%	-2.3%	18.6%	-18.1%	21.1%

¹Morningstar (MStar) Cash ²Bloomberg Barclays US Aggregate Bond Index ³MStar Global Market Lg-Mid ⁴MStar US Markets ⁵MStar US Large Cap ⁶MStar US Small Cap

⁷MStar Global Mkt exUS Lg-Mid ⁸MStar DM exUS Lg-Mid ⁹MStar EM exUS Lg-Mid

This information is incomplete without the disclosures on the following page(s).

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Disclosures



CLS Investments, LLC ("CLS") assigns each of its clients a Risk Budget score based on a client profile. Accounts are grouped into categories based on the risk budget and then compared to a Benchmark of a similar risk level. The following composites are listed in order from most aggressive to most conservative.

CLS is an SEC registered investment adviser. This composite report is supplemental to the Firmwide Composite Report made available by CLS on an annual basis. The CLS Firmwide Composite Report is provided upon request.

Risk Budget	Composite Description	Composite Benchmark
95 to 100	The Risk Budget 100 Composite contains all discretionary accounts that have a risk budget between 95 and 100.	100% Equity Baseline (EBP)
85 to 94	The Risk Budget 90 Composite contains all discretionary accounts that have a risk budget between 85 and 94.	90% EBP / 10% Morningstar Cash Index
75 to 84	The Risk Budget 80 Composite contains all discretionary accounts that have a risk budget between 75 and 84.	80% EBP / 20% Morningstar Cash Index
65 to 74	The Risk Budget 70 Composite contains all discretionary accounts that have a risk budget between 65 and 74.	70% EBP / 30% Morningstar Cash Index
55 to 64	The Risk Budget 60 Composite contains all discretionary accounts that have a risk budget between 55 and 64.	60% EBP / 40% Morningstar Cash Index
45 to 54	The Risk Budget 50 Composite contains all discretionary accounts that have a risk budget between 45 and 54.	50% EBP / 50% Morningstar Cash Index
35 to 44	The Risk Budget 40 Composite contains all discretionary accounts that have a risk budget between 35 and 44.	40% EBP / 60% Morningstar Cash Index
Less than 35	The Risk Budget 30 Composite contains all discretionary accounts that have a risk budget between 30 and 34.	30% EBP / 70% Morningstar Cash Index

The corresponding benchmark for the portfolio can be calculated by combining indexes in the allocations described above for each risk budget. Actual account holdings and performance for individual clients may vary. Investments are not guaranteed and will fluctuate, so that when redeemed, they may be worth more or less than their original cost. Past performance is not indicative of future results.

The Equity Baseline (EBP) is a blended index comprised of 60% domestic equity (represented by the Morningstar US Market Index) and 40% international equity (represented by the Morningstar Global Market exUS Lg-Mid index), rebalanced daily. The Morningstar Global Market Large-Mid Index is an index that measures the performance of the global market's equity markets targeting the top 90% of stocks by market capitalization. The Morningstar US Market Index is an index that measures the performance of US securities and targets 97% market capitalization coverage of the investable universe. It is a diversified broad market index. The Morningstar US Large Cap Index is an index that measures the performance of US large-cap stocks. These stocks represent the largest 70% capitalization of the investable universe. The Morningstar US Small Cap Index is an index that measures the performance of US small-cap stocks. These stocks fall between the 90th and 97th percentile in market capitalization of the investable universe. In aggregate, the Small Cap Index represents 7% of the investable universe. Morningstar Global ex US Large-Mid Index is an index that measures the performance of Global Markets (ex-US) equity markets targeting the top 90% of stocks by market capitalization. The Morningstar DM ex US Large-Mid Index is an index that measures the performance of developed markets ex-US equity markets targeting the top 90% of stocks by market capitalization. The Morningstar EM Large-Mid Index is an index that measures the performance of emerging markets targeting the top 90% of stocks by market capitalization. The Bloomberg Barclays US Aggregate Bond Index measures the performance of the total United States investment-grade bond market. The Morningstar Cash Index is an index that measures the performance of a Treasury Bill with six to eight weeks until maturity in the US market. The volatility of the indexes may be materially different from the individual performance attained by a specific investor. In addition, portfolio holdings of investors may differ significantly from the securities that comprise the indexes. You cannot invest directly in an index.

Composite performance results are based on a composite of all managed accounts that fall within the specified risk budget ranges in each of the identified products. Performance results may or may not depict the actual investment experience of any single client due to the timing of investment contributions, withdrawals, trade implementations and client or adviser directed investments. The annual composite dispersion is an equal-weighted standard deviation calculated for the accounts in the composite over the entire year. Composite performance results exclude (i) accounts under CLS management which do not maintain a balance during the entire composite period, and (ii) certain accounts under CLS management that have temporarily been removed from CLS discretion through client initiated actions. Returns are presented net of management fees, include the reinvestment of all income, and are reduced by all fees and transaction costs incurred. Net of fees performance is created by computing, on a monthly basis, gross fee returns and reducing the return for each account by 1/12th of the applicable annual management fee rate. Management fees incurred will vary. For a list of management fees by strategy, please see our Form ADV Part 2A.

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Market Review



What Worked & What Didn't Work in the Markets 1Q 2020

What Worked in Q1 2020 ↑		What Didn't Work in Q1 2020 ↓	
For the Markets	For CLS	For the Markets	For CLS
<u>Equities</u> <ul style="list-style-type: none">Healthcare SectorAsian Emerging Market StocksU.S. Growth Stocks	<u>Equities</u> <ul style="list-style-type: none">Overweight Asian Emerging Market StocksOverweight Healthcare SectorExposure to Consumer Staples	<u>Equities</u> <ul style="list-style-type: none">Energy SectorSmall-Cap SectorFinancials	<u>Equities</u> <ul style="list-style-type: none">Overweight Financials SectorExposure to Energy StocksOverweight Small-Cap
<u>Fixed Income</u> <ul style="list-style-type: none">Long-Term bondsU.S. TreasuriesMortgage-Backed Securities	<u>Fixed Income</u> <ul style="list-style-type: none">Exposure to Long-Term SecuritiesExposure to Mortgage-Backed SecuritiesU.S. TIPS	<u>Fixed Income</u> <ul style="list-style-type: none">Preferred SecuritiesHigh YieldSenior Loans	<u>Fixed Income</u> <ul style="list-style-type: none">Underweight TreasuriesExposure to Preferred SecuritiesExposure to Emerging Market Debt
<u>Alternative / Real Assets</u> <ul style="list-style-type: none">Gold	<u>Alternative / Real Assets</u> <ul style="list-style-type: none">Exposure to Commodities such as Agriculture and Gold	<u>Alternative / Real Assets</u> <ul style="list-style-type: none">REITs	<u>Alternative / Real Assets</u> <ul style="list-style-type: none">Exposure to REITs

Market and CLS Portfolio Review



- 2019 was great for multi-asset portfolios, as virtually all asset classes are positive. Stock market performance for 2019 was very positive, which was the opposite of what it was in the 4th quarter of 2018.
- The first quarter of 2020 was a headwind for investors as concern over Covid-19 has shook markets across the world. Though many asset classes dropped significantly in the first quarter, markets have begun to rebound. Only time will tell where the markets will go with the top news story being Covid-19.
- CLS portfolios are overweight international stocks (e.g. emerging markets) and value stocks. These areas of the market are priced very attractively (valuations play the biggest part in how we determine which markets to invest in). However, these areas have lagged relative to domestic and growth stocks, respectively. Bond selection (e.g. high yield and international bonds) has helped performance positively.
- CLS portfolios will continue to maintain the risk level that an investor feels comfortable with and maintain a reliable and disciplined way to invest our investors' money. Volatility in the markets has continued. Headlines on the coronavirus, the upcoming election, the conflicts between the US and China, the price of oil, etc. are all distractions for investors who are investing for the long-run. It's best to define your goals and make sure you're taking the adequate amount of risk for your personal situation before making any dramatic investment decisions.
- Short term performance will fluctuate in any given year, returns tend to skew positively the longer one stays invested.

Looking Forward



- **Equities:** We are still focused on value stocks around the world, but particularly in emerging markets. Portions of our domestic equity exposure have been sold in favor of portfolio diversifiers such as real estate and commodities.
- **Fixed Income:** We believed interest rates would rise last year– and in fact they did - so we positioned the portfolio's bonds to have lower than average duration. As of this writing, we believe the Federal Reserve will not be in a hurry to raise rates and take a momentary pause in increasing rates. We might be increasing duration slightly to take advantage of this pause. We continue to increase the credit quality of our fixed income exposure and add to actively managed positions from proven managers across the maturity spectrum.
- **Alternatives.** Additional asset classes, such as commodities, real estate, and diversified alternative strategies are particularly attractive. These asset classes have low correlations to traditional stocks and bonds, can hedge against inflation and mitigate market volatility.

Thank You for Choosing CLS!



Case Eichenberger

Phone:

(402)896-7004

Email:

Case.Eichenberger@clsinvest.com



Appendix

CLS' Quarterly Market Outlook



Quarterly Market Outlook



Second Quarter 2020

Contents



- Who is CLS?
- How did the markets perform?
- How did CLS portfolios perform?
- What is CLS thinking moving forward?
- What is CLS doing with portfolios?

Summary



Market Outlook

- **Stocks:** stay global
 - We expect below-average returns from U.S. equities.
 - We expect better returns from international equities.
- **Bonds:** be flexible
 - Return expectations are also tempered.
 - Bonds still have a role, but investors may need to be active with bond positioning.

CLS Resource: CLS Monthly Perspectives

Market Review

Performance Q1 2020

Fixed Income	10 Year	5 Year	3 Year	1 Year	YTD	QTD
Cash Equivalent Morningstar Cash Index	0.6%	1.1%	1.7%	2.0%	0.4%	0.4%
U.S. Bonds Bloomberg Barclays Capital U.S. Aggregate Bond Index	3.9%	3.4%	4.9%	9.4%	3.4%	3.4%
Stock Market	10 Year	5 Year	3 Year	1 Year	YTD	QTD
Global Equity Market Morningstar GblMkt Large-Mid Index	5.5%	1.8%	0.0%	-15.8%	-24.3%	-24.3%
Total U.S. Market Morningstar U.S. Market Index	9.9%	5.4%	3.4%	-12.0%	-22.6%	-22.6%
Domestic Large-Cap Equity Morningstar U.S. Large Cap Index	10.6%	7.2%	5.7%	-7.4%	-19.5%	-19.5%
Domestic Small-Cap Equity Morningstar U.S. Small Cap Index	6.2%	-2.0%	-7.2%	-30.2%	-35.3%	-35.3%
International Equity Morningstar Gbl xU.S. Large-Mid Index	1.9%	-1.3%	-2.8%	-19.0%	-25.8%	-25.8%
Developed International Equity Morningstar DM xUS Large-Mid Index	2.2%	-1.5%	-3.0%	-18.6%	-25.9%	-25.9%
Emerging Market Equity Morningstar EM Large-Mid Index	0.9%	-0.8%	-2.2%	-20.1%	-25.5%	-25.5%
Diversifiers	10 Year	5 Year	3 Year	1 Year	YTD	QTD
Real Estate Morningstar Gbl Real Estate	4.3%	-2.1%	-3.7%	-24.6%	-29.7%	-29.7%
Diversified Alternatives Morningstar Diversified Alternatives Index	0.9%	-2.2%	-3.6%	-11.5%	-14.9%	-14.9%
Commodities Bloomberg Commodity Index	-5.9%	-8.2%	-8.6%	-29.1%	-30.7%	-30.7%

Morningstar Direct as of 3/31/20



Market Review



What Worked & What Didn't Work in the Markets 1Q 2020

What Worked



Equities

- ✓ Healthcare Sector
- ✓ Asian Emerging Market Stocks
- ✓ U.S. Growth Stocks

Fixed Income

- ✓ Long-Term Bonds
- ✓ U.S. Treasuries
- ✓ Mortgage-Backed Securities

Alternatives/Real Assets

- ✓ Gold

What Didn't Work



Equities

- Energy Sector
- Small-Cap Sector
- Financials

Fixed Income

- Preferred Securities
- High Yield
- Senior Loans

Alternatives/Real Assets

- Exposure to REITs

CLS 12-Month Markets Outlook:

12-MONTH EQUITY MARKET OUTLOOK

We currently believe that returns for the equity market will be below the long-term average over the next 12 months.

In summary, we believe there is a **63%** probability that the U.S. equity markets will produce a positive return in the next 12 months, with a 47% chance of a double-digit return.

12-Month Rolling Returns	Current Orion Outlook	Long-Term Average
Returns > 20%	28%	34%
Returns between 10% and 20%	19%	23%
Returns between 5% and 10%	9%	11%
Returns between 0% and 5%	7%	8%
Returns between 0% and -5%	9%	6%
Returns between -5% and -10%	9%	5%
Returns < -10%	19%	13%

Numbers as of 03/31/2020

Past performance is not a guide to future performance. Individual client accounts may vary. Probabilities are based on calculations from CLS portfolio managers and research analysts. The CLS outlook is comprised of equal-weighted portfolio manager forecasts in five different return categories. The analyst team is equal weighted to count as a single portfolio manager vote. Historical probabilities for the five categories are also researched. Overall views which are presented have been adjusted based on perceived value by each portfolio manager and analyst.

*Source: Robert Shiller. The sum of the figures may be lesser or greater than 100% due to rounding.

12-MONTH BOND MARKET OUTLOOK

We currently believe that returns for the bond market will be **below** the long-term average over the next 12 months.

In summary, we believe there is a **52%** probability that the U.S. bond markets will produce a positive return in the next 12 months, with a 42% chance of return between 5% and 0%.

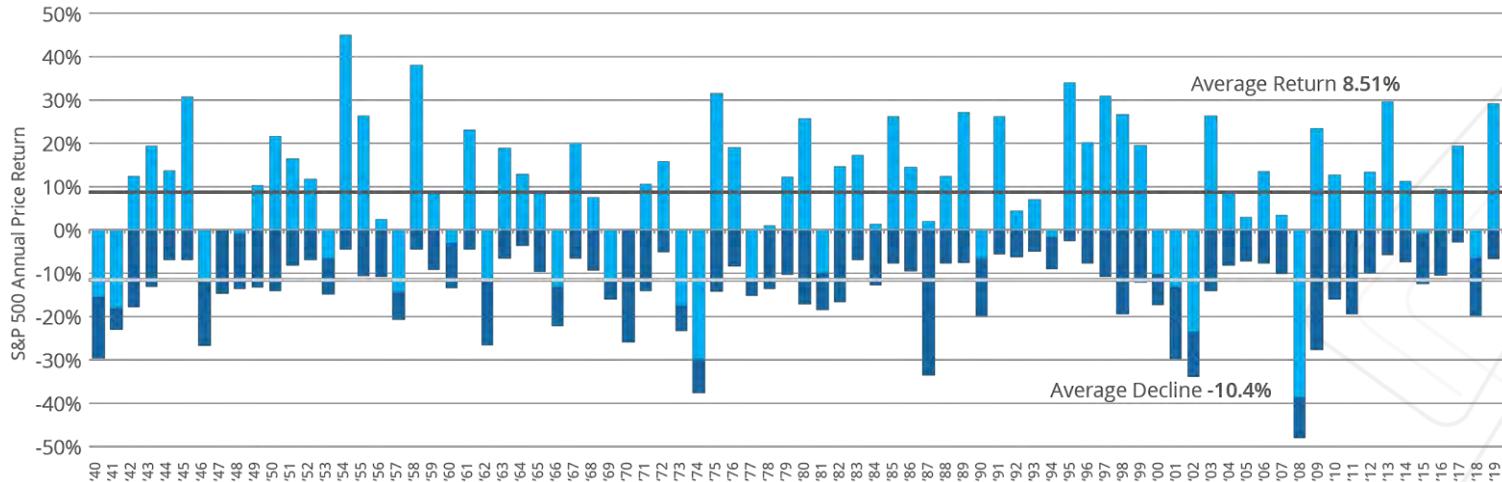
12-Month Rolling Returns	Current Orion Outlook	Long-Term Average
Returns > 20%	1%	2%
Returns between 10% and 20%	3%	15%
Returns between 5% and 10%	6%	25%
Returns between 0% and 5%	42%	48%
Returns between 0% and -5%	37%	10%
Returns between -5% and -10%	9%	0%
Returns < -10%	2%	0%

Stocks:

Managing Expectations

- In 2014 the market low during the year was -7.4%; however, the market ended the year up 11.4%.
- Investors who exited the market during the lows would have missed out on a large upside gain.

S&P 500 Annual Return, with Market Low During Year



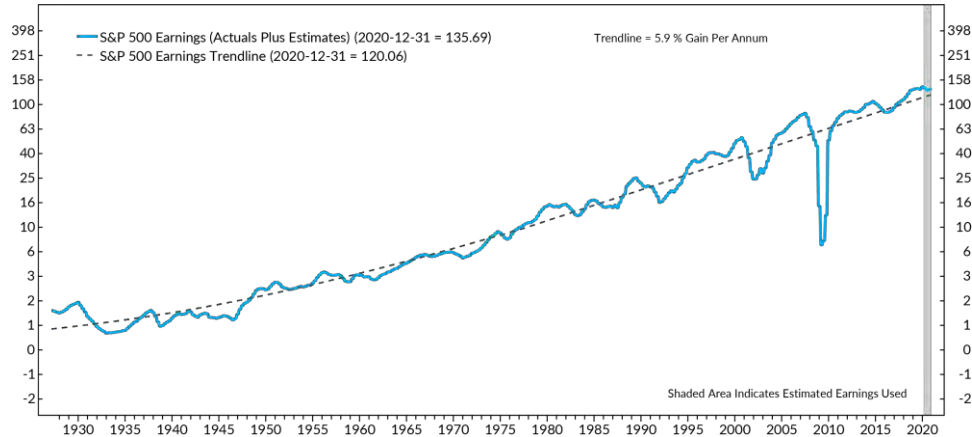
Source: Morningstar Direct 12/31/2019. Returns are based on price index only and do not include dividends. Blue bars represent intra-year drops which refers to the largest market drops from a peak to a trough during the year. Returns are calendar year returns from 1940 to 2019.

Stocks:

U.S. Earnings Growth

- Despite earnings growth being flat for 2019, the markets had very strong returns.
- We anticipate below average returns this year for the U.S. stock market. We anticipate increased volatility may be on the horizon.

S&P 500 Earnings Growth – Monthly Data 03/31/1927 to 12/31/2020



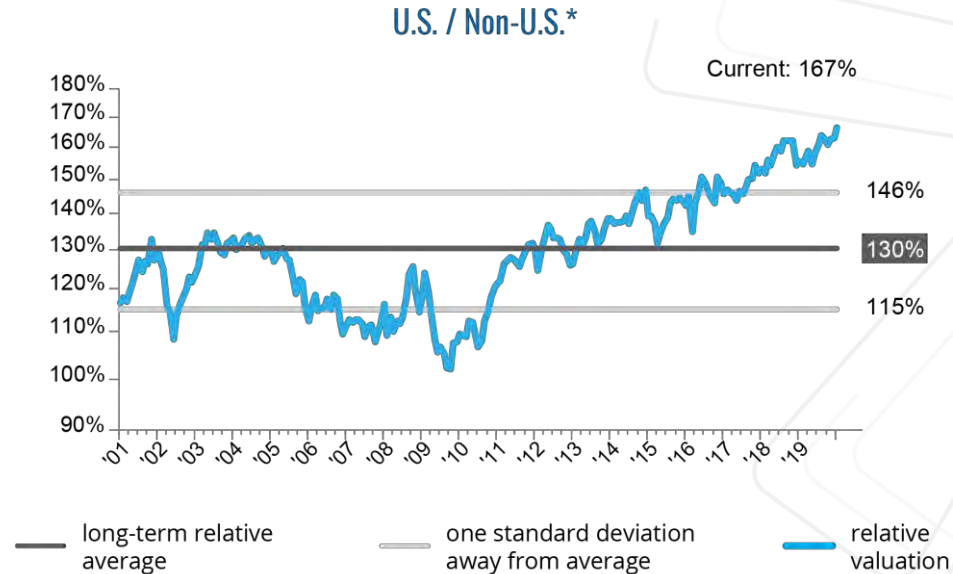
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Domestic Stocks:



Not on Sale

- The U.S. market is at high relative valuations as compared to most international markets.
- The U.S. market is currently expensive compared to most international markets.
- The chart shows it trades at a 25% premium relative to the world.



* ETFs used where index data is unavailable

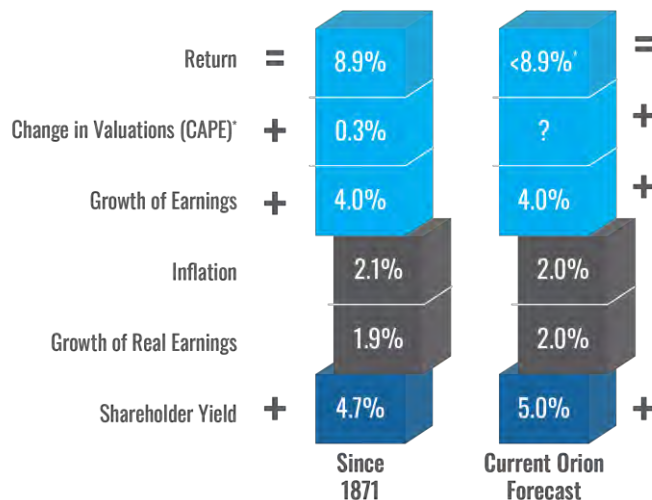
Source: Factset, as of 02/29/2020

Stock Market Outlook:



The Building Blocks of Return

- All investments, including those in the stock market, get their returns from three sources: yield, growth of earnings, and change in valuations.
- At Orion, we expect a downward move in valuations, and our expected U.S. stock market return is therefore going to be likely less than the long-term historic average.



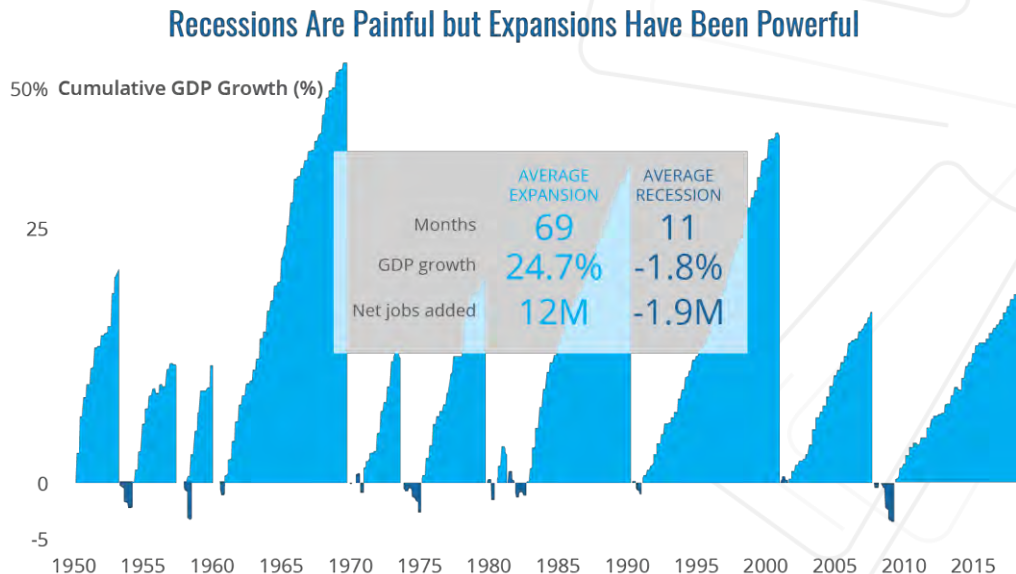
*Speculative

As of 03/31/2020 & Stock Market Data is from Shiller site.



Stock Market Outlook: Market Impact of a Recession

While current economic data does not suggest a recession is coming any time soon, there are some signs of weakness in the economy. But even if a recession does happen, what is the impact on the markets? Recessions certainly don't appear as bad when you compare them to the strength and length of historic expansions. A key takeaway is that average market performance during recessions has actually been positive.

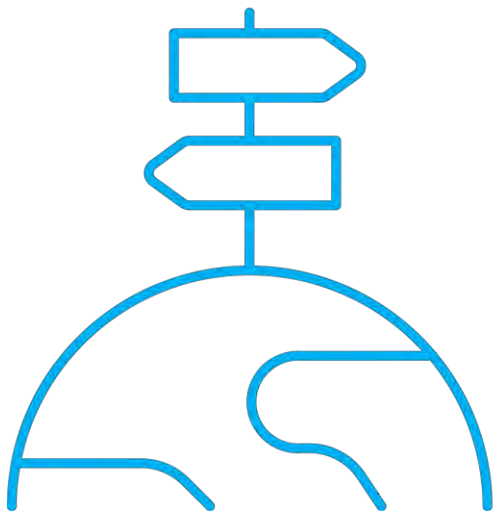


Sources: Capital Group, National Bureau of Economic Research, Thomson Reuters. As of 12/31/19. Since NBER announces recession start and end months rather than exact dates, we have used month-end dates as a proxy for calculations of S&P 500 returns and jobs added. Nearest quarter-end values used for GDP growth rates. GDP growth shown on a logarithmic scale.

A World of Opportunities



- International markets account for almost three-fourths of global GDP and 96% of the global population, but less than half of the global market capitalization.
- Such weights suggest that the U.S. is overvalued relative to the rest of the world and there are opportunities for growth within the international markets.



Vast Opportunities Exist Outside U.S. Borders

Share of Global Market Capitalization	
U.S.	Countries Outside the U.S.
53%	47%
Share of Listed Stocks	
U.S.	Countries Outside the U.S.
10%	90%

Share of Global GDP	
U.S.	Countries Outside the U.S.
24%	76%
Share of Global Population	
U.S.	Countries Outside the U.S.
4%	96%

Source: World Bank as of 12/31/2018

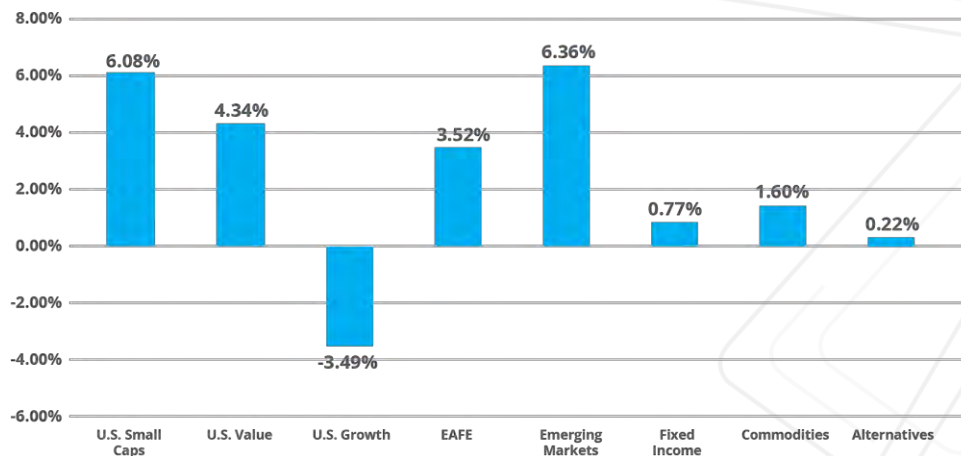
Asset Class Outlook:



CLS Edge Scores

- Expected returns for international markets are higher than those for the U.S.
- On average, it is our expectation that international markets will return potentially up to 4.69% more than the U.S. over the next year using these assumptions.

Our 10 Year Expected Returns for Broad Asset Classes Relative to the U.S. Market



Source: Morningstar, Bloomberg, Ned Davis Research, Research Affiliates, and MSCI, as of 11/30/2019. Past performance is not a guide to future results.
CLS Score: A proprietary expected return measurement CLS calculates as a complement to our Risk Budgeting Methodology. It is constructed by first building a capital market assumption (CMA) for a broad asset class, then adding a valuation overlay, a technical overlay, and a cost adjustment for each ETF. The end result is an expected annualized return (the "CLS Score") for every ETF we track.



Top Investment Reasons that Orion Believes Could Cause Markets to Rise or Fall



Reasons Markets Could Rise ↑

- Successful Containment of Covid-19
- Viable vaccine for Covid-19 found.
- World Government fiscal stimulus
- U.S. Targeted Fiscal Stimulus for Small/Mid-Sized Companies
- Dollar Weakens

Reasons Markets Could Fall ↓

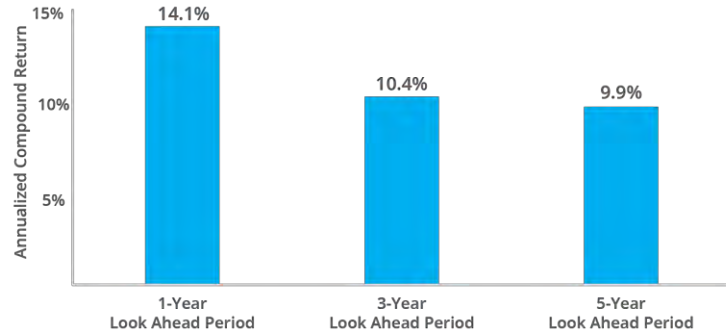
- Coronavirus virulence is greater than expected
- U.S. consumer confidence levels declines
- Geopolitical Conflict
- U.S. companies with excessive valuations (i.e. FANMAG stocks) missing Wall Street's high expectations
- OPEC Oil Price Conflict Escalates

Is it Wise to Invest at Market Peaks or After a 10% Drop?

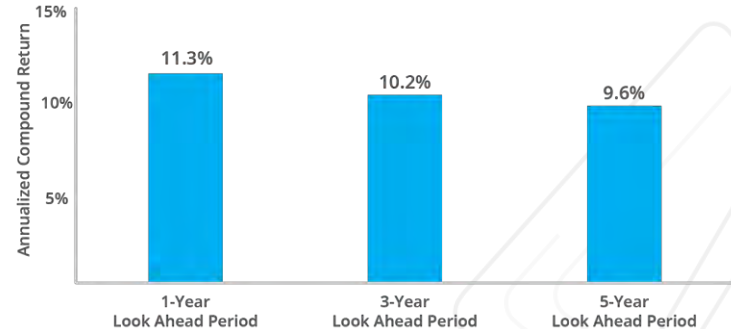


- In 2018, the S&P 500 hit an all-time high and experienced a 10% decline.
- Despite market positioning – whether at all-time highs or following a pullback – history suggests that it is a good time to invest.

Average Annualized Returns After New Market Highs
S&P 500, 1/1926 - 12/2018



Average Annualized Returns After Market Decline of More Than 10%
S&P 500, 1/1926 - 12/2018



Source: Dimensional Advisors

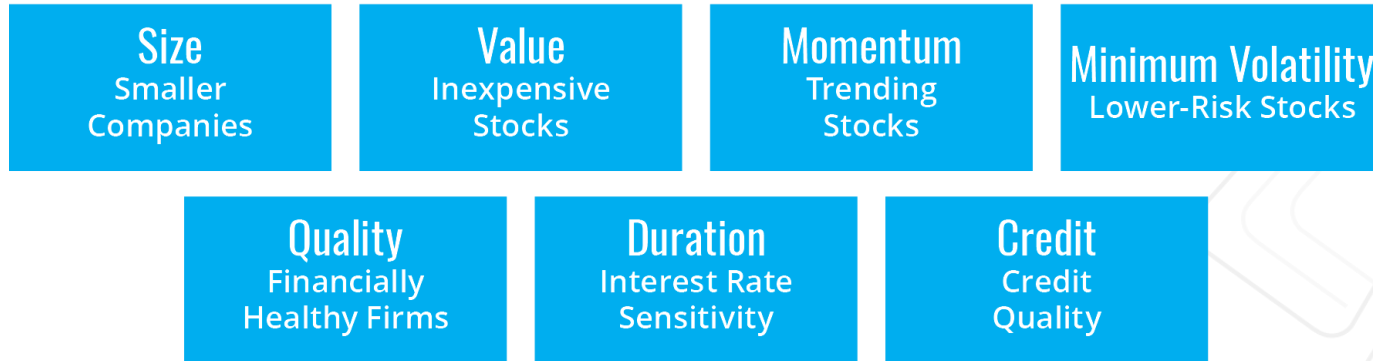
*Market decline of 10% is defined as a month in which cumulative return from peak is -10% or lower. Annualized compound returns are computed for the 1-, 3- and 5-year periods subsequent to a market decline of at least 10%. 1,093 observations for 1-year look-ahead, 1,069 observations for 3-year look-ahead, and 1,045 for 5-year look-ahead. 1-year, 3-year, and 5-year periods are overlapping periods. The bar chart shows the average returns for the 1-, 3-, and 5-year period following a market decline of at least 10%. January 1990-12/31/2017: S&P 500 Total Returns Index. S&P data © 2016 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. January 1926-December 1989: S&P 500 Total Return Index, Stocks, Bonds, Bills and Inflation Yearbook™, Ibbotson Associates, Chicago. For illustrative purposes only. Index is not available for direct investment; therefore, its performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is no guarantee of future results. There is always a risk that an investor may lose money.

In US Dollars. Values represent the growth of \$1 invested at market close 11/30/2017 in the S&P 500 Index (total return), © 2018S&P Dow Jones indices LLC, a division of S&P Global. All rights reserved. Past performance is no guarantee of future results. Short term performance results should be considered in connection with longer term performance results. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

7 Key Factors of Smart Beta



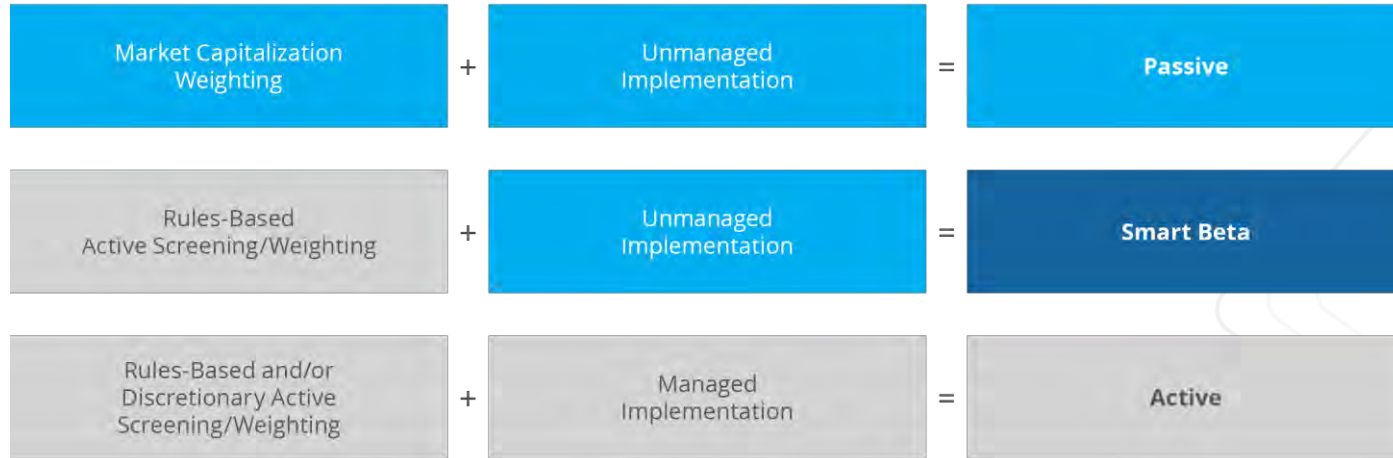
An important subset of smart beta is factors, which are broad, persistent drivers of risk and return. The seven factors CLS tends to emphasize are:



Why Smart Beta?



Smart Beta seeks to incorporate what we believe are the best attributes of passive and active investing to create a more innovative way to manage money.



Source: Morningstar

Factors Work - Equity



- Strong bias toward positive relative returns
- Even stronger bias when factors are equal weighted
- Strongest bias when stock market is down

Excess Returns vs. MSCI ACWI

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Ann. Return	Down Yrs.	% Years Beat	
Positive Excess Return							+13.2%																			+4.2%	+13.0%	82.6%	
					+14.0%	+9.5%	+12.0%		+8.5%									+5.7%		+5.2%						+3.3%	+5.0%	78.3%	
	+13.7%				+9.1%	+6.2%	+7.6%		+6.6%	+15.5%	+4.1%				+13.5%	+12.9%		+4.0%	+6.9%	+4.2%			+8.0%		+6.3%	+2.1%	+4.7%	69.6%	
	+5.0%	+15.2%			+4.7%	+6.1%	+7.5%	+16.6%	+6.2%	+4.5%	+2.7%	+12.6%	+16.8%	+15.9%	+3.4%	+9.3%	+1.8%	+1.0%	+4.1%	+3.2%	+4.7%	+9.4%	+4.4%		+5.9%	+1.7%	+2.3%	56.5%	
	+3.5%	+11.8%	+16.2%	+18.2%	+3.7%	+5.0%	+2.8%	+6.8%	+4.4%	+3.0%	+1.8%	+7.2%	+5.3%	+4.4%	+3.1%	+9.0%	+1.3%	+0.5%	+1.7%	+2.2%	+3.6%	+4.4%	+2.0%	+6.4%	+5.4%	+0.5%	+1.7%	52.2%	
	+2.1%	+1.4%	+13.6%	+3.1%	+2.9%	+3.8%	+2.3%	+0.2%	+3.2%	+0.6%	+1.2%	+1.6%	+3.1%	+1.4%	+1.8%	+4.8%	+0.5%	+0.4%	+1.4%	+1.2%	+0.5%	+1.2%	+1.3%	+0.8%	+0.5%	+0.1%	+1.1%	47.83%	
Negative Excess Return	-5.2%	-0.8%	-2.6%	-0.4%	-7.1%	-1.3%		-3.3%	-2.4%	-1.8%	-0.1%	-2.6%	-1.5%	-2.5%	-0.6%	-2.6%	-0.6%	-5.8%	-2.5%	-3.7%	-0.4%	-0.3%	-2.5%	-0.4%	-5.5%				
	-5.6%	-1.2%	-7.4%	-3.7%			-6.2%		-3.1%	-2.8%	-4.6%	-1.6%	-15.5%	-1.1%	-4.1%	-1.1%		-3.1%		-2.4%	-1.2%	-5.1%	-2.1%	-8.9%					
		-16.4%	-12.5%	-8.7%			-11.6%					-5.0%	-2.8%	-17.4%			-6.0%				-3.7%	-6.0%		-3.8%					
			-19.6%	-19.1%																				-5.5%					
	+13.2%	+15.0%	+22.0%	+26.7%	-13.9%	-15.9%	-19.0%	+34.6%	+15.8%	+11.4%	+21.5%	+12.2%	-41.9%	+35.4%	+13.2%	-6.9%	+16.8%	+23.4%	+4.7%	-1.8%	+8.5%	+24.6%	-8.9%	+27.3%	-21.3	+6.1%			
		<div>■ MSCI ACWI INDEX ■ QUALITY ■ MOMENTUM ■ VALUE ■ MULTI-FACTOR ■ SIZE ■ MINIMUM VOLATILITY</div>																											

Source: Morningstar Direct as of 3/31/2020 . MSCI All Country World Factor Indexes relative to the MSCI All Country World Index (Gross Returns).

Factors Work – Fixed Income



- Cyclical of returns is apparent like with equity factors
- Strong bias toward positive relative returns
- Even stronger bias when factors are equal-weighted

Excess Returns vs. Cash

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Ann. Return	% Years Beat
Positive Excess Return		+10.5%						+27.1%	+9.6%						+15.1%	+27.0%	+15.5%		+24.7%		+17.2%	+6.7%		+12.2%		+5.2%	+75.0%
		+9.2%	+7.9%		+15.4%	+0.4%	+16.1%	+13.8%	+8.5%	+4.8%	+7.0%	+5.1%		+57.4%	+12.5%	+15.7%	+9.4%		+13.6%		+9.4%	+6.0%		+11.1%	+19.1%	+5.1%	+66.7%
	+6.0%	+7.9%	+2.9%		+2.1%	+0.0%	+6.3%	+0.4%	+7.3%	+2.3%	+1.7%	+1.3%	+24.1%	+21.2%	+10.0%	+4.3%	+3.4%	+7.4%	+2.5%		+1.5%	+5.4%		+10.0%	+2.8%	+4.1%	+62.5%
Negative Excess Return	-0.1%		-2.2%	-2.3%	-11.2%	-0.4%	-3.6%			-0.3%	-3.6%	-2.6%	-2.0%	-15.0%				-2.7%		-0.7%			-2.4%		-13.6%		
	-6.2%			-8.0%									-28.2%					-12.8%		-2.7%			-3.2%				
				-13.8%																-4.7%			-4.1%				
	+5.3%	+5.3%	+5.1%	+4.8%	+6.1%	+4.1%	+1.7%	+1.0%	+1.2%	+3.0%	+4.8%	+4.8%	+1.8%	+0.1%	+0.1%	+0.1%	+0.1%	0.0%	0.0%	0.0%	+0.3%	+0.8%	+1.8%	+2.2%	+0.5%	+2.3%	
	CASH				CREDIT				DURATION				MULTI-FACTOR														

Source: Morningstar Direct as of 3/31/2020. IA SBBI US LT Govt TR USD Index and BofAML US HY Master II TR USD Index relative to the BBgBarc US Treasury Bill 1-3 Mon TR USD Index.

Alternative Investment Types



Hedge Fund Replication

- Seek to replicate the historical performance of the broad hedge fund universe

Managed Futures

- Generate uncorrelated returns by using proprietary trading strategies to invest in long and short futures contracts of stocks, bonds, currencies, and commodities

Long/Short Equity

- Seek to mitigate risk and generate alpha by buying stock positions expected to appreciate and shorting stock positions expected to decline

Event Driven

- **Merger Arbitrage** – capture deal risk premium inherent in target companies of merger transactions
- **Spinoff Arbitrage** – capture positive performance of a parent company as value is unlocked through a spinoff
- **Share Buybacks** – exploit outperformance of a company engaged in a share buyback program
- **Activist Tracking** – track activist campaigns to capture abnormal returns
- **Index Arbitrage** – take advantage of price movements during index rebalance periods
- **Post-reorganization Equity** – capture unique opportunities as companies emerge from bankruptcy

Alpha, also called the risk-adjusted return, is the difference between an asset's expected return and its actual return.

Real Assets Uncorrelated & Undervalued



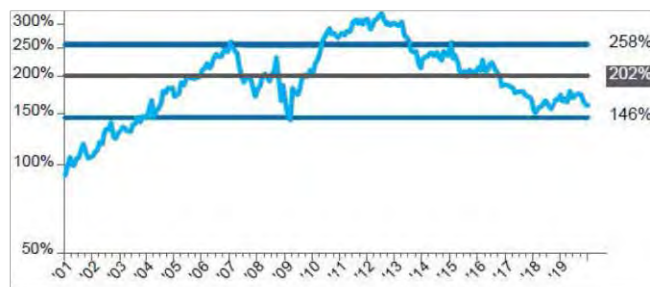
- Correlations of various real asset categories diversify exposures to stocks and bonds.
- Real estate valuations are the most attractive in years, meaning the probability of outperformance going forward has increased.

10-Year Correlations with U.S. Stocks and Bonds
(Monthly Data 3/2010 – 2/2020)

	1	2	3	4	5	6
1. Stocks						
2. Bonds	-0.24					
3. Commodities	0.54	-0.13				
4. Natural Resources	0.78	-0.23	0.75			
5. Infrastructure	0.54	0.21	0.37	0.44		
6. Real Estate	0.67	0.27	0.35	0.49	0.68	
7. Alternatives	0.83	-0.14	0.57	0.75	0.58	0.68

■ 1.00 to 0.80 ■ 0.80 to 0.60 ■ 0.60 to 0.40 ■ 0.40 to 0.20 ■ 0.20 to 0.00 □ 0.00 to -0.20

Real Estate/U.S. Market*



— long-term relative average

— one standard deviation away from average

— relative valuation

*ETFs used where index data is unavailable
Factset, as of 2/29/2020

Source: Morningstar Direct. Stocks represented by Russell 3000 Index, Bonds represented by BBgBarc U.S. Agg Bond Index, Commodities represented by Bloomberg Commodity Index, Natural Resources represented by S&P North American Natural Resources, Infrastructure represented by MSCI USA Infrastructure Index, Real Estate represented by DJ U.S. Real Estate Index, Alternatives represented by Morningstar Diversified Alt Index.



Additional Management Options & Partnerships



Qualified Retirement Accounts:

- 3(21) & 3(38) Fiduciary Support
- 401(k) Plans
- 403(b) Plans
- 457 Plans
- Defined Benefit Plans
- Individual 401(k) Plans
- Profit Sharing Plans
- Simplified Employee Pension Plans (SEP)
- Self-Directed Retirement Account Options (including Fidelity BrokerageLink, Schwab PCRA, TIAA-Cref, or TD Ameritrade SDBA)
- Simple IRAs

Separately Managed Accounts:

- Exchange Traded Funds (ETFs)
- Municipal Bonds
- Stocks
- Taxable Bonds
- Tax-Managed Accounts

Qualified Plan Partners*:

- Empower
- KTRADE
- Nationwide
- PCS

Custody/Platform Partners*:

- Orion Portfolio Solutions
- Envestnet
- Fidelity
- Adhesion
- NFS Managed Account Solutions (MAS)

Additional Opportunities:

- Automated Account Opening (Autopilot & Click)
- Small Account Solutions

- Security Benefit
- Spectrum
- Touchstone Retirement Group

- Sawtooth
- Schwab
- TD Ameritrade
- TD Ameritrade Model Market Center & Separate Account Exchange
- TCA by E*TRADE (MMX)

- Accumulation, Income, Protection & Tax Management Solutions
- ESG Options

*CLS partners with many other variable annuity providers, qualified retirement plans, broker-dealers, and more. Ask a sales representative for more information.



CLS Communication



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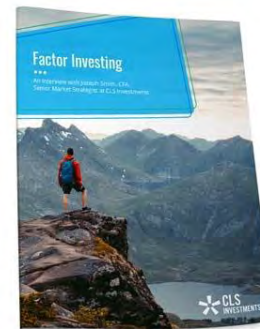
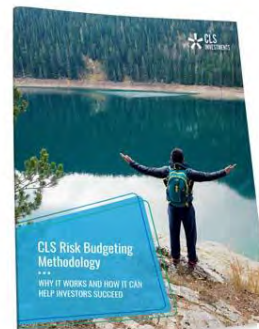
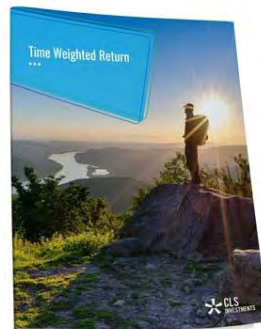
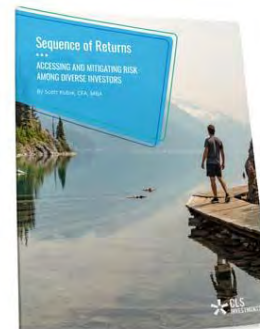
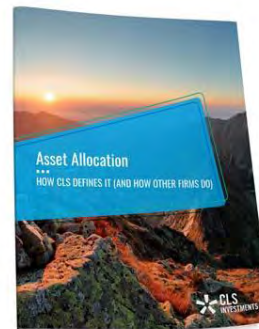
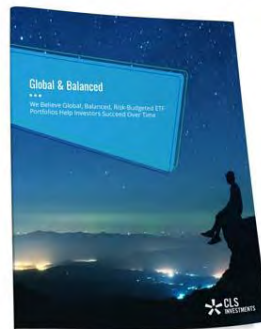
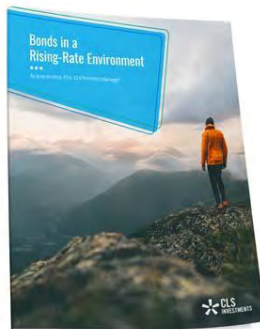
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Contact Us



Investment Professionals

Marc Pfeffer

CLS Chief Investment Officer

402.896.7225

marc.pfeffer@clsinvest.com

Grant Engelbart, CFA, CAIA

Director of Research & Senior Portfolio Manager

402.896.7163

grant.engelbart@clsinvest.com

Jackson Lee, CFA

Quantitative Portfolio Manager

402.896.7460

jackson.lee@clsinvest.com

Case Eichenberger, CIMA®

Senior Client Portfolio Manager

402.896.7004

case.eichenberger@clsinvest.com

Michael Hadden

Associate Portfolio Manager

402.896.7139

michael.hadden@clsinvest.com

Rusty Vanneman, CFA, CMT

Orion Chief Investment Officer

402.896.7641

rusty@orion.com



Contact Us

Orion Sales Team

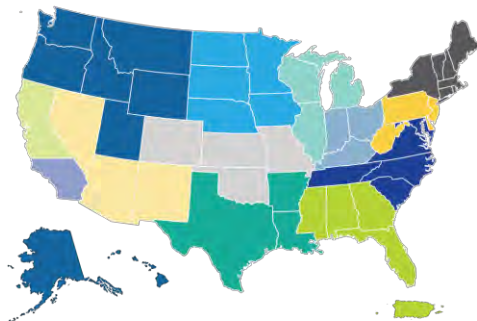
National

Cory Kendall
National Sales Manager
402.617.7915
cory.kendall@orion.com

Dawn Batho
Director of Inside Sales
402.896.7240
dawn.batho@orion.com

Jill Osmera
Director of Internal Business
Development
402.896.7550
jill.osmera@orion.com

Courtney Thomas
Sales Team Lead
800.379.2513
courtney.thomas@orion.com



Northwest

AK, HI, WA, OR, ID, MT, WY, UT

Open Position	Regional Vice President	800.379.2513	
Gerald Matzke	Internal	800.379.2513	gerald.matzke@orion.com

Northern California

Blaise Santiago	Regional Vice President	415.310.8012	blaise.santiago@orion.com
Jessie Baigstadt	Internal	800.379.2513	jessie.baigstadt@orion.com

Southern California

Zack Seitz	Regional Vice President	310.490.2492	zack.seitz@orion.com
Spencer Smalley	Internal	888.455.4244	spencer.smalley@orion.com

Southwest

NV, AZ, NM

Jim Joyce	Regional Vice President	530.220.2040	jim.joyce@orion.com
Kevin Von Seggern	Internal	800.379.2513	kevin.vonsegger@orion.com

North Central

NE, IA, MN, ND, SD

Bruce Bischoff	Regional Vice President	402.980.1182	bruce@orion.com
Caleb Moyer	Internal	800.379.2513	caleb.moyer@orion.com

Great Plains

CO, KS, OK, MO

Erik Hardin	Regional Vice President	303.907.1873	erik.hardin@orion.com
Connor Millay	Internal	800.379.2513	connor.millay@orion.com

South Central

AR, LA, TX

Brian Ragle	Regional Vice President	214.544.5659	brian@orion.com
Steve Grove	Internal	800.379.2513	steve.grove@orion.com

Great Lakes

IL, MI, WI

Brett Leach	Regional Vice President	630.531.3835	brett.leach@orion.com
Jared Bosley	Internal	800.379.2513	jared.bosley@orion.com

Ohio Valley

IN, KY, OH

Chris Bosse	Regional Vice President	859.414.5318	chris.bosse@orion.com
Logan McLaughlin	Internal	800.379.2513	logan.mclaughlin@orion.com

Northeast

CT, MA, ME, NH, NY, RI, VT

John Welch	Regional Vice President	617.595.9153	john.welch@orion.com
Andrea Wilkinson	Senior Internal	800.379.2513	andrea.wilkinson@orion.com

Mid Atlantic

DE, PA, NJ, WY

Mark Soukup	Regional Vice President	916.216.0426	mark.soukup@orion.com
Sean Belton	Internal	800.379.2513	sean.belton@orion.com

Atlantic Coast

DC, MD, NC, SC, TN, VA

Chris Horan	Regional Vice President	757.831.5083	chris.horan@orion.com
Daniel Beeson	Internal	800.379.2513	daniel.beeson@orion.com

Southeast

AL, FL, GA, MS, PR

Patrick Ferrer	Regional Vice President	678.447.1607	patrick.ferrer@orion.com
Karen Mills	Internal	800.379.2513	karen.mills@orion.com



Contact Us



Additional CLS Contacts

Service

General Questions (888) 455-4244, Option 2

Financial Requests: CLSSG1@clsinvest.com

Financial Requests Fax: (402) 493-2811

Non-Financial Requests Email: clsnonfinancial@clsinvest.com

Non-Financial Requests Fax: (402) 881-8681

New Business

General Questions (888) 455-4244, Option 4

Paperwork Email: NBpaperworkSG@clsinvest.com

Questions Email: nbquestions@clsinvest.com

Fax: (402) 431-4499

Sales

General Questions (888) 455-4244, Option 3



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Disclosures

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CLS Investments, LLC ("CLS") was selected as a finalist for WealthManagement.com's **2017 Industry Awards in the category, Asset Managers- ETF Strategist**. The WealthManagement.com Industry Awards program is an unbiased, third-party organization seeking to recognize companies that support financial advisors. Nominations for the WealthManagement.com Industry Awards were based on a submission from the company describing how it helps financial advisors work with clients. The award goes to the company selected by a Judges Panel made up of ten industry professionals. Winners of the award for each category were announced October 11, 2017. WealthManagement.com is not affiliated with CLS. Ratings and awards may not be representative of any one client's experience and are not indicative of CLS's future performance.

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Wealthmanagement.com & ETF.com Awards

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CLS Investments, LLC was a finalist for ETF.com's **ETF Strategist of the Year – 2014-2017**. ETF.com is an unbiased, third-party organization which specializes in providing resources on Exchange Traded Funds. ETF.com Award winners are selected in a three-part process. The process began with open nominations where interested parties were invited to submit nominations. Self-nominations were accepted. Then the ETF.com Awards Nominating Committee – made up of senior leaders at ETF.com and senior members of the FactSet ETF team – voted for up to five finalists in each category. The winners were selected from these finalists by a majority vote of the ETF.com Awards Selection Committee, which was a group of independent ETF experts. Committee members recused themselves from voting in any category in which their firm was named as finalist. ETF.com is not affiliated with CLS. Ratings and awards may not be representative of any one client's experience and are not indicative of CLS's future performance.

CLS Investments, LLC ("CLS") was selected as a finalist for WealthManagement.com's **2018 Industry Awards in the categories, Asset Managers: ETF Strategist, Socially Responsible Investing (SRI)/Impact Investing, Thought Leadership Initiative, and Thought Leadership Product Enhancement**. The WealthManagement.com Industry Awards program is an unbiased, third-party organization seeking to recognize companies that support financial advisors. Nominations for the WealthManagement.com Industry Awards were based on a submission from the company describing how it helps financial advisors work with clients. The award goes to the company selected by a Judges Panel made up of eleven industry professionals. Winners of the award for each category were announced September 13, 2018. WealthManagement.com is not affiliated with CLS. Ratings and awards may not be representative of any one client's experience and are not indicative of CLS's future performance.

Award Disclosures Continued



Rusty Vanneman Money Management Executive Award

Orion Chief Investment Officer, Rusty Vanneman, CFA, CMT, was selected as a “Top 10 Fund Managers to Watch” in 2017 by Money Management Executive. Money Management Executive is an unbiased, third-party publication covering the asset management industry. Money Management Executive chose the list of managers to watch by screening Morningstar data from funds with a single manager, ranked as having the best three-year annualized returns in their respective categories. The list of managers was published March 27, 2017. Money Management Executive is not affiliated with Orion. Ratings and awards may not be representative of any one client’s experience and are not indicative of Orion’s future performance.

Grant Engelbart Money Management Executive Award

CLS Investment, LLC (“CLS”) Portfolio Manager, Grant Engelbart, CFA, CAIA, was selected as a “Top 10 Fund Managers to Watch” in 2018 by Money Management Executive. Money Management Executive is an unbiased, third-party publication covering the asset management industry. Money Management Executive chose the list of managers to watch by screening Morningstar data from funds with a single manager, ranked as having the best three-year annualized returns in their respective categories. The list of managers was published March 12, 2018. Money Management Executive is not affiliated with CLS. Ratings and awards may not be representative of any one client’s experience and are not indicative of CLS’s future performance.

SONOMA VALLEY HOSPITAL
COST PROJECTIONS and FUNDING SUMMARY
FISCAL YEAR 4/2020 THROUGH 6/2020 & BEYOND
DESIGN, PRECONSTRUCTION AND CONSTRUCTION
As Reported 5/21/2020

	Through:	Apr '20	May '20	Jun '20	
Campaign					
Fundraising Goal:		\$ 21,000,000			
Total Confirmed Pledges:		\$ 16,855,924			
Total Verbal Pledges:		\$ 1,500,000			
Total Cash Gifts Collected:		\$ 1,665,470			
Total Committed:		\$ 20,021,394			
Per 5/5/2020 Conference Call with Carla Kappel & Dave Pier					
Total Pledge Payments Collected:		\$ 10,749,620			
Total Cash Gifts Collected:		\$ 1,665,470			
Total Pledges & Cash Due*:		\$ 11,588,409	\$ 11,631,019	\$ 11,663,769	
*Includes (\$8,580) in Uncollectible Pledges.					

Project					
Total Approved Funding:		\$ 12,757,471			
Total Spent**:					
Total Projected Costs:		\$ 4,661,336	\$ 5,136,670	\$ 5,938,083	
**Includes \$462,846 in Campaign Expenses.					
Total Projected Cash In Hand***:		\$ 7,867,280	\$ 7,434,556	\$ 6,665,893	
***Includes \$200,000 from Women's Health and Wellness					
Available Line of Credit:		\$ -	\$ -	\$ -	
Total		\$ 7,867,280	\$ 7,434,556	\$ 6,665,893	

	Apr '20	May '20	Jun '20
Funds			
Pledge Payments	\$ 15,000	\$ 42,610	\$ 32,750
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	\$ 1,537,830	\$ 401,807	\$ 115,124
IT/Other	\$ 360,686	\$ 6,560	\$ 60,560
Proj. #2 Cardiology Equipment	\$ 130,757	\$ 39,787	\$ 159,456
Blood Draw	\$ -	\$ -	\$ -
Proj. #3 MRI	\$ 695,290	\$ 26,974	\$ 458,154
Cardio Rooms	\$ -	\$ -	\$ 2,250
Old MRI Area	\$ -	\$ 205	\$ 5,870
Proj. #4 UCSF Clinic	\$ 8,235	\$ -	\$ -
3D Mammo	\$ 556,709	\$ -	\$ -
Campaign Expenses	\$ 462,846	\$ -	\$ -
Other	\$ -	\$ -	\$ -
Total	\$ 4,661,336	\$ 475,334	\$ 801,414

SONOMA VALLEY HOSPITAL
COST PROJECTIONS and FUNDING SUMMARY
FISCAL YEAR 7/2020 THROUGH 6/2021 & BEYOND
DESIGN, PRECONSTRUCTION AND CONSTRUCTION
As Reported 5/21/2020

	Through:	Jul '20	Aug '20	Sep '20	Oct '20	Nov '20	Dec '20	Jan '21	Feb '21	Mar '21	Apr '21	May '21	Jun '21
Campaign													
Fundraising Goal:													
Total Confirmed Pledges:													
Total Verbal Pledges:													
Total Cash Gifts Collected:													
Total Committed:													
Total Pledge Payments Collected:													
Total Cash Gifts Collected:													
Total Pledges & Cash Due*:		\$ 11,701,059	\$ 11,712,059	\$ 11,713,809	\$ 12,318,142	\$ 12,320,142	\$ 15,859,339	\$ 15,869,339	\$ 15,874,339	\$ 16,277,339	\$ 16,352,085	\$ 16,364,585	\$ 16,410,085
*Includes (\$8,580) in Uncollectible Pledges.													
Project													
Total Approved Funding:													
Total Spent**:													
Total Projected Costs:		\$ 6,537,437	\$ 7,784,398	\$ 9,549,094	\$ 12,211,552	\$ 13,687,861	\$ 14,511,138	\$ 15,048,264	\$ 15,555,260	\$ 16,053,393	\$ 16,581,374	\$ 19,281,284	\$ 19,758,903
**Includes \$462,846 in Campaign Expenses.													
Total Projected Cash In Hand***:		\$ 6,103,829	\$ 4,867,868	\$ 3,104,922	\$ 1,046,797	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
***Includes \$200,000 from Women's Health and Wellness													
Credit Line Req.													
Available Line of Credit:		\$ -	\$ -	\$ -	\$ 4,000,000	\$ 3,572,488	\$ 6,288,408	\$ 5,761,282	\$ 5,259,286	\$ 5,164,153	\$ 4,710,918	\$ 2,023,508	\$ 1,591,388
Total		\$ 6,103,829	\$ 4,867,868	\$ 3,104,922	\$ 5,046,797	\$ 3,572,488	\$ 6,288,408	\$ 5,761,282	\$ 5,259,286	\$ 5,164,153	\$ 4,710,918	\$ 2,023,508	\$ 1,591,388
		Jul '20	Aug '20	Sep '20	Oct '20	Nov '20	Dec '20	Jan '21	Feb '21	Mar '21	Apr '21	May '21	Jun '21
Funds													
Pledge Payments		\$ 37,290	\$ 11,000	\$ 1,750	\$ 604,333	\$ 2,000	\$ 2,039,197	\$ 10,000	\$ 5,000	\$ 403,000	\$ 74,746	\$ 12,500	\$ 45,500
Verbal Pledges Amortized Over Span of Campaign		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses													
Proj. #0 - ODC Preparation		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proj. #0 - Master Facility Planning		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SPC 4D		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proj. #0 - Decommissioning Study		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proj. #1 CT, Waiting, Imaging Refurb		\$ 299,894	\$ 953,882	\$ 1,162,415	\$ 2,142,602	\$ 963,825	\$ 374,956	\$ 59,640	\$ 29,025	\$ -	\$ -	\$ -	\$ -
IT/Other		\$ 228,833	\$ 212,838	\$ 173,142	\$ 102,535	\$ 82,913	\$ 6,625	\$ 875	\$ 1,375	\$ 2,500	\$ 32,348	\$ 32,973	\$ 17,986
Proj. #2 Cardiology Equipment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Blood Draw		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proj. #3 MRI		\$ 62,211	\$ 75,490	\$ 418,139	\$ 397,071	\$ 408,071	\$ 426,071	\$ 469,236	\$ 475,236	\$ 495,633	\$ 495,633	\$ 2,666,937	\$ 459,633
Cardio Rooms		\$ 2,750	\$ 4,750	\$ 11,000	\$ 20,250	\$ 21,500	\$ 15,625	\$ 7,375	\$ 1,360	\$ -	\$ -	\$ -	\$ -
Old MRI Area		\$ 5,665	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proj. #4 UCSF Clinic		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3D Mammo		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Campaign Expenses		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total		\$ 599,354	\$ 1,246,961	\$ 1,764,696	\$ 2,662,458	\$ 1,476,309	\$ 823,277	\$ 537,126	\$ 506,996	\$ 498,133	\$ 527,981	\$ 2,699,910	\$ 477,620

SONOMA VALLEY HOSPITAL
COST PROJECTIONS and FUNDING SUMMARY
FISCAL YEAR 7/2021 THROUGH 2024 & BEYOND
DESIGN, PRECONSTRUCTION AND CONSTRUCTION
As Reported 5/21/2020

	Through:	Jul '21	Aug '21	Sep '21	Oct '21	Nov '21	Dec '21	Dec '22	Dec '23	2024 & Beyond	Adjustment 1	Adjustment 2	Total
Campaign													
Fundraising Goal:													
Total Confirmed Pledges:													
Total Verbal Pledges:													
Total Cash Gifts Collected:													
Total Committed:													
Total Pledge Payments Collected:													
Total Cash Gifts Collected:													
Total Pledges & Cash Due*: \$ 16,446,418 \$ 16,456,418 \$ 16,481,918 \$ 17,085,251 \$ 17,086,251 \$ 17,272,751 \$ 18,387,399 \$ 19,136,133 \$ 19,186,133 \$ 19,177,553 \$ 19,120,662 \$ 19,120,662													
*Includes (\$8,580) in Uncollectible Pledges.													
Project													
Total Approved Funding:													
Total Spent**:													
Total Projected Costs: \$ 20,229,607 \$ 20,319,120 \$ 20,515,021 \$ 20,814,431 \$ 20,974,616 \$ 21,000,000 \$ 21,000,000 \$ 21,000,000 \$ 21,000,000 \$ 21,000,000 \$ 21,000,000 \$ 21,000,000 \$ 21,000,000													
**Includes \$462,846 in Campaign Expenses.													
Total Projected Cash In Hand***: \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -													
***Includes \$200,000 from Women's Health and Wellness													
Additional Funds Required By: 10/31/2020													
Available Line of Credit: \$ 1,157,018 \$ 1,077,505 \$ 907,104 \$ 1,211,027 \$ 1,051,842 \$ 1,212,958 Funds Exhausted By:													
Total \$ 1,157,018 \$ 1,077,505 \$ 907,104 \$ 1,211,027 \$ 1,051,842 \$ 1,212,958													
	Jul '21	Aug '21	Sep '21	Oct '21	Nov '21	Dec '21	Dec '22	Dec '23	2024 & Beyond	Uncollectible	Adjustments	Total	
Funds													
Pledge Payments	\$ 36,333	\$ 10,000	\$ 25,500	\$ 603,333	\$ 1,000	\$ 186,500	\$ 1,114,647	\$ 748,735	\$ 50,000	\$ (8,580)	\$ (56,891)	\$ 6,047,253	
Verbal Pledges Amortized Over Span of Campaign	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000	
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,041,000	
IT/Other	\$ 2,160	\$ 1,090	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,326,000	
Proj. #2 Cardiology Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 330,000	
Blood Draw	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Proj. #3 MRI	\$ 448,133	\$ 37,013	\$ 10,806	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,525,733	
Cardio Rooms	\$ 4,750	\$ 30,750	\$ 158,750	\$ 283,750	\$ 150,250	\$ 25,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 740,494	
Old MRI Area	\$ 15,660	\$ 20,660	\$ 26,345	\$ 15,660	\$ 9,935	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	
Proj. #4 UCSF Clinic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,235	
3D Mammo	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 556,709	
Campaign Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 462,846	
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total	\$ 470,703	\$ 89,513	\$ 195,901	\$ 299,410	\$ 160,185	\$ 25,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,000,000	

Sonoma Valley Hospital
Speed Report
Open Projects Under: Outpatient Diagnostic Center
CIP: 1258.0050 & 1258.0795 Through: 04/30/2020

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>	<div><div>Description</div><div>Board Approved Budget</div><div>Committed</div><div>Spent to Date</div><div>Exposure</div><div>Forecast</div></div>
Project #0 - ODC: Study Scope Complete	Project #0
	ODC Preparation\$845,904\$655,549\$655,549\$-
	Master Facility Planning\$142,039\$127,812\$127,812\$-
	SPC 4D\$-\$-\$-\$-
Project #0 - Master Planning: Study Scope Complete	Decommissioning Study\$288,468\$125,622\$125,622\$-
After Several Master Facility Planning meetings, the following was determined to be the best path forward:	Total\$1,276,411\$908,983\$908,983\$-
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.	Project #1
Provide more patient amenities, centralize scheduling, and upgrade technology to remain competitive.	CT, Waiting, Imaging Refurb\$9,365,951\$7,811,507\$1,537,830\$(417,507)\$7,394,000
Leverage UCSF affiliation to provide the framework needed to thrive in Sonoma.	CT ContingencyIncluded Above\$-\$-\$647,000\$647,000
The Board and CEO to continue to dialogue about future steps to meet 2030 seismic requirements.	IT/OtherIncluded Above\$574,542\$360,686\$751,458\$1,326,000
	Total\$9,365,951\$8,386,050\$1,898,516\$980,950\$9,367,000
Project #0 - Decommissioning: Study Scope Complete	Project #2
The study of the Central and East Wings to determine the feasibility of decommissioning these wings yielded the following:	Cardiology Equipment\$330,000\$294,872\$130,757\$21,250\$316,122
Cost of scope required for decommissioning exceeds any benefit to the hospital.	Cardiology ContingencyIncluded Above\$-\$-\$13,878\$13,878
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.	Blood Draw\$-\$-\$-\$-\$-
	Total\$330,000\$294,872\$130,757\$35,128\$330,000
Project #1 - CT	Project #3
CT Construction Start - Phase 2 (Staff Hub, Old CT) - Updated to 08/27/2020 Per COVID-19	MRI\$1,229,347\$843,630\$695,290\$7,196,138\$8,039,768
CT Go Live - Updated to 9/2020 Per COVID-19 (Contingent on CDPH Sign-off)	MRI ContingencyForecasted as:\$-\$-\$485,965\$485,965
Wait Area Available for Staff Hub Relocation - Updated to 8/6/2020 Per COVID-19 (Contingent on CDPH Sign-Off)	Cardiology Rooms/Shell Space\$-\$-\$-\$740,494\$740,494
Old CT Demo Start - Updated to 9/2020 Per COVID-19	Old MRI Area\$-\$15,725\$-\$84,275\$100,000
Substantial Completion CT Project - Phase 2 - Updated to 11/2020 Per COVID-19	Total\$1,229,347\$859,355\$695,290\$8,506,872\$9,366,227
Shelter in Place (SIP) Orders by Bay Area Counties Have Resulted in Field Work Stoppage Through 5/3/2020; However, Select Construction Activities Resumed in April in Patient Areas Left Unoccupied due to SIP Order.	Project #4
	UCSF Clinic\$50,000\$50,000\$8,235\$(41,765)\$8,235
	Total\$12,251,709\$10,499,259\$3,641,781\$9,481,186\$19,980,445
Project #2 - Cardio	3D Mammo\$505,762\$556,709\$556,709\$-\$556,709
	Campaign Expenses\$-\$462,846\$462,846\$-\$462,846
Project #3 - MRI	Other\$-\$-\$-\$-\$-\$-
Backcheck 0 Comments Expected 2/25/20, Projected by OSHPD 4/17/20 - Received 4/20/2020	Subtotal\$12,757,471\$11,518,814\$4,661,336\$9,481,186\$21,000,000
Response to Backcheck 0 To Be Submitted to OSHPD - 5/14/2020	
Backcheck 1 Comments Expected From OSHPD - 6/15/20	Budget Notes
GMP Proposal Draft - 5/22/20	1.) 3-D Mammography Equipment was purchased by the Foundation.
MRI Develop Final GMP and Design Build Agreement - 6/9/20	2.) Forecast includes Amendment 20 to Dome Construction.
Response to Backcheck 1 To Be Submitted to OSHPD - 7/13/20	Cash Flow/ Cost Projections
OSHPD Plan Approval - 8/7/2020	
Construction Start - MRI Area - 8/10/20	
Construction Start - Roof - 1/18/21	
Substantial Completion - MRI - 7/1/21	
MRI Go Live - Summer 2021	
Project #4 - UCSF Clinic	
Project to remain open until directed to close by CEO.	
Test fit for UCSF in progress.	



To: SVHCD Finance Committee
Meeting Date: May 26, 2020
Prepared by: Ken Jensen, CFO; Kimberly Drummond, Director of Facilities
Agenda Item Title: Unison Energy, LLC – 20 year Energy Services Agreement

Recommendation:

Management proposes that the Finance Committee recommend to the Board of Directors that they approve staff to review the Unison Energy, LLC (“Unison”) Energy Services Agreement (“ESA”) with the Hospital’s legal firm. If the legal firm deems the agreement acceptable, it is recommended that the Board of Directors approve that the Hospital sign the 20 year ESA with Unison and install a Combined Heat and Power (CHP) system and connect to the Hospital’s Central Utility Plant (“CUP”).

Background:

In February 2020, the Finance Committee reviewed the October 2019 proforma from Unison Energy that showed a \$27K annual/\$1.5M lifetime utility savings by installing a CHP system. The Finance Committee approved the recommendation to enter into a letter of agreement (“LOA”) with Unison to conduct an on-site feasibility study to validate the proforma. The LOA stated that if the proforma is validated, SVH has the choice to move forward with a 20 year ESA with Unison or bear \$15K of the feasibility costs and walk away.

The feasibility study was conducted in March 2020 and validated the original proforma. In Unison Energy’s April 2020 updated proforma, it reflects a greater savings of \$40K annual/\$1.8M lifetime utility savings. The added savings is due to SVH not having a Direct Access agreement in place and that our agreements are with PG&E/Sonoma Clean Power for electricity and Commercial Energy for gas.

Benefits of proceeding with the Unison Energy 20 year ESA:

- Savings projections are conservative with Unison cost increases at 2.5% annually vs. 3.5% Utility cost increase. In reality, annual Utility cost increases will likely be higher than the proforma projections.
- No capital investment required by the Hospital.
- No maintenance investment or labor required by the Hospital for the life of the agreement.
- Unison provides Engineered Drawings, Permitting, OSHPD Approval, and Project Management for the installation of the system and connection to the Hospital’s infrastructure.
- Unison’s CHP system will power 80% of the Main Hospital (West, Central, East Wing) during a planned PG&E or unplanned power shutdown. The back-up diesel generator will power all services connected to the Emergency Power outlets.

- Unison's CHP system will power the Chillers in the Main Hospital CUP and allow for temperature regulation of patient rooms during a power outage during hot weather. High temperatures can trigger patient evacuation if room temperature cannot be controlled.
- Unison projects 92% uptime of the Co-Gen system. Unison ESA is structured that maximum Co-Gen uptime is an incentive as they are for the energy they are generating.
- Unison provides 24 hour/365 day monitoring center with instant communications with technicians, engineers and engine experts.
- Rates are not affected by commodity price fluctuations.

The feasibility study showed that it was not financially viable to install a 2nd CHP system to power the New Wing. The trenching, copper costs and OSHPD fees made the break even beyond 5 years. The Hospital's electrician was unsure that the connection was even possible.

The cost project by Vertran Associates for the Hospital to install additional back-up power for the New Wing to power its cooling tower is projected at \$527K (no escalation).

Contract Terms ESA:

- 20 years (but flexible with pricing adjustment)
- Electricity billed at actual usage per kWh
- Thermal output billed at per therm rate for actual usage
- Natural gas can be purchased by SVH from any source or purchased by Unison and passed through with no mark-up
- All capital and maintenance costs paid by Unison
- Early termination – SVH can pay to relocate the system to a new site or pay down the remaining principle on Unison's debt
- Construction with Engineering/Permitting – 10-15 months

Unison Energy has no direct competitor as they currently are the only company whose business model manages the Equipment, Finance and Operation/Maintenance of Equipment. Other companies are a single/double source of equipment, finance or maintenance but not everything.

Consequences of Negative Action/Alternative Actions:

The Hospital can take no action on the ESA and pay Unison \$15,000 for the feasibility study. If the Hospital opts to walk away, it will not receive:

- A no cost back-up power source for the Main Hospital.
- Fixed annual price increases for majority of electrical costs for 20 years.

Financial Impact:

The financial impact is \$15,000 if the Hospital does not opt to sign the ESA agreement. The financial impact is \$0 if the Hospital proceeds with the ESA agreement.

Attachments:

Unison Proforma – April 2020
Unison Energy Services Agreement

Reducing Energy Costs Using On-Site Generation



April 2020

SMARTER ENERGY — INSIDE THE BOX

+ Reliable Power + Lower Costs + No Capital Investment



Executive summary

Unison Energy owns, installs and operates distributed generation power plants under an Energy Services Agreement (ESA) structure, providing significant energy cost savings and improved resilience with no capital cost

- **Savings:**

- Lifetime savings are projected to be approximately \$1.8M beginning with first year savings are projected to be approximately \$40K
- Unison first year all-in electric cost is projected to be \$0.109/kWh compared to \$0.146/kWh from the utility

- **Reliability:** Our systems offer additional redundancy at no capital cost using (1) generator

- Systems are capable of operating independently from the grid in the event of an outage and covering the majority of the load requirement
- Generators cover the convenience loads of the hospital and the diesel covers the emergency loads

- **No Capital Cost:** Unison Energy pays for the installation, operation and maintenance; customers are billed based on usage with no capital outlay or initial investment

Solution overview

- Standard **containerized units** – containers are 50' x 10' and contain all necessary electrical and heat recovery gear internally
- Engine sizes are **scalable** from 100kW to 23MW

- Walls have sound attenuation built in to reduce sound and emissions gear to meet local standards – 65 dBa



- System emissions are low enough to meet the strictest EPA and state emissions standards



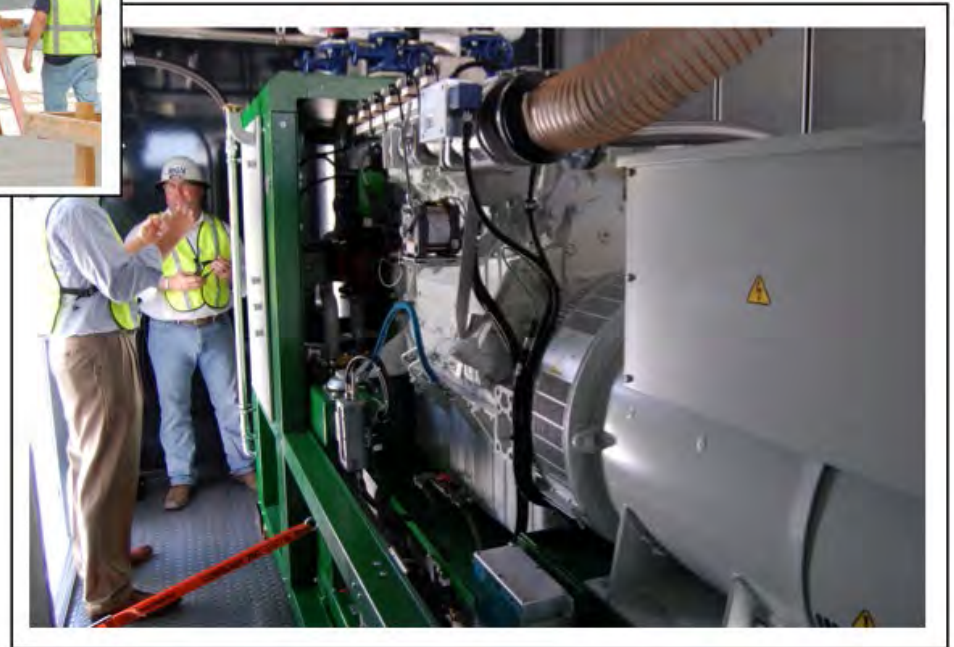
- Unison Energy remotely monitors hundreds of attributes of system performance 24 x 7



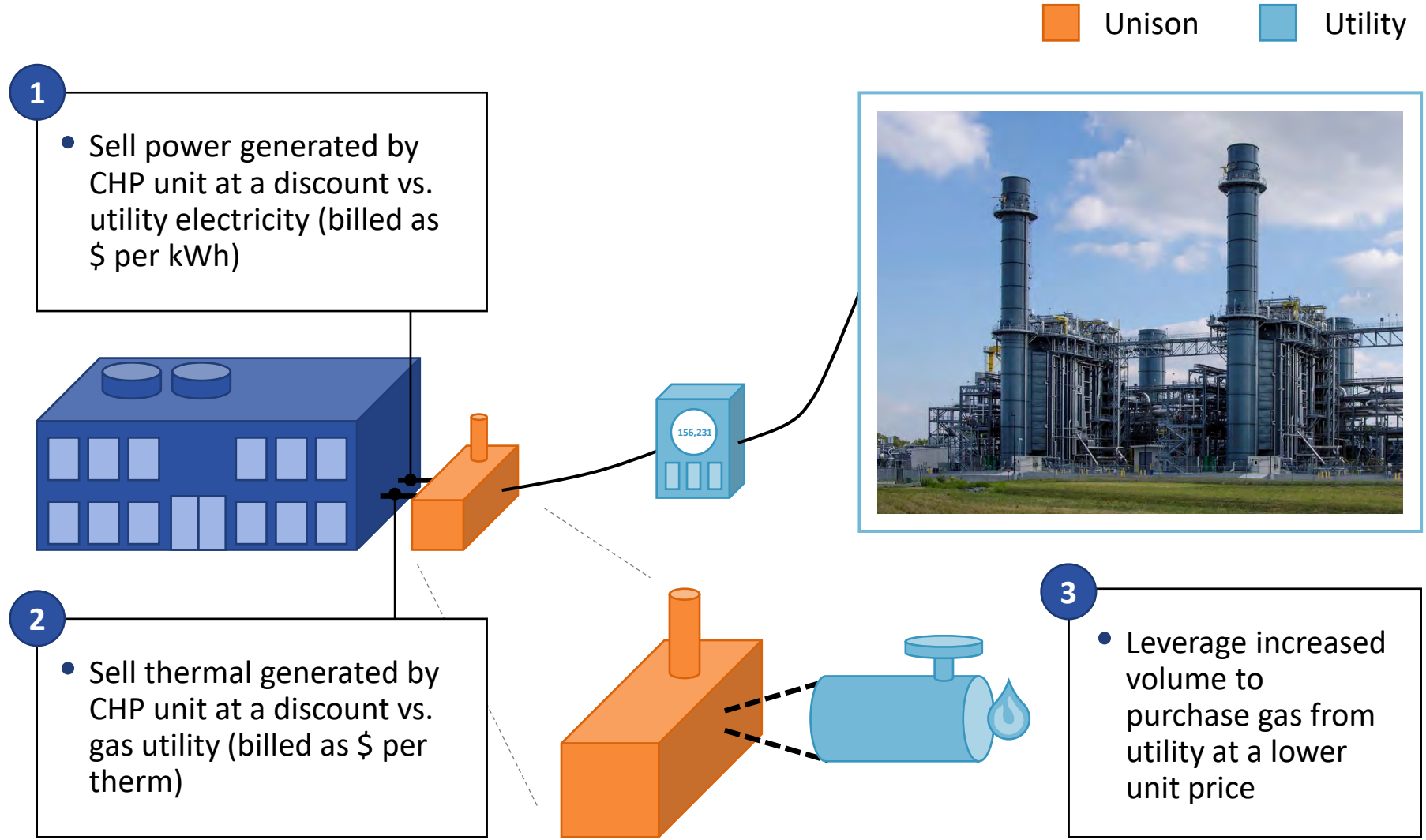
- All relevant equipment such as switchgear, heat recovery, and pumps are in our unit, limiting the amount of site specific engineering required



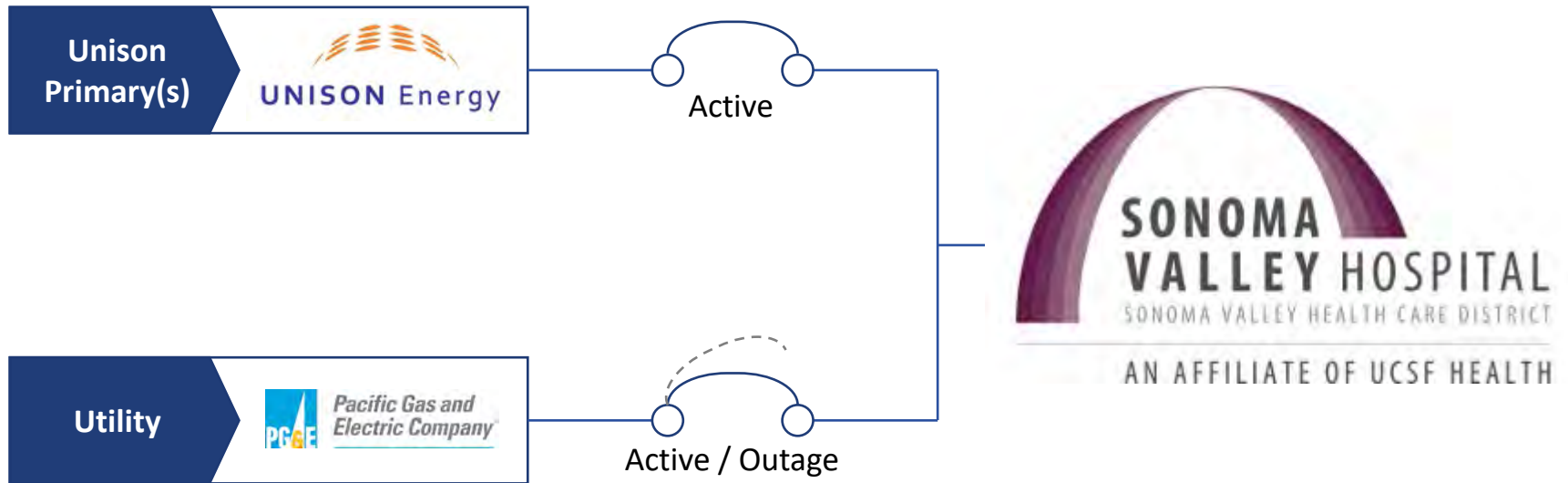
Unison Energy Combined Heat and Power (“CHP”) system



Unison Combine Heat and Power (“CHP”) systems provide thermal and electric services, generating savings

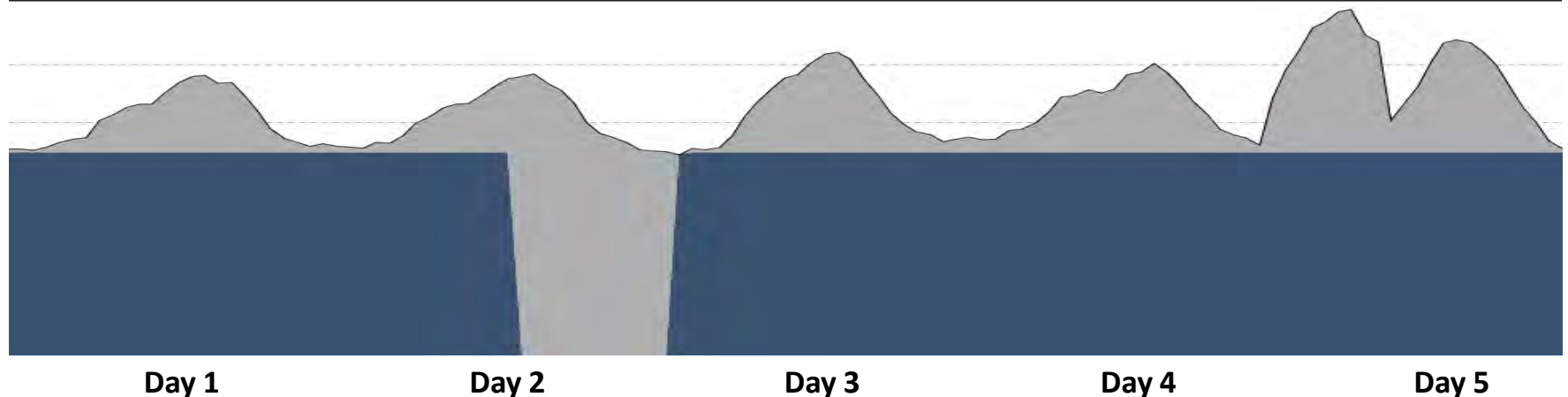


Unison engine will dispatch in parallel with the grid to ensure that power is always on



Example 5 day dispatch profile

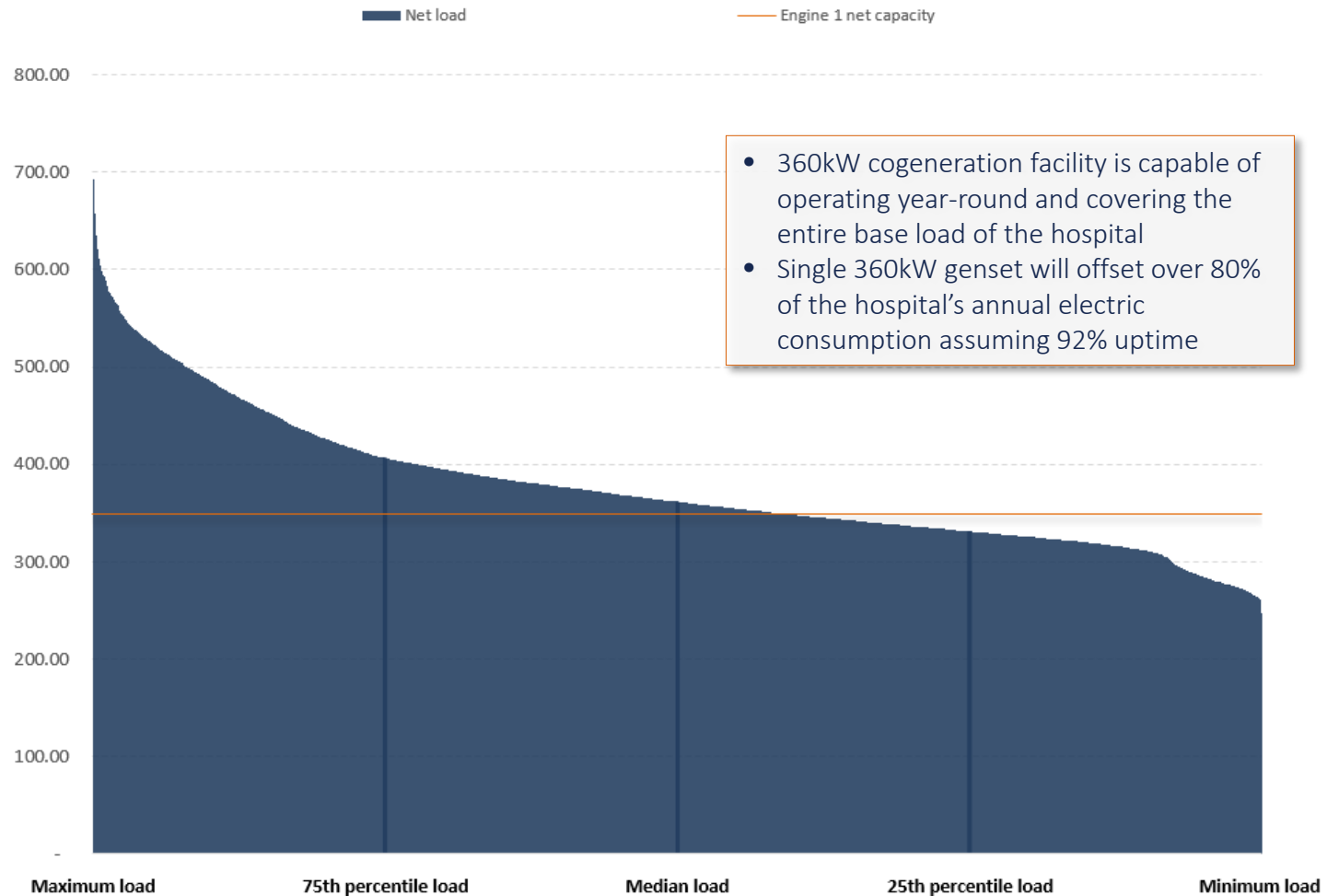
■ Engine 1 ■ Utility Usage — Client Load (net of Chilling Offset)



The proposed cogeneration system would use (1) 360kW generator with hot water heat recovery

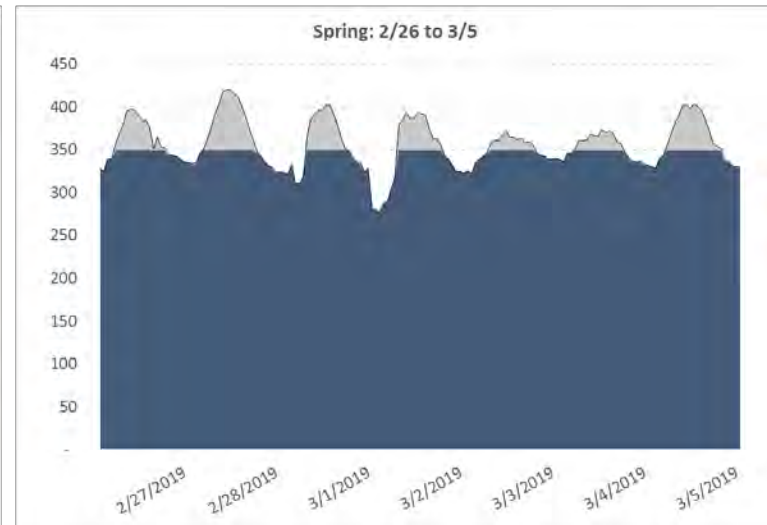
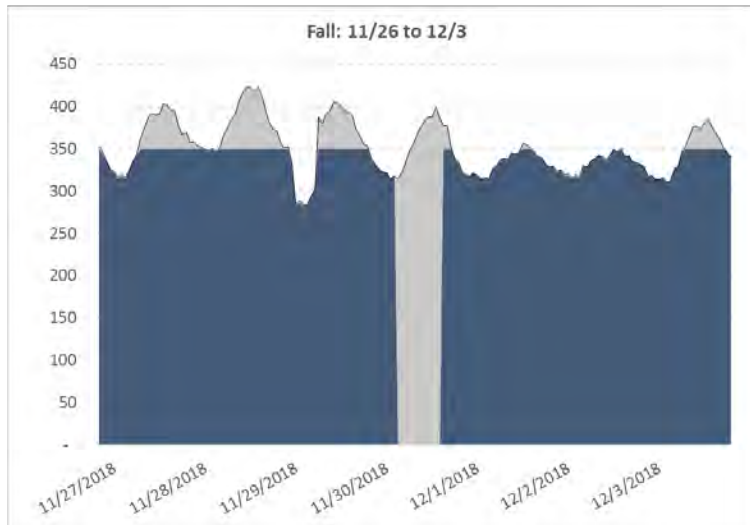
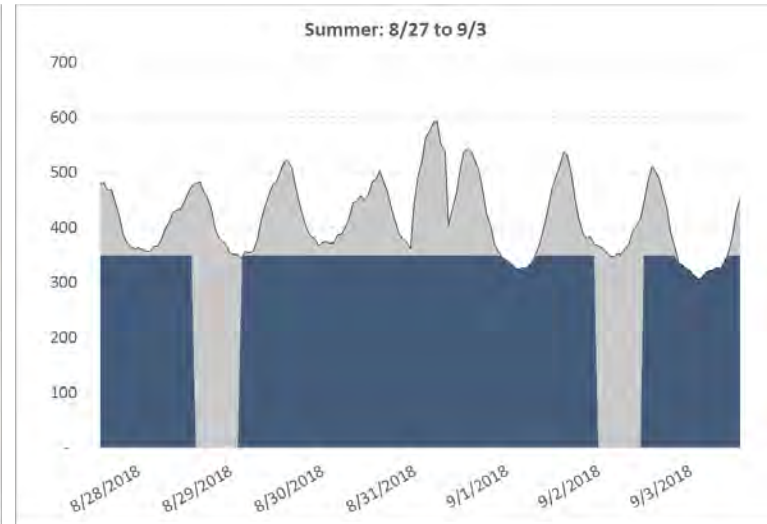
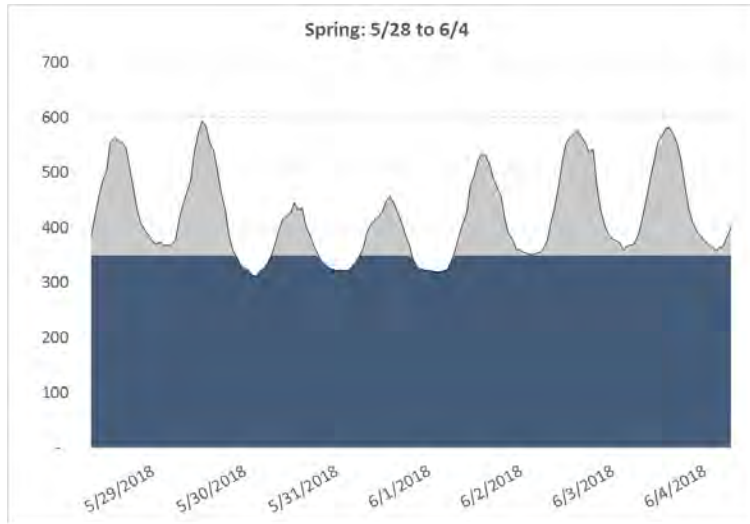
Electric load curve

kWe



Example dispatch profiles by season

One week sample dispatch profile by season *kWe*



The facility's first year energy cost savings are projected to be approximately \$40K compared to assumed costs with Direct Access

First year pro-forma, 20-year ESA

UTILITY

Electric

	Consumption <i>kWh</i>	Unit Cost <i>USD/kWh</i>	Total Cost <i>USD</i>
<i>Electricity - Utility</i>	<i>3,311,431</i>	<i>0.1459</i>	<i>483,225.69</i>

Total Current Electric Cost -----> 483,225.69

Addressable Thermal

	Consumption <i>Therms</i>	Unit Cost <i>USD/Therm</i>	Total Cost <i>USD</i>
<i>Natural gas - Utility</i>	<i>137,634</i>	<i>0.644</i>	<i>88,636.39</i>

Total Current Thermal Cost -----> 88,636.39

TOTAL CURRENT ENERGY COST 571,862.08

UNISON ENERGY

Electric (incl. electric offsets)

	Consumption <i>kWh</i>	Unit Cost <i>USD/kWh</i>	Total Cost <i>USD</i>
<i>Electricity - Unison</i>	<i>2,733,079</i>	<i>0.1091</i>	<i>298,224.73</i>
Unison - generation ESA	2,733,079	0.0688	187,934.89
Unison - fuel ^{1,2}	2,733,079	0.0404	110,289.84
<i>Electricity - Utility</i>	<i>578,352</i>	<i>0.2780</i>	<i>160,758.61</i>

Total New Electric Cost -----> 458,983.34

Addressable Thermal

	Consumption <i>Therms</i>	Unit Cost <i>USD/Therm</i>	Total Cost <i>USD</i>
<i>Natural gas - Utility</i>	<i>40,535</i>	<i>0.644</i>	<i>26,104.30</i>
<i>Hot water - Unison</i>	<i>87,390</i>	<i>0.535</i>	<i>46,758.45</i>
Unison - hot water ESA	87,390	0.535	46,758.45

Total New Thermal Cost -----> 72,862.75

TOTAL NEW ENERGY COST 531,846.08

Combined Year 1 Energy Savings:

\$40,016.00

Current bills = \$642,000
without Direct Access
for savings of \$110,154

Note 1: Generation fuel usage billed in conjunction with remaining thermal fuel usage in the form of USD/Therm (total USD is the same as presented above)

Note 2: Generation natural gas usage is 261,357 Therms at a unit price of \$0.422 per Therm

Over the course of a 20-year Energy Services Agreement (“ESA”), the facility is expected to save approximately \$1.8M

Lifetime pro-forma, 20-year ESA

Nominal year	0	1	2	3	4
PROFORMA: PROJECT LIFETIME					
Electric (incl. electric offsets)					
<i>Electricity - current</i>					
Current consumption (kWh)	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431
Current cost (USD)	483,226	500,139	517,643	535,761	554,513
Current unit cost (USD/kWh)	0.146	0.151	0.156	0.162	0.167
<i>Electricity - new</i>					
New consumption (kWh)	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431
New cost (USD)	458,983	473,168	487,803	502,902	518,479
New unit cost (USD/kWh)	0.139	0.143	0.147	0.152	0.157
Total electricity savings (USD)	24,242	26,970	29,840	32,859	36,033
Thermal					
<i>Natural gas - current</i>					
Current consumption (Therms)	137,634	137,634	137,634	137,634	137,634
Current cost (USD)	88,636	91,739	94,950	98,273	101,712
Current unit cost (USD/Therm)	0.644	0.667	0.690	0.714	0.739
<i>Natural gas - new</i>					
New consumption (Therms)	40,535	40,535	40,535	40,535	40,535
New cost (USD)	26,104	27,018	27,964	28,942	29,955
New unit cost (USD/Therm)	0.644	0.667	0.690	0.714	0.739
<i>Unison hot water - new</i>					
New consumption - hot water (Therms)	87,390	87,390	87,390	87,390	87,390
New cost - hot water (USD)	46,758	47,927	49,126	50,354	51,613
New unit cost - hot water (USD/Therm)	0.535	0.548	0.562	0.576	0.591
Total thermal savings (USD)	15,774	16,793	17,860	18,977	20,144
Total savings					
Total energy savings (USD)	40,016	43,763	47,701	51,836	56,178

	17	18	19
3,311,431	3,311,431	3,311,431	3,311,431
867,233	897,586	929,002	
0.262	0.271	0.281	
3,311,431	3,311,431	3,311,431	
772,409	796,584	821,533	
0.233	0.241	0.248	
94,824	101,003	107,469	
137,634	137,634	137,634	
159,074	164,641	170,404	
1.156	1.196	1.238	
40,535	40,535	40,535	
46,849	48,488	50,186	
1.156	1.196	1.238	
87,390	87,390	87,390	
71,149	72,927	74,750	
0.814	0.835	0.855	
41,076	43,225	45,468	
135,900	144,228	152,937	

ASSUMPTIONS

Utility unit cost:
 ↑ 3.5%/year
Source: historical increases 6-12% so 3.5% is conservative assumption

Unison unit cost:
 ↑ 2.5%/year
(Source: Long-term CPI)

Residual utility cost:
 ↑ 3.5%/year
Source: matches Utility assumption

Gas cost:
 ↑ 3.5%/year
Source: matches Utility assumption

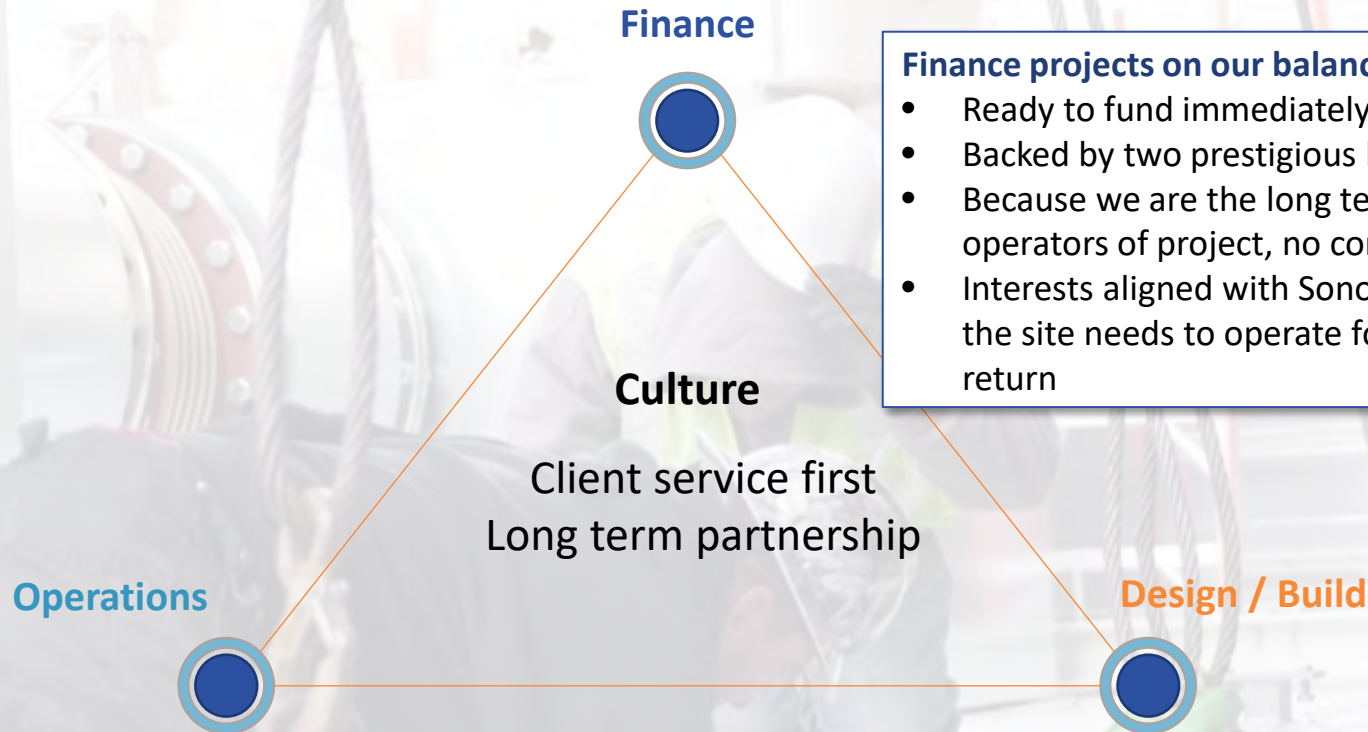
Lifetime savings: \$1,773,532

Unison Energy overview



- Founded in 2010 by Tim Lukes & Andy Cooper just after the credit crisis
- Backed with \$150 million in equity capital from highly respected American Infrastructure Funds and Hunt Companies
- All projects remain on our balance sheet – with 20 year contracts, Unison Energy's business model designed to be viable even during economic downturns
- Combined Heat and Power (CHP) and Microgrids are our only business; we are focused on doing one thing excellently and invest accordingly
- Sites owned and operated by Unison Energy in Maryland, New Jersey, New York, and California
- Operations team with trained technicians, service vans, inventory, and tools; VP of operations has 40+ patents and Ph.D. in Engine Combustion
- 24x365 staffed monitoring center with proprietary monitoring tools and instant communications with technicians, engineers, and engine experts

Unison Energy's unique business model brings Finance, Operations, and Engineering / Project Management in house



Finance projects on our balance sheet

- Ready to fund immediately - no delays
- Backed by two prestigious long-term investors
- Because we are the long term owners and operators of project, no conflicts of interest
- Interests aligned with Sonoma Valley Hospital - the site needs to operate for us to earn our return

Internal field service team and monitoring center focus on up-time (not billable hours)

- Incentivized to maximize uptime and long-term performance to achieve our returns and hospital's operating targets
- Invest heavily in inventory, preventive maintenance, training, and technology

Internal engineering and project management team build for long-term ownership

- Design and build for operations and safety
- Because we are also the owners and the operators, we design and build for long-term success of the system with highest quality designs, materials, and safety features

Because we own the system and are only paid when operating, Unison Energy invests heavily in service excellence –

Operations & Maintenance



Network Operator

Monitoring Centers fully staffed
24x365



In-House Field Service

Each technician assigned primary
ownership of 1-4 sites



Advanced Data Analytics

Data warehouse collects 600
datapoints every 1 second at each
site



Communications

Remote Management, Field
Technicians, and Expert Support
tied together with real-time
networked video and text for
advanced resolution and
responsiveness



Inventory

Almost \$1.0 million in parts
inventory and tools distributed
regionally



Training

Integrated internal certification
program using videos, 1-on-1 lab
training, and hands-on mentoring



Customer Reporting

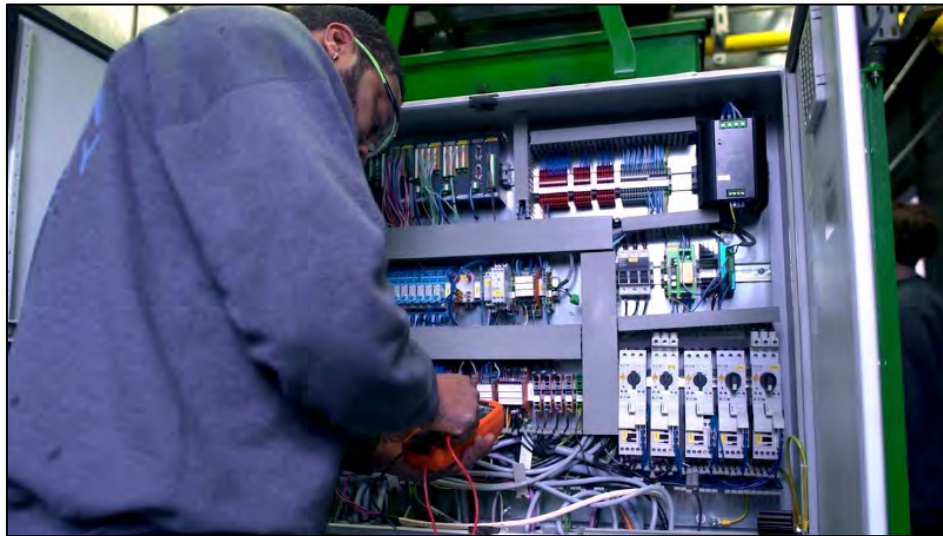
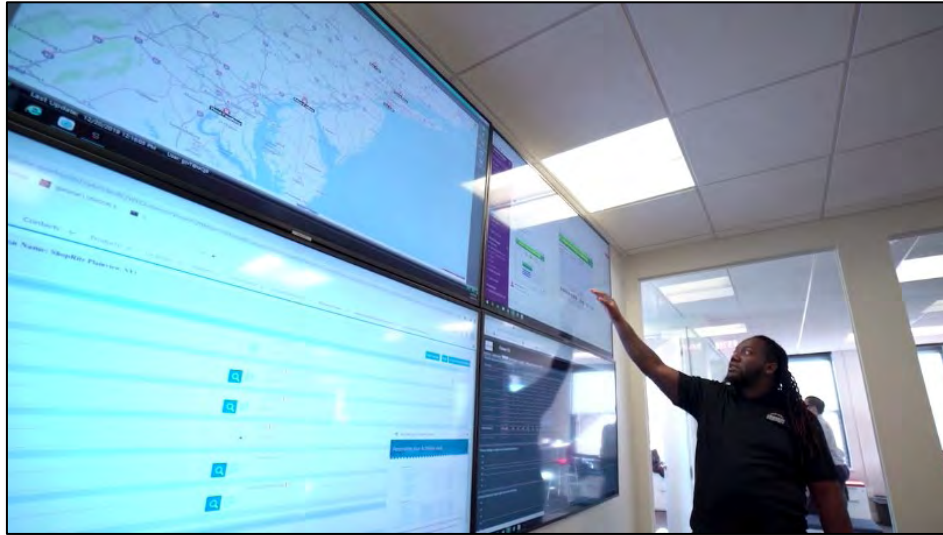
Real time operations mobile app,
quarterly financial reviews, tariff
analysis



Results

Best-in-class up-time and
performance

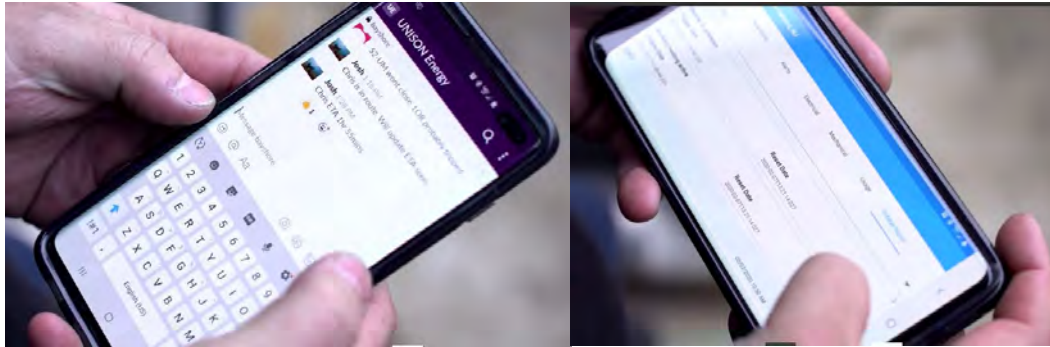
Unison Energy operating capabilities



- VP Operations – Former Worldwide Chief Engineer for Natural Gas Engines at Caterpillar, Ph.D. in Engine Combustion with 40+ patents
- Only 2G authorized national service provider
- Unison Energy technicians perform all services
- Technicians have highest level of system training & certification
- Mechanical and electrical engineers on staff for support
- Over \$400,000 in parts inventory
- Staffed monitoring center 24x365
- Advanced data analytics monitor 600-800 data points per second and store in data warehouse

Leading edge technology supports our operations excellence

Proprietary mobile systems



PowerIM messaging monitoring, technicians, and engineers

PowerIQ fleet & engine status designed for our operations & clients

Work Order Management System

ServiceMax Home Accounts Contacts Products Locations Reports Dashboards Installed Products

Report: Work Orders
Open work orders
All open work orders sorted by site

Location	Work Order	Order Type	Problem Description	Order Status
Doctors Community Hospital (19)	WO-00005678	Planned Maintenance	E30 - MWM Service Maintenance- CHP1	Open
	WO-00005680	Planned Maintenance	Clean and Inspect Gas Filters (Quarterly)	Open
	WO-00005681	Planned Maintenance	Repair& Replace Spark Plugs- MWM 600-M0260	Open
	WO-00005682	Planned Maintenance	Clean/Inspect/Repair or Replace Smoke Detector Sensor-MWM 600-M0260	Open
	WO-00005683	Planned Maintenance	E40 - MWM 600-M0260 & Borescope Engine	Open
	WO-00005684	Planned Maintenance	E50 - MWM 600-M0260	Open
	WO-00005685	Planned Maintenance	Service Batteries-Check Water Level	Open
	WO-00005688	Planned Maintenance	Air Emission Testing (Monthly)	Open
	WO-00005718	Planned Maintenance	Check Spark Plug using Spark View Meter (Weekly)	Open
	WO-00005733	Planned Maintenance	Check Spark Plug using Spark View Meter (Weekly)	Open

Live Communications 24 x 365

UNISON Energy | **gaylord**

Monday, December 9th

Jeremy Sanchez 5:13 AM
En route

Jeremy Sanchez 6:23 AM
On site

Jeremy Sanchez 6:35 AM
@Utility Team PH please create wo and download warranty docs for head replacement A8 A7 A6, on CHP 2

Utility Team PH 6:41 AM
WO created

Utility Team PH 10:42 AM
Hi @Jeremy Sanchez
We cannot login to Remote Access Client. There a Prompt: Authentication Failed.

Jeremy Sanchez 10:56 AM
Ok , thank you

Jeremy Sanchez 12:16 PM
3 heads off, clean the block and put her back together

20191209_121540.jpg

Message gaylord

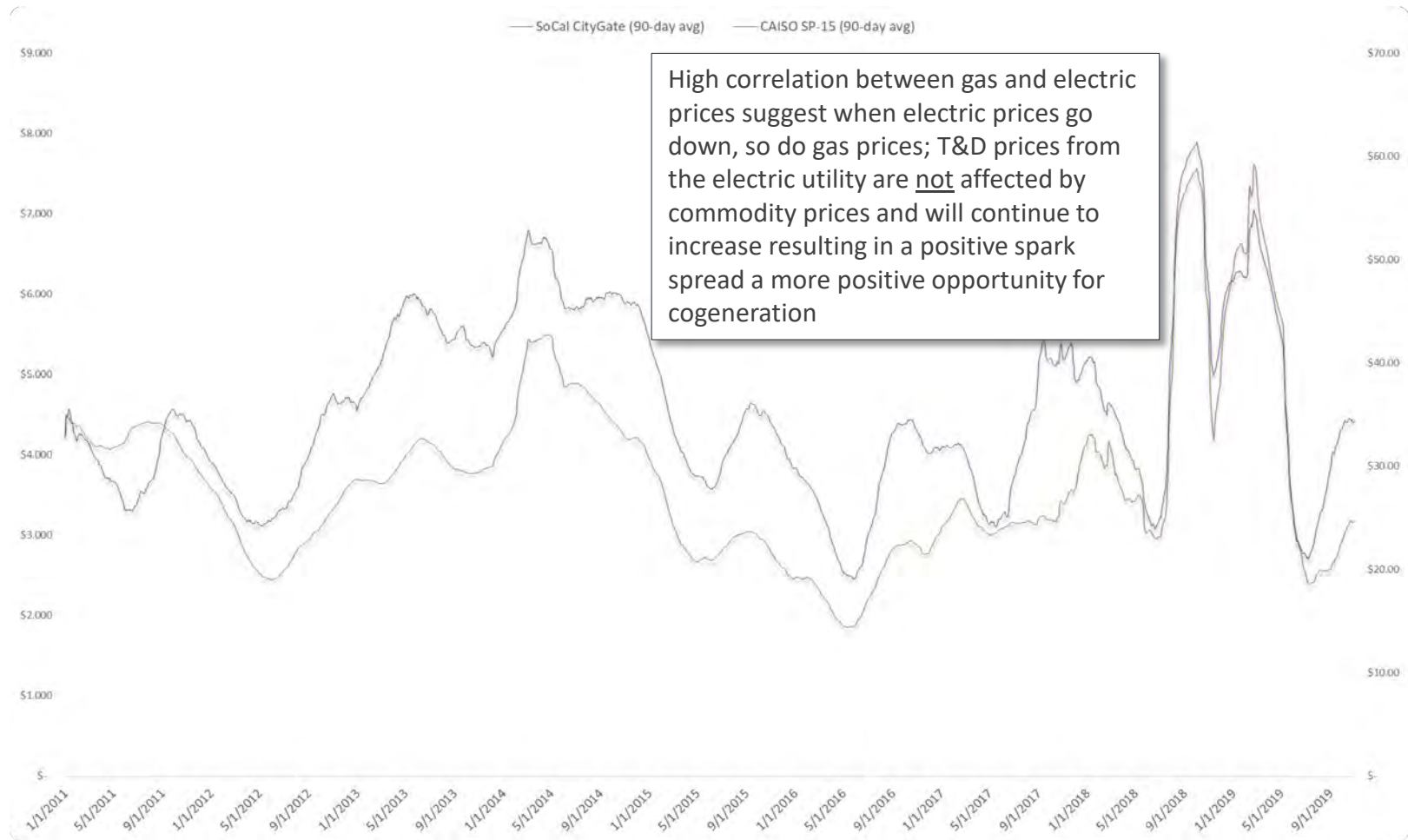
Field Service Tech

Monitoring Center

Gas and electric costs are very highly correlated in California

SoCal CityGate vs. CAISO SP-15

2011-2019

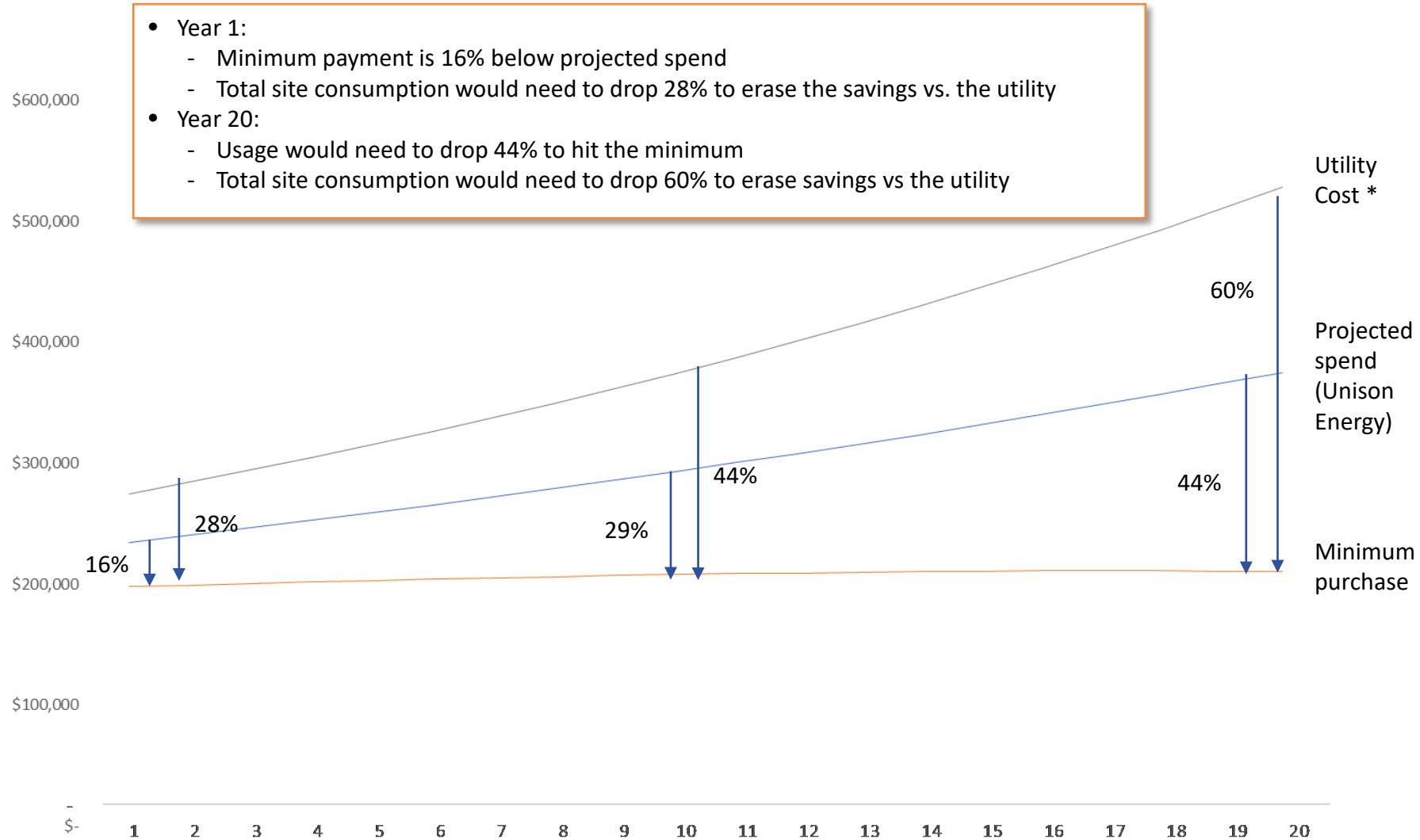


Overview of business terms and next steps

Term:	<ul style="list-style-type: none">• 20 years, flexible to meet client needs
Electricity usage:	<ul style="list-style-type: none">• Electricity billed at \$ per kWh rate ONLY for actual usage
Thermal usage:	<ul style="list-style-type: none">• Thermal output billed at \$ per therm rate ONLY for actual usage
Fuel:	<ul style="list-style-type: none">• Natural gas purchased by client or purchased by Unison Energy with a direct pass through of costs
Capital costs:	<ul style="list-style-type: none">• Covered by Unison Energy
Maintenance:	<ul style="list-style-type: none">• Covered by Unison Energy
Site closure option:	<ul style="list-style-type: none">• Customer may (1) pay to relocate to another location or (2) pay down the remaining principal on debt

Next steps	<ul style="list-style-type: none">• Review ESA with legal and sign• Construction takes 10-15 months
-------------------	----------------------------------------------------------------------------------------------------------------------------

Minimum Purchase Breakdown



* Utility cost is calculated as the projected Unison Energy spend plus the savings from the utility for a directly comparable number; fuel cost is excluded from all three line items

Base Case costs were determined from actual billing data from PG&E and assumed Direct Access supply costs

Actual Billing Summary for Distribution costs (PGE)

5/2018 – 4/2019

Service Agreement	Start Date Time	End Date Time	Usage	Cost	Peak Demand
5439240597	5/7/2018 0:00	6/5/2018 0:00	286,791	\$ 26,425	609.6
5439240597	6/6/2018 0:00	7/5/2018 0:00	301,861	\$ 28,927	697.2
5439240597	7/6/2018 0:00	8/5/2018 0:00	330,406	\$ 30,380	705.6
5439240597	8/6/2018 0:00	9/5/2018 0:00	312,704	\$ 29,163	702.0
5439240597	9/6/2018 0:00	10/4/2018 0:00	277,737	\$ 26,044	592.8
5439240597	10/5/2018 0:00	11/5/2018 0:00	301,461	\$ 25,957	565.2
5439240597	11/6/2018 0:00	12/5/2018 0:00	248,108	\$ 19,545	512.4
5439240597	12/6/2018 0:00	1/6/2019 0:00	261,007	\$ 18,690	427.2
5439240597	1/7/2019 0:00	2/5/2019 0:00	248,964	\$ 18,107	444.0
5439240597	2/6/2019 0:00	3/7/2019 0:00	242,603	\$ 18,242	477.6
5439240597	3/8/2019 0:00	4/7/2019 0:00	253,975	\$ 19,779	498.0
5439240597	4/8/2019 0:00	5/7/2019 0:00	245,813	\$ 21,183	584.4
			3,311,431	\$282,442	

Supply Cost Calculations

Current rates (Actual) vs. Direct Access (estimated)

	Current Rate	Direct Access Rate
Summer		
Peak Energy	\$0.11275	\$0.08456
PP Energy	\$0.06922	\$0.05192
OP Energy	\$0.04039	\$0.03029
Winter		
PP Energy	\$0.06325	\$0.04744
OP Energy	\$0.04754	\$0.03566

Summer Demand Charges		
Month	Current Dema	DA Demand Charges
5	\$8,527	\$6,024
6	\$10,830	\$7,636
7	\$9,092	\$6,425
8	\$9,421	\$6,656
9	\$8,164	\$5,770
10	\$8,925	\$6,300

Total Current Costs **\$553,364** **\$0.1671**
Total Direct Access Costs **\$483,225** **\$0.1459**

	Current	Direct Access
Total Energy	\$215,962	\$161,971
Total Demand	\$54,959	\$38,812
Total Supply	\$270,921	\$200,783

Residual Utility Costs were calculated by running the residual usage through Unison's proprietary tariff database and calculating supply costs with Direct Access estimates

Tariff Run for residual Utility Costs w/ Direct Access Supply Costs 5/2018 – 4/2019

Unison Case Customer Bill														
Bill end date	Bill end date	06/30/2018	07/31/2018	08/31/2018	09/30/2018	10/31/2018	11/30/2018	12/31/2018	01/31/2019	02/28/2019	03/31/2019	04/30/2019	05/31/2019	Total
Customer Charge - Mandatory	TotalKWh	591.37	611.08	611.08	591.37	611.08	591.37	611.08	611.08	551.95	611.08	591.37	611.08	7,234.41
Distribution - Maximum Peak Demand Summer	MaximumPeakDemand	3,919.83	3,057.12	2,906.58	2,842.89	3,172.92	-	-	-	-	-	-	3,148.53	19,047.87
Distribution - Maximum Part-Peak Demand Summer	MaximumPart-PeakDemand	1,021.68	1,007.82	902.88	928.62	914.76	-	-	-	-	-	-	979.68	5,755.44
Distribution - Maximum Part-Peak Demand Winter	MaximumPart-PeakDemand	-	-	-	-	-	48.72	44.64	9.48	48.00	51.36	57.24	-	259.44
Distribution - Maximum Demand Winter	MaximumDemand	-	-	-	-	-	4,055.94	3,716.28	830.29	4,204.00	4,508.79	5,013.27	-	22,328.57
Transmission Maximum Demand	MaximumDemand	5,050.42	4,103.00	4,252.20	4,006.02	4,088.08	3,028.76	2,775.12	532.46	2,696.00	2,891.46	3,214.98	3,484.58	40,123.08
Reliability Services Maximum Demand	MaximumDemand	196.33	159.50	165.30	155.73	158.92	117.74	107.88	22.91	116.00	124.41	138.33	149.93	1,612.98
Nuclear Decommissioning	TotalKWhConsumed	61.37	66.56	63.91	57.39	59.96	51.55	50.91	51.53	44.97	52.33	49.15	52.88	662.51
DWR Bond	TotalKWhConsumed	1,684.72	1,827.28	1,754.46	1,575.48	1,645.95	1,415.30	1,397.57	1,296.14	1,131.18	1,316.27	1,236.36	1,380.15	17,610.86
New System Generation Charge	TotalKWh	107.79	140.03	134.87	107.04	80.42	78.98	27.98	13.78	45.63	46.09	43.17	70.56	896.34
Reservation Charge Credit - Distribution	ReservationChargeCredit-Capx	(1,698.84)	(1,698.84)	(1,698.84)	(1,698.84)	(1,698.84)	(1,698.84)	(1,698.84)	-	(1,790.91)	(1,790.91)	(1,790.91)	(1,790.91)	(19,055.52)
Reservation Charge Credit - Generation	ReservationChargeCredit-Capx	(124.74)	(124.74)	(124.74)	(124.74)	(124.74)	(124.74)	(124.74)	-	(124.74)	(124.74)	(124.74)	(124.74)	(1,372.14)
Reservation Charge Credit - Transmission	ReservationChargeCredit-Capx	(282.15)	(282.15)	(282.15)	(282.15)	(282.15)	(282.15)	(282.15)	-	(216.81)	(216.81)	(216.81)	(216.81)	(2,842.29)
Reservation Charge Credit - Reliability Services	ReservationChargeCredit-Capx	(23.76)	(23.76)	(23.76)	(23.76)	(23.76)	(23.76)	(23.76)	-	(23.76)	(23.76)	(23.76)	(23.76)	(261.36)
Energy Cost Recovery Amount	TotalKWhConsumed	(15.34)	(16.64)	(15.97)	(14.34)	(14.99)	(12.88)	(12.72)	(12.88)	(11.24)	(13.08)	(12.28)	(13.22)	(165.58)
Direct Access	TotalKWhConsumed	\$ 12,131	\$ 12,028	\$ 12,043	\$ 9,887	\$ 9,743	\$ 2,217	\$ 771	\$ 415	\$ 1,273	\$ 1,329	\$ 1,281	8,597.47	71,716.29
Total\$	Total\$	22,619.74	20,854.20	20,688.94	18,007.59	18,330.87	9,463.45	7,360.61	3,769.45	7,943.12	8,761.47	9,456.62	16,255.42	160,758.61
\$/kWh	\$/kWh	0.3253	0.2308	0.2378	0.2607	0.3533	0.1857	0.4077	0.4240	0.2698	0.2946	0.3395	0.3571	0.2780

Residual utility costs

Energy Sales Agreement

Between

as Buyer

and

**Unison Energy, LLC
as Seller**

_____, 2020

ENERGY SALES AGREEMENT

This ENERGY SALES AGREEMENT (“Agreement”) is dated as of _____, 2020 (“Effective Date”), by and between **Unison Energy, LLC**, a Delaware limited liability company (“Seller”), and Sonoma Valley Hospital, a [REDACTED] (“Buyer”). Buyer and Seller are referred to herein each individually as a “Party” and collectively as the “Parties”.

Transaction Type: Buyer desires that Seller install and operate the Distributed Energy Resources described below (as more particularly described herein, the “Energy Facility”), and sell electrical and thermal energy produced by the Energy Facility to Buyer for Buyer’s use at the Buyer Facility.

In consideration of the foregoing and the mutual promises and covenants hereinafter set forth, the Parties agree and intend to be bound as follows:

Notice Information

If to Seller:

Unison Energy, LLC
22 West Putnam Ave.,
Greenwich, CT 06830
Facsimile: 914-560-2215
E-mail: legal@unisonenergy.com
Attention: General Counsel

If to Buyer: **[Buyer Address]**
Facsimile: **[Fax Number]**
E-mail: **[E-mail Address]**
Attention: **[Title of Officer to Receive Notices]**

KEY TERMS

Commercial Terms	
Buyer Facility:	Sonoma Valley Hospital 347 Andrieux St Sonoma, CA 95476
Energy Facility:	360 kW Natural Gas Engine <i>Located at the Buyer Facility as described on Exhibit C.</i>
Initial Term	The Initial Term commences on the Effective Date and continue until the 20th anniversary of the Commencement of Operations Date, unless and until terminated earlier pursuant to the provisions of this Agreement.
Renewal Term:	The Term may be renewed twice, each for a period of five years.
Deadline Date for Commercial Operations (“Deadline Date”)	36 months after the Effective Date
Energy Service Payment	The Energy Service Payment consists of, as applicable.
Electricity Price:	\$0.0688 /kWh for Electricity Output.
Hot Water Price:	\$0.5351 /therm for Thermal Energy Output
Steam Price:	Not applicable
Chilled Water Price	Not applicable
Operating Hour Price:	Not applicable
Fixed Fee Price:	Not applicable
Annual Escalation	Each price component of the Energy Service Payment shall be escalated at the end of each Contract Year following the Commercial Operation Date by the change in the Consumer Price Index during such Contract Year but such escalation will not be less than zero (0) percent.
Buyer Energy Deposit	Not applicable

Technical Specifications	
Electricity Output:	three phase, 60 Hz, 480/Medium volts
Capacity:	360kW less parasitic loads
Thermal Energy Output	1,361 at max load to be used for Hot Water
Steam Output	Not applicable
Hot Water Output	1,361 MBH
Chilled Water Output	Not applicable
Interconnection Point:	Buyer's facilities interconnecting to the facilities of the Buyer Utility
Electricity Delivery Point:	[Load side of the utility service point inside the Buyer Facility "Old Wing" electric room.
Natural Gas Delivery Point:	New natural gas service adjacent to existing "Old Wing" gas service.
Thermal Energy Delivery And Return Points	Delivery Point: At "Old Wing" heating hot water boiler inlet manifold. Return Point: At "Old Wing" heating hot water return manifold.
Buyer Utility	Pacific Gas & Electric (electric utility), PG&E (gas utility)
Fuel:	Pipeline quality Natural Gas, biogas, or other energy source, as applicable.
Natural Gas Heat Rate Guarantee:	All Natural Gas heat rate numbers are for Low Heat Value (LHV). Heat rate values for other capacity levels shall be determined through linear interpolation. 100% capacity: 9,179 Btu/kWh 75% capacity: 9,383 Btu/kWh 50% capacity: 9,900 Btu/kWh

Financial Terms		
Contract Year	Buyer's Minimum Energy Purchase Obligation (US\$)	Termination Payment (US\$)
1	197,884	1,121,400
2	199,264	1,099,500
3	200,589	1,075,600
4	201,856	1,049,600
5	203,061	1,021,200
6	204,199	990,300
7	205,268	956,500
8	206,263	919,800
9	207,179	879,700
10	208,012	836,000
11	208,758	788,400
12	209,410	736,500
13	209,965	680,000
14	210,416	618,300
15	210,759	551,100
16	210,988	477,800
17	211,096	398,000
18	211,077	311,000
19	210,926	216,100
20	197,884	112,700

Relocation Amount: \$265/day, escalated at 2.5% at the beginning of each Contract Year.

Additional Terms

This Agreement consists of the provisions set forth above and the following exhibits:

Exhibit A – General Terms and Conditions

Exhibit B – Definitions and Interpretation

Exhibit C – Location of Energy Facility

Exhibit D – Insurance

Exhibit E – Natural Gas Purchase Rider

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives as of the Effective Date.

Unison Energy, LLC

Sonoma Valley Hospital

By: Timothy Lukes

Title: Co-CEO

By:

Title:

EXHIBIT A

ENERGY SERVICES AGREEMENT GENERAL TERMS AND CONDITIONS

ARTICLE 1 TERM, EXTENSION

Unless sooner terminated pursuant to the terms hereof, this Agreement will remain in effect for the Initial Term, and will continue in effect for each Renewal Term. Unless written notice that this Agreement will terminate on the last day of the then-current Initial Term or Renewal Term is provided by either Party at least one hundred eighty (180) days prior to the end of the Initial Term or, if applicable, the first Renewal Term, this Agreement will continue for an additional Renewal Term.

ARTICLE 2 INSTALLATION AND OPERATION OF THE ENERGY FACILITY

2.1 Seller Responsibilities.

2.1.1 Design and Installation. Subject to the other provisions of this Agreement, Seller shall, at its sole cost and expense, design, procure, construct, install and commission the Energy Facility in accordance with Prudent Industry Practices, provided that Buyer shall pay for any costs incurred by Seller resulting from Seller moving the location of the Energy Facility, at Buyer's request, from the location identified on Exhibit C to another location at the Buyer Facility.

2.1.2 Governmental Permits. Seller shall, at its sole cost and expense, apply for and obtain all governmental permits, consents and authorizations that are necessary to install, operate and maintain the Energy Facility and otherwise perform its obligations under this Agreement. Where any such governmental permit, consent or authorization must be obtained in Buyer's name, or where any restriction is placed upon Buyer in connection with such governmental permit or consent, Seller shall (i) notify Buyer of the need for such permit, consent or authorization, and any restriction imposed therein, and (ii) obtain Buyer's prior written approval for such permit, consent or authorization, which shall not be unreasonably withheld or delayed.

2.1.3 Right to Terminate Prior to the Commercial Operation Date. If prior to the Commercial Operation Date (a) Seller, after utilizing reasonable good faith efforts, is unable to take all actions necessary to be eligible to receive a rebate or subsidy from the applicable state or local government, Buyer Utility or other source for the installation of the Energy Facility, (b) Seller, after utilizing reasonable good faith efforts, is unable to obtain the permits, licenses and other approvals required at law to be obtained prior to construction and installation of the Energy Facility, (c) Seller (or its affiliates) is subject to a patent infringement suit relating to the Energy Facility, (d) there has been a material adverse change in the right of the Buyer to occupy the Buyer Facility or of Seller to install the Energy Facility at the Buyer Facility, or (e) Seller is unable, after utilizing reasonable good faith efforts, to procure suitable financing for the installation of the Energy Facility, (f) if project costs exceed Seller's estimates by greater than 10% of total project costs as determined by Seller, then Seller has the unilateral right to terminate this Agreement, in which case neither Party shall have any liability hereunder.

2.1.4 Subcontractors. Seller shall be permitted to use subcontractors to perform its obligations under this Agreement as long as all such subcontractors are fully licensed and insured to the extent required under Prudent Industry Practices, but the use of any such subcontractor shall not relieve Seller of any of its obligations hereunder.

2.1.5 Schedule. If Seller becomes aware of any material changes to Seller's schedule for the installation of the Energy Facility, Seller shall promptly inform Buyer of such changes.

2.1.6 Interconnection. Seller shall, at its sole cost and expense, cause the Energy Facility to be interconnected and synchronized with the Buyer Utility's distribution system, including obtaining all required consents and authorizations from the Local Electric Utility.

2.1.7 Maintenance. Seller shall, at its sole cost and expense, monitor, operate and maintain the Energy Facility and perform all repairs (whether

routine or emergency), and provide all labor, material and other supplies necessary to perform such operation, maintenance or repairs in accordance with Prudent Industry Practices.

2.2 Buyer Responsibilities.

2.2.1 Permitting. Upon Seller's reasonable request, Buyer shall cooperate with Seller in its efforts to obtain any governmental permits, consents and authorizations required by Seller pursuant to Section 2.1.2 of this Exhibit A, including providing all air emissions data for the Buyer Facility reasonably required by Seller for purposes of obtaining and maintaining such governmental permits, consents and authorizations.

2.2.2 Interruption of Utility Service. Buyer acknowledges that interruptions of Buyer's existing electricity and gas service may be required prior to the Commercial Operations Date in order to complete installation of the Energy Facility. Seller and Buyer will agree upon mutually acceptable times and durations of any such necessary interruptions, *provided* that no interruption shall have a material impact on the operation of the Buyer Facility.

2.2.3 Security. As security for its obligations under this Agreement, Buyer has provided, and shall continue to maintain for the Term of this Agreement, the Buyer Energy Deposit described in the Commercial Terms.

2.2.4 Water Supply. Buyer agrees to supply Seller with a source of water as may be necessary for operation of the Energy Facility. Seller shall supply all of the piping, fittings, valves and other equipment to connect the Energy Facility to Buyer's existing water system.

2.2.5 Financial Statements. Buyer agrees to provide annually to Seller copies of Buyer's audited financial statements, within thirty (30) days after such financial statements have been completed, and to cooperate with Seller in providing any other information reasonably requested by a Financing Party.

2.2.6 Utility Billing Statements. Buyer agrees to provide monthly to Seller copies of utility electric and natural gas billing and usage statements or provide Seller with the necessary authorization for Seller to obtain such statements directly from the utilities.

2.2.7 Liens. Buyer shall not directly or indirectly cause, create, incur, assume or suffer to exist any Liens on or with respect to the Energy Facility or any interest therein. If Buyer breaches its obligations under this Section 2.2.7, it will promptly cause such Lien to be discharged and released of record without cost to Seller.

2.2.8 No Sale. Buyer agrees that no portion of the electricity delivered by Seller to Buyer under this Agreement will be resold by Buyer to any other person, nor shall such electricity be assigned or otherwise transferred to any other person, except, in each case, pursuant to net metering or similar programs offered by Buyer's Utility.

2.2.9 Non-Interference. Buyer may not claim, by virtue of this Agreement, that Seller is a gas utility or claim that Buyer is an electric utility, subject to regulation as an electric utility or subject to regulated electricity rates; *provided, however*, that Seller may apply for authority to make wholesale energy sales at market based rates, make any attendant regulatory filings in connection with such authority, and/or seek customary exemptions from reporting and recordkeeping requirements imposed by the Federal Energy Regulatory Commission on public utility companies if Seller determines such authority, filings, and/or exemptions are appropriate.

2.2.10 Distributed Generation. Buyer shall not install, or have installed, any energy generation equipment at the Buyer Facility that would have the effect of reducing Buyer's use of the Energy Output of the Energy Facility.

ARTICLE 3 PURCHASE AND SALE OF ENERGY OUTPUT

3.1 Purchase and Sale Obligations.

3.1.1 Commencing on the Commercial Operations Date, Seller shall use commercially reasonable efforts to provide Energy Output to Buyer up to the Energy Output Specifications set forth in the Commercial Terms. Buyer will purchase all of the Energy Output of the Energy Facility, up to the requirements of the Buyer Facility.

3.1.2 Seller shall have the right to sell to third parties, at wholesale or at retail, all Electricity Output not sold to Buyer pursuant to Section 3.1.1 of this Exhibit A, and all other products related to the electric generating capacity of the Energy Facility,

including capacity and ancillary services; provided that such sales shall not interfere with Seller's provision of Energy Output to Buyer pursuant to Section 3.1.1 of this Exhibit A.

3.2 Pricing. Buyer shall pay the Energy Service Payment set forth in the Commercial Terms.

3.3 Minimum Energy Purchase. In the event that the Energy Service Payment (excluding the Fixed Fee Price, if any) payable by Buyer for any Contract Year is less than (i) the Minimum Energy Purchase Obligation set forth in the Financial Terms times (ii) one minus the Outage Ratio, then in addition to the Energy Service Payment (excluding the Fixed Fee Price, if any) payable by for any such Contract Year, Buyer shall pay Seller an amount equal to (A) the product of (i) the Minimum Energy Purchase Obligation and (ii) one minus the Outage Ratio, minus (B) the Energy Service Payment (excluding the Fixed Fee Price, if any) payable by Buyer for such Contract Year.

3.4 Metering. Seller will provide commercial grade metering equipment to measure the quantity of (i) Energy Output delivered to Buyer, and (ii) the Fuel delivered by Buyer to the Energy Facility, in each case at the applicable Delivery Points.

3.5 Delivery.

3.5.1 Electricity Output. Seller shall deliver all Electricity Output sold to Buyer to the Electricity Delivery Point. As between the Parties, title and risk of loss related to Electricity Output shall transfer from Seller to Buyer at the Electricity Delivery Point. As between the Parties, Seller shall be deemed to be in exclusive control (and responsible for any damages or injury caused thereby) of Electricity Output before it reaches the Electricity Delivery Point and Buyer shall be deemed to be in exclusive control (and responsible for any damages or injury caused thereby) of Electricity Output at and from the Electricity Delivery Point.

3.5.2 Thermal Energy Output. Seller shall deliver all Thermal Energy Output sold to Buyer to the Thermal Energy Delivery Points. As between the Parties, title and risk of loss related to Thermal Energy Output shall transfer from Seller to Buyer at the applicable Thermal Energy Delivery Point and from Buyer to Seller at the applicable Thermal Energy Return Point.

3.6 Energy Output Specifications.

All Energy Output delivered to Buyer under this Agreement shall meet the applicable Energy Output Specifications set forth in the Technical Specifications.

3.7 Fuel Facilities. The terms and conditions governing the purchase, delivery, acceptance and use of Natural Gas, if applicable, are set forth on Exhibit E.

3.8 Make-Whole Payment. During any month in which the Energy Facility is unable to generate its full Energy Output as a result of Buyer's failure or delay in performing its obligations under this Agreement (a "Delivery Excuse"), Buyer shall pay Seller a monthly payment (pro-rated as needed) equal (i) to the average monthly amount payable by Buyer pursuant to Section 3.2 of this Exhibit A for the preceding twelve (12) months or however long the Energy Facility has been in commercial operation if less than twelve (12) months minus (ii) the sum of (a) the amounts paid to Seller for the Energy Output if any, that the Energy Facility is able to provide during such month and (b) the Fixed Fee Price, provided that Buyer's payment of the Make-Whole Payment pursuant to this Section 3.8 shall not excuse Seller from its obligation to pay the Fixed Fee Price during such time period as the Delivery Excuse exists.

3.9 Environmental Attributes and Environmental Incentives. Seller is entitled to any Environmental Attributes and Environmental Incentives with respect to the Energy Facility.

ARTICLE 4

SELLER ACCESS RIGHTS

4.1 Seller Access. Buyer will provide Seller access to the Buyer Facility as required for Seller to perform its obligations and exercise its rights under this Agreement. Seller shall be permitted access to the Energy Facility during the normal business hours of the Buyer Facility for routine maintenance and monitoring, and as promptly as possible in the event of an emergency. Seller shall have access for monitoring energy usage by equipment at the Buyer Facility which have high electric or thermal energy loads, such as refrigeration, hot water or steam boilers, dehumidification and HVAC equipment. Seller shall have access to building risers, conduits, shafts, raceways or other designated space to connect the Energy Facility to the

necessary portions of the Buyer Facility as is necessary to install wiring, electronic, thermal and communications equipment and other personal property to support and maintain the Energy Facility. In addition to the foregoing, Seller shall have access to the Interconnection Facilities at all times.

ARTICLE 5

TERMINATION AND DEFAULT

5.1 Termination by the Parties. This Agreement may be terminated, prior to the end of the Initial Term or any Renewal Term then in effect, under the following conditions:

5.1.1 upon mutual written agreement of the Parties;

5.1.2 if the Commercial Operations Date has not occurred by the Deadline Date, by either Party prior to the occurrence of the Commercial Operations Date;

5.1.3 upon the occurrence of an Event of Default, by either Party followed by written notice of termination due to default by the non-defaulting Party; or

5.1.4 upon closure of the Buyer Facility pursuant to Section 5.5 of this Exhibit A.

5.2 Events of Default. The occurrence of any one or more of the following shall constitute an event of default ("Event of Default") with respect to a Party:

5.2.1 such Party shall fail to make undisputed payments as and when due under this Agreement to the other Party within fifteen (15) days after receiving notice of such failure;

5.2.2 such Party shall fail to comply with any material provision of this Agreement (other than the obligation which is the subject of another Event of Default under this Section 5.2 of this Exhibit A), and such failure shall continue uncured for thirty (30) days after notice thereof by the other Party, provided that if such failure is not capable of being cured within such period of thirty (30) days with the exercise of reasonable diligence, then such cure period shall be extended for an additional reasonable period of time (not to exceed one hundred eighty (180) days) so long as such Party is exercising commercially reasonable efforts to cure such failure;

5.2.3 such Party shall: (a) commence a voluntary case or proceeding under any applicable Federal or state bankruptcy, insolvency, reorganization or other similar law; (b) consent to the entry of a decree or order for relief in respect of such Party in any involuntary case or proceeding under any applicable Federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it; (c) file any petition, answer or consent seeking reorganization or relief under any applicable Federal or state law; (d) consent to the filing of any petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of such Party or of any substantial part of its property; (e) make an assignment for the benefit of creditors; (f) admit in writing its inability to generally pay its debts as they become due; or (g) take any action in furtherance of any of the foregoing;

5.2.4 a proceeding shall be commenced, without the application or consent of such Party, in any court of competent jurisdiction, seeking: (a) a decree or order for relief in respect of such Party in an involuntary case or proceeding under any applicable Federal or state bankruptcy, insolvency, reorganization or other similar law; or (b) a decree or order adjudicating such Party bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of such Party under any applicable Federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of such Party or of any substantial part of its affairs, and such proceeding shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of ninety (90) days;

5.2.5 such Party shall assign this Agreement or any of its rights hereunder other than in compliance with Section 13.9 of this Exhibit A; and

5.2.6 any representation made by such Party under Article 13 shall have been false in any material respect when made, shall have had, or would reasonably be expected to have, a material adverse effect on either Party's ability to perform under this Agreement, and such inaccuracy shall not be cured within thirty (30) days after notice thereof by the other Party.

5.3 Remedy for Event of Default by Seller. Upon the occurrence of an Event of Default

by Seller under Section 5.2, Buyer may (i) terminate this Agreement upon thirty (30) days' written notice to Seller as provided herein and/or (ii) to pursue any and all remedies under this Agreement now or hereafter existing under applicable law or in equity, including an action for direct damages.

5.4 Remedies for Event of Default by Buyer. Upon the occurrence of an Event of Default by Buyer under Section 5.2, Seller may (i) terminate this Agreement upon thirty (30) days' written notice to Buyer as provided herein or (ii) pursue any and all remedies under this Agreement now or hereafter existing under applicable law or in equity, including an action for direct damages. In the event of any such termination at Seller's option, Buyer shall pay to Seller the termination payment set forth in the Financial Terms (the "Termination Payment") on the effective date of termination of this Agreement in lieu of any damages due to Seller as a result of such termination.

5.5 Buyer's Right to Terminate upon Sale or Closure of Facility. In the event Buyer after the second (2nd) Contract Year either: (i) closes the Buyer Facility for any reason; or (ii) sells the Buyer Facility to a third party, Buyer may exercise one of the following options as applicable:

5.5.1 In the event Buyer either closes the Facility or sells the Facility to a third Party, Buyer may terminate this Agreement and pay Seller the Termination Payment. In the event that, within eighteen (18) months after Buyer terminates this Agreement, Seller either redeploys the Energy Facility to serve a new customer or sells the Energy Facility, then the value to Seller (determined in a commercially reasonable manner) of such redeployment or sale shall be paid to Buyer from funds available for distribution to the owners of Seller up to an amount equal to (i) the amount of the Termination Payment paid by Buyer minus (ii) Seller's costs of redeploying or selling the Energy Facility and terminating the Energy Sales Agreement. Such payment shall be made after the Energy Facility is either redeployed and in operation or is sold. Buyer shall use commercially reasonable efforts to provide Seller with ninety (90) days advance notice of Buyer's intent to exercise its termination right under this Section 5.5.

5.5.2 In the event Buyer sells the Buyer Facility Buyer may: (i) assign this Agreement to the new owner of the Buyer Facility; provided however that: (x) the creditworthiness of the new owner shall

be equal to or higher than that of Buyer, in Seller's reasonable judgment or (y) the new owner has provided credit support for its obligations under this Agreement in a form and an amount reasonably acceptable to Seller or (ii) request Seller to relocate the Energy Facility to a different facility of Buyer in the Permitted Area upon thirty (30) days' prior written notice to Seller. Upon receipt of such notice of a request to relocate the Energy Facility, Seller shall use commercially reasonable efforts to relocate the Energy Facility as promptly as possible subject to Buyer's performance of its obligations under this Section 5.5.2 and to Seller's receipt of all necessary governmental permits, consents and authorizations. Buyer shall be responsible for all expenses incident to such relocation, including, without limitation, costs of preparation of the new site, costs of obtaining and establishing the fuel and/or electricity supply needed to operate the Energy Facility, and restoration of the previous site. Buyer shall also be responsible for obtaining real estate rights for Seller which are equivalent to the rights of Seller at the Buyer Facility and shall assist Seller in applying for and obtaining all governmental permits, consents and authorizations that are necessary to install, operate and maintain the Energy Facility at such new facility, and for all costs relating to applying for and obtaining such permits, consents and authorizations. Buyer shall pay Seller the Relocation Amount for each day during which the Energy Facility is not in operation as a result of such relocation (the "Relocation Period") and the Term shall be extended by the duration of the Relocation Period.

ARTICLE 6

BILLING, PAYMENT AND TAXES

6.1 Billing and Payment. Seller shall prepare and render to Buyer within fifteen (15) Business Days after the end of each month an invoice stating the amounts owed to Seller under this Agreement, and any other amount owed by Buyer to Seller or Seller to Buyer. Payment shall be made by wire transfer on or before the thirtieth (30th) day following receipt by Buyer of Seller's invoice.

6.2 Currency and Timing of Payment. Notwithstanding anything contained in this Agreement, (i) all payments to be made by Buyer under this Agreement shall be made in US Dollars and (ii) any payment that becomes due and payable on a Day that is other than a Business Day shall be paid on the next succeeding Business Day.

6.3 Verifying Documentation. Each Party will promptly comply with any request by the other Party that such Party provide to the requesting Party copies of documents, records or data of the other Party which are reasonably necessary to enable the requesting Party to verify or substantiate any claim, charge or calculation made by the other Party pursuant to the terms of this Agreement. Each Party will maintain records relating to its respective performance of this Agreement in accordance with reasonable document retention policies and Prudent Industry Practices.

6.4 Default Interest. If any payment due from either Party under this Agreement shall not be paid when due, there shall be due and payable to the other Party compensation thereon, calculated at a per annum rate equal to two percent (2%) over the prime rate published in the "Money Rates" section of the Wall Street Journal, as of the Day payment became overdue from the date on which such payment became overdue to and until such payment is paid in full.

6.5 Taxes. Buyer shall be responsible for (and reimburse Seller if Seller pays) all taxes, whether in existence now or enacted in the future, applicable to: (i) the production, sale, purchase and use of the Energy Output provided to Buyer, and (ii) Fuel procured to this Agreement, excluding however any income, franchise or similar taxes imposed on Seller. Seller shall be entitled to (i) all other cash payments or grants that in any way relate to the construction or ownership of the Energy Facility and (ii) all direct third party subsidies for the generation of Energy Output.

ARTICLE 7

FORCE MAJEURE; CHANGE IN LAW

7.1 Effect of Force Majeure. If either Party is rendered wholly or partly unable to perform its obligations (excluding payment obligations) under this Agreement because of Force Majeure, that Party shall be excused from whatever performance is affected by the Force Majeure to the extent so affected, *provided* that as a condition thereto:

7.1.1 The Party affected by such Force Majeure, as soon as reasonably practical after the occurrence of the claimed Force Majeure event, gives the other Party prompt verbal notice, followed by a written notice, fully describing the particulars of the occurrence;

7.1.2 The suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure; and

7.1.3 The Party affected by such Force Majeure uses commercially reasonable efforts to mitigate or remedy its inability to perform as soon as reasonably possible.

7.2 Payment Obligations Not Excused. Notwithstanding anything in this Article to the contrary, no undisputed payment obligation arising under this Agreement prior to the date of an event of Force Majeure shall be excused by such event of Force Majeure.

7.3 Dates Extended. Whenever either Party is required to commence or complete any action within a specified period, such period shall be extended by an amount equal to the amount of time that performance of the affected obligation(s) hereunder actually was delayed by reason of any event of Force Majeure.

7.4 Extended Force Majeure. If a Force Majeure Event shall have occurred that has affected Seller's performance of its obligations hereunder and that has continued for a continuous period of one hundred eighty (180) days, then Buyer shall be entitled to terminate the Agreement upon thirty (30) days' prior written notice to Seller. If at the end of such thirty (30) day period such Force Majeure Event shall still continue, the Agreement shall automatically terminate. Upon such termination for a Force Majeure Event, neither Party shall have any liability to the other (other than any such liabilities that have accrued prior to such termination).

7.5 Change-In-Law. In the event that a Change-In-Law occurs which: (i) is generally applicable to all electric generating facilities with similar fuel source and (ii) increases the capital or operating and maintenance costs of the Energy Facility, then the amount payable by Buyer hereunder shall be equitably adjusted so that such increased costs are borne by Buyer.

ARTICLE 8

INSURANCE

8.1 Insurance. At all times during the Term of this Agreement, Buyer and Seller will

maintain the insurance coverage set forth on Exhibit D.

ARTICLE 9

CONFIDENTIALITY

9.1 Confidential Information. This Agreement and all information and materials provided or disclosed by either Party to the other Party pursuant to, or in connection with, this Agreement and designated as confidential by the disclosing Party shall be "Confidential Information." Confidential Information constitutes a valuable asset and is proprietary to the Party disclosing or originally possessing it. Each Party shall maintain all Confidential Information in trust and strict confidence for the sole benefit of the Parties and, absent the prior written consent of the other Party, shall not disclose or make available to any third party any Confidential Information; *provided, however*, that the Parties may disclose Confidential Information to their authorized representatives, as long as such representatives agree to be bound by the provisions of this Section 9.1 (or comparable confidentiality provisions). Neither Party shall use any Confidential Information for any purpose other than as expressly set forth in this Agreement. Each Party's Confidential Information shall be and remain the sole property of such Party.

9.2 Exceptions. The confidentiality restrictions contained in Section 9.1 of this Exhibit A shall not apply (i) to information already in the public domain or in the possession of the receiving Party at the time of disclosure, (ii) to information that enters the public domain through no fault of the receiving Party, (iii) to the extent necessary to enforce a Party's rights under this Agreement, or (iv) to the extent that information is required to be disclosed by applicable law. In the event of a required disclosure, the Party that is required to make such disclosure shall inform the other Party promptly and take such steps as are reasonably necessary to minimize the disclosure and protect the confidentiality of any Confidential Information.

9.3 Publicity. Each Party agrees that it shall not issue any press release regarding the Energy Facility without the prior consent of the other, and each Party agrees not to unduly withhold or delay any such consent. Buyer shall use commercially reasonable efforts to maintain the area in the immediate vicinity of the Energy Facility in a reasonably neat and clean condition.

9.4 Equitable Relief. The Parties acknowledge and agree that there may be no adequate remedy at law to compensate the Parties for a breach of Sections 9.1 and 9.2 of this Exhibit A and therefore, that upon any such breach or threat thereof, either Party shall be entitled to seek injunctive relief and other appropriate equitable relief (without the necessity of proving actual damages), in addition to whatever remedies may be available at law.

ARTICLE 10

INDEMNIFICATION

10.1 Indemnity. Each Party shall indemnify, hold harmless and defend the other Party, its Affiliates, directors, officers, partners, agents and employees (each, an "Indemnitee") from and against any and all loss, liability, damage, cost, expense (including reasonable attorney fees), interest, penalties or claims, including damage and liability, for bodily injury to or death of third Persons or damage to property of third Persons (collectively, "Loss"), to the extent arising out of the indemnifying Party's breach of any of the representations or warranties made in, or the indemnifying Party's failure to perform any of its obligations under, this Agreement; *provided, however*, that neither Party shall have any indemnification obligations hereunder in respect of any Loss of the other Party to the extent caused by such other Party's gross negligence, bad faith or willful misconduct.

ARTICLE 11

LIMITATIONS OF LIABILITY

NOTWITHSTANDING ANY OTHER PROVISION HEREOF, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR SPECIAL, INDIRECT, CONSEQUENTIAL, PUNITIVE, OR EXEMPLARY DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, STATUTORY LIABILITY, OR OTHERWISE, ARISING OUT OF OR RELATING TO THIS AGREEMENT, INCLUDING ANY LOSS OF PROFITS, EARNINGS, REVENUE, USE, DATA, CONTRACT OR GOODWILL, EVEN IN SITUATIONS WHERE A PARTY HAS KNOWLEDGE OF THE POSSIBILITY OF SUCH DAMAGES.

ARTICLE 12

REPRESENTATIONS AND WARRANTIES

Each Party represents and warrants to the other Party the following as of the Effective Date:

12.1.1 The Party is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation.

12.1.2 The execution, delivery and performance by the Party to this Agreement have been duly authorized by all necessary corporate action, and do not and will not violate any of the terms or conditions in its governing documents or any agreement to which it is a Party or any currently Applicable Law.

12.1.3 This Agreement constitutes a legal, valid and binding obligation of such Party, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally, and with regard to equitable remedies, to the discretion of the court before which proceedings to obtain the same may be pending.

12.1.4 The Party is qualified to conduct its business in those jurisdictions necessary to carry out its responsibilities under this Agreement.

12.1.5 To such Party's knowledge, there is no threatened litigation, arbitration or administrative proceeding that would reasonably be expected to have a material adverse effect on its ability to perform under and in accordance with this Agreement.

ARTICLE 13

MISCELLANEOUS

13.1 **Entire Agreement.** This Agreement, together with all Exhibits attached hereto, embodies the entire agreement and understanding of the Parties with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements (including non-disclosure agreements), and understandings of the Parties, verbal or written, relating to the subject matter hereof.

13.2

Notices.

All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail return receipt requested, postage prepaid. Such communications must be sent to the respective Parties at the addresses set forth in Notice Information on the first page to this Agreement (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 13.2).

13.3

Waiver. Any waiver of the provisions of this Agreement must be in writing and will not be implied by any usage of trade, course of dealing or course of performance. No failure of either Party to enforce any term of this Agreement will be deemed to be a waiver. No exercise of any right or remedy by either Party constitutes a waiver of any other right or remedy contained herein or provided by law. Any delay or failure of a Party to exercise, or any partial exercise of, its rights and remedies under this Agreement shall not operate to limit or otherwise affect such rights or remedies. Any waiver of performance hereunder shall be limited to the specific performance waived and shall not, unless otherwise expressly stated in writing, constitute a continuous waiver or a waiver of future performance.

13.4

Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND INTERPRETED AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK EXCLUDING ANY CHOICE OF LAW RULES THAT MIGHT DIRECT THE APPLICATION OF THE LAWS OF A DIFFERENT JURISDICTION, IRRESPECTIVE OF THE PLACES OF EXECUTION OR OF THE ORDER IN WHICH SIGNATURES OF THE PARTIES ARE AFFIXED OR OF THE PLACE OF PERFORMANCE.

13.5

Construction and Interpretation. This Agreement is to be construed so as to effectuate

the normal and reasonable expectations of sophisticated purchasers and sellers of the services covered by this Agreement and shall not be construed either for or against either Party. Each Party hereunder was represented by counsel and this agreement results from arm's length negotiations by the Parties. No provision of this Agreement shall be construed or interpreted for or against either Party because such Party drafted or caused its legal representative to draft the provision

As used in this Agreement, the terms "herein," "herewith" and "hereof" are references to this Agreement, taken as a whole, the terms "includes" or "including" shall mean "including, without limitation," and references to a "Section," "Article" or "Exhibit" shall mean a Section, Article or Exhibit of this Agreement, as the case may be, unless in any such case the context requires otherwise. All references to a given Exhibit, agreement, instrument or other document shall be a reference to that agreement, instrument or other document as modified, amended, supplemented and restated through the date as of which such reference is made. A reference to a person includes its permitted successors and permitted assigns. The singular shall include the plural, and the masculine shall include the feminine and neuter, and vice versa. Unless expressly specified otherwise, "day" means a calendar day. The expression "and/or" shall connote "any or all of." The titles or headings of the various sections, articles and paragraphs of this Agreement are intended solely for convenience and ease of reference and are not intended, and are not to be deemed for any purpose, to modify or explain or place any interpretation or construction upon any of the provisions of this Agreement.

13.6 No Partnership. No provision of this Agreement shall be construed or represented as creating a partnership, trust, joint venture, fiduciary or any similar relationship between the Parties. Neither Party is authorized to act on behalf of the other Party and none shall be considered the agent of the other.

13.7 No Third-Party Beneficiaries. This Agreement is made and entered into for the sole protection and legal benefit of Buyer and Seller, and their permitted successors and assigns, and no other person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement.

13.8 Further Actions. Each Party shall do all necessary acts and make, execute, and deliver

such written instruments as may from time to time be reasonably required to carry out the terms of this Agreement. Neither Party may take an action that would frustrate the other Party's reasonable expectations concerning the benefits to be enjoyed hereunder.

13.9 Assignment. Except as otherwise provided below or in Section 5.5.2, this Agreement is not assignable by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld, delayed or conditioned, and any assignment without the prior written consent of the other Party or otherwise inconsistent with this Section is voidable by such other Party. Seller may assign, without the consent of Buyer, any or all of Seller's right, title and interest in this Agreement to (i) an affiliate of Seller which acquires all of Seller's interest in the Energy Facility or (ii) any bank or other lender, or to any trustee or agent acting on behalf of such lender (each, a "Financing Party") to whom Seller provides a security interest in Seller's right, title and interest in the Energy Facility if a consent to collateral assignment with customary terms (including a requirement that the Financing Party (if the Financing Party is assuming or otherwise performing Seller's obligations under this Agreement) and any subsequent assignee of the Financing Parties possesses (either directly or by contract with a qualified third party) requisite expertise to perform all applicable obligations of Seller in this Agreement) and otherwise reasonably acceptable to Buyer, Seller and the Financing Parties is entered into by such parties, which consent shall be negotiated with the Financing Parties in good faith by Buyer and Seller.

13.10 Amendment. This Agreement may be modified only by a writing that is signed by both Parties at the time of modification.

13.11 Forward Contract. The Parties acknowledge and agree that this Agreement shall be considered a "Forward Contract" within the meaning of the United States Bankruptcy Code.

13.12 Severability. If any provision of this Agreement is determined to be illegal or unenforceable, such determination will not affect any other provision of this Agreement and all other provisions will remain in full force and effect.

13.13 Counterparts. This Agreement may be executed in any number of separate counterparts (including facsimile and electronic

counterparts), each of which when so executed shall be deemed an original, and all of said counterpart taken together shall be deemed to constitute but one and the same instrument

EXHIBIT B

DEFINITIONS AND INTERPRETATION

The following terms, when used in this Agreement and initially capitalized, have the following meanings:

1. “Agreement” is this Energy Sales Agreement between Seller and Buyer dated as of the Effective Date.
2. “Applicable Law” means all legally binding constitutions, treaties, statutes, laws, ordinances, rules, regulations, orders, interpretations, permits, judgments, decrees, injunctions, writs and orders of any Governmental Authority that apply to any one or both of the Parties or the terms thereof.
3. “Business Day” means any day other than a Saturday, Sunday or any other day on which banking institutions in New York are required or authorized to close.
4. “Buyer Energy Deposit” is defined in the Commercial Terms.
5. “Buyer Facility” is defined in the Commercial Terms.
6. “Buyer Utility” has the meaning set forth in the Technical Specifications.
7. “Capacity” has the meaning set forth in the Technical Specifications.
8. “Change-In-Law” means the adoption, imposition, promulgation or modification by a Governmental Authority of any Applicable Law after the Effective Date.
9. “Code” means the Internal Revenue Code of 1986, as amended.
10. “Commercial Operations Date” means the date on which Seller has notified Buyer in writing that Seller is ready to commence commercial operations of the Energy Facility for the delivery of Energy Output to the Buyer Facility.
11. “Consumer Price Index” means the Consumer Price Index, all Urban Consumers (US City Average), as published by the Bureau of Labor Statistics.
12. “Contract Year” means each of: (i) the period from the Commercial Operations Date to the last day of the twelfth (12th) full month after the Commercial Operations Date and (ii) each subsequent period of twelve (12) consecutive months.
13. “Deadline Date” is defined in the Commercial Terms.
14. “Delivery Excuse” is defined in Section 3.8 of Exhibit A.
15. “Delivery Points” means, collectively, the Electricity Delivery Point, the Thermal Energy Delivery Point, the Thermal Energy Return Point and the Natural Gas Delivery Point.
16. “Distributed Energy Resources” means solar electrical generation facility, chiller(s), energy storage facility, microgrid(s), heat-recovery steam generator(s), hot water, or combined heat and power unit(s) and related equipment (including, but not limited to, appurtenant wires, cables, conduits, connections, switchgear and meters).
17. “Effective Date” is defined in the preamble to this Agreement.
18. “Electricity Delivery Point” is defined in the Technical Specifications.
19. “Electricity Output” means the electricity (measured in kWh) generated by the Energy Facility in any given period of time.
20. “Electricity Price” is defined in the Commercial Terms.
21. “Energy Facility” means the applicable Distributed Energy Resources that Seller will install at the Buyer Facility pursuant to this Agreement, as more fully described in the Commercial Terms.
22. “Energy Service Payment” has the meaning set forth in the Commercial Terms.

23. “Energy Output” means Electricity Output and Thermal Energy Output.
24. “Energy Output Specifications” means the specifications for the Energy Output and Thermal Output set forth in the Commercial Terms.
25. “Environmental Attributes” means an aspect, claim, characteristic or benefit associated with the generation of electricity and/or thermal energy by the Energy Facility (other than the Energy Output produced and all other products related to the electric generating capacity of the Energy Facility, such as capacity and ancillary services), that is capable of being measured, verified or calculated. An Environmental Attribute may include one or more of the following identified with the Energy Output of the Energy Facility: avoided NO_x, SO_x, Hg, CO₂ or other greenhouse gas emissions, avoided water use, or any other avoided emission or environmental impact, as otherwise defined under an applicable program, or as agreed upon by the Parties.
26. “Environmental Incentive” means all rights, credits, rebates, benefits, reductions, offsets, tax benefits, and allowances and entitlements of any kind, howsoever entitled or named (including carbon credits and other emission allowances), whether arising under federal, state or local law, international treaty, provisions or programs of the Local Electric Utility, trade association membership or the like, arising from the Environmental Attributes of the Energy Facility or the Energy Output or otherwise from the development or installation of the Energy Facility or the production, sale, purchase, consumption or use of the Energy Output. Without limiting the foregoing, “Environmental Incentives” includes green tags, renewable energy credits, tradable renewable certificates and portfolio energy credits.
27. “Event of Default” is defined in Section 5.2 of Exhibit A.
28. “Financing Party” is defined in Section 13.9 of Exhibit A.
29. “Fixed Fee Price” has the meaning set forth in the Commercial Terms.
30. “Force Majeure” means any event or circumstance that is beyond the reasonable control of and not arising from the fault or negligence of the Party claiming Force Majeure including, without limitation, the following: an act of God; war (declared or undeclared); sabotage; riot; insurrection; civil unrest or disturbance; military or guerrilla action; economic sanction or embargo; civil strike, work stoppage, slow-down, or lock-out; explosion; fire; earthquake; hurricane; flood; lightning; wind; drought; the binding order of any Governmental Authority (provided that such order has been resisted in good faith by all reasonable legal means); the failure to act on the part of any Governmental Authority, *provided* that such action has been timely requested and diligently pursued by the Party claiming Force Majeure; unavailability of fuel (including interruption of fuel transportation), equipment, supplies or products; failure of equipment not utilized by or under the control of the Party claiming Force Majeure.
31. “Fuel” has the definition set forth in the Technical Specifications Sheet.
32. “Governmental Authority” means any: (i) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (ii) federal, state, local, municipal, foreign or other government; or (iii) governmental or quasi-governmental authority of any nature (including any governmental division, department, agency, commission, instrumentality, official, organization, unit, body or entity and any court or other tribunal).
33. “Indemnitee” is defined in Section 10.1 of Exhibit A.
34. “Initial Term” is defined in the Commercial Terms.
35. “Interconnection Facilities” means Buyer’s facilities interconnecting to the facilities of the Buyer Utility.
36. “Lien” means any mortgage, pledge, lien (including mechanics', labor or material-man's liens), charge, security interest, encumbrance or claim of any nature.
37. “Minimum Energy Purchase Obligation” is defined in the Financial Terms.
38. “Natural Gas” is defined as pipeline quality natural gas.
39. “Natural Gas Delivery Point” is defined in the Technical Specifications.
40. “Natural Gas Heat Rate Guarantee” is defined in the Technical Specifications.

41. “Operating Hour” means any hour that the Energy Facility is either (i) operating or capable of operating at no less than 80% of the minimum Capacity of the Energy Facility (net of parasitic losses) to produce Energy Output as set forth in the Technical Specifications or (ii) meeting the demand for Energy Output of the Buyer Facility.
42. “Operating Hour Price” has the meaning set forth in the Commercial Terms.
43. “Outage Ratio” means for any Contract Year: (i) the number of hours in such Contract Year in excess of one hundred and twenty (120) during which the Energy Facility was unavailable (as described below) to produce Electricity Output divided by (ii) the total number of hours in such Contract Year. For the purpose of calculating the Outage Ratio: (i) the level of the availability of Energy Facility shall be taken into account (for example, an hour in which the Energy Facility is completely unavailable shall count as one hour and an hour in which the Energy Facility is capable of producing at 50% of its Electricity Output shall count as one half of an hour); and (ii) each hour in which the Energy Facility is unavailable due to a Delivery Excuse shall be disregarded.
44. “Parties” is defined in the preamble to this Agreement.
45. “Permitted Area” is any location within: (i) the United States that is located within **[two-hundred (200)]** miles of the Buyer Facility or (ii) California, Connecticut, Rhode Island, Maryland, New Jersey, New York, Massachusetts, or Eastern Pennsylvania (within 45 miles of Philadelphia).
46. “Prudent Industry Practices” means any of the practices, methods, standards and acts engaged in or approved by a significant portion of the generation industry in the United States for onsite and backup generating facilities of less than 20 MW that, at a particular time, in the exercise of reasonable judgment in light of the location, size and technology of the Energy Facility, and in light of the facts known or that should reasonably have been known at the time the decision was made, could have been expected to accomplish the desired result consistent with good business practices, reliability, economy, safety and expedition, and which practices, methods, standards and acts generally conform to operation and maintenance standards recommended by the Facility’s equipment suppliers and manufacturers and Applicable Law. Prudent Industry Practices are not intended to be limited to the optimum practices, methods or acts to the exclusion of others, but rather to those practices, methods and acts generally accepted or approved by a significant portion of the electric power generation industry in the relevant region, during the relevant time period, as described in the immediately preceding sentence.
47. “Relocation Amount” is defined in the Financial Terms.
48. “Renewal Terms” is defined in the Commercial Terms.
49. “Term” means the Initial Term or a Renewal Term, as applicable.
50. “Termination Payment” is defined in the Financial Terms.
51. “Thermal Energy” is defined in the Technical Specifications.
52. “Thermal Energy Delivery Points” is defined in the Technical Specifications.
53. “Thermal Energy Output” means the Thermal Energy generated by the Energy Facility in any given period of time.
54. “Thermal Energy Price” is defined in the Commercial Terms.
55. “Thermal Energy Return Point” is defined in the Technical Specifications.

Exhibit C

Location of Energy Facility



Exhibit D

Insurance

Seller Insurance

Seller shall, at his own expense, procure and maintain during the entire Initial Term and subsequent Renewal Term(s) at least the kinds and minimum limits in the following schedule:

Attachment A

Comprehensive General Liability:	each occurrence	\$1,000,000
	general aggregate	\$2,000,000
	products / completed operations aggregate	\$2,000,000
Excess / Umbrella Liability:	each occurrence	\$5,000,000
	annual aggregate	\$5,000,000
Automobile Liability:	combined single limit – each accident (covering all vehicles entering project site)	\$1,000,000
Worker’s Compensation:	As required by Federal and State worker’s compensation and occupational disease statutes.	
Employer’s Liability Coverage:	each accident*	\$1,000,000
	Disease policy limit*	\$1,000,000
	Disease per employee*	\$1,000,000
Professional Liability**	Each Claim	\$5,000,000
Contractors Pollution Liability**	Each Claim	\$1,000,000
<i>*except in states where workers compensation may not be written by private carriers. Delete this</i>		

Policies, except Professional Liability and Pollution Liability, must be on an occurrence basis. All coverage must be with Best’s “A” rated carriers.

Buyer’s Insurance

At all times during the Term, Buyer shall maintain, at its expense, the types and amounts of insurance as Buyer generally carries with respect to its properties and operations.

Buyer to procure and maintain property insurance an amount equal to [_____].

Exhibit E

Natural Gas Rider

Seller shall be responsible at its sole cost and expense for maintaining all of its physical facilities necessary for the Energy Facility to receive Natural Gas at the Natural Gas Delivery Point.

DEFINITIONS:

“Average Engine Capacity” is equal to the total Electricity Output delivered to Buyer during a given Contract Year divided by the number of hours the Energy Facility was operating in such Contract Year.

“Buyer Ratio” means for any hour, the Electricity Output sold to Buyer in such hour divided by the total Electricity Output for such hour.

“Prevailing Time” means Eastern Daylight Savings Time when such time is in effect and otherwise means Eastern Standard Time.

APPLY THE FOLLOWING IF SELLER PURCHASES NATURAL GAS

1. **Fuel Delivery.** Seller shall be responsible for obtaining Natural Gas. In the event that Seller’s supplier of Natural Gas requires credit support, Buyer agrees to provide such credit support directly to such supplier with respect to the Natural Gas to be obtained for the Energy Output sold to Buyer; provided however that if Buyer demonstrates to Seller’s reasonable satisfaction that Seller’s supplier is requiring credit support in a form or amount that is not customary for similar Natural Gas transactions, Buyer may require Seller to use an alternative Natural Gas supplier.
2. **Fuel Title and Risk of Loss.** As between the Parties, Seller shall have title and risk of loss related to Natural Gas procured by Seller, and Seller shall be deemed to be in exclusive control (and responsible for any damages or injury caused thereby) of such Natural Gas.
3. **Natural Gas Cost.** Subject to Section 5 of this Exhibit E, for each month, Buyer shall pay Seller for the cost of Natural Gas used to produce Electricity Output delivered to Buyer. Such amount shall be determined by adding up the following amount for each hour in the applicable month: (i) the Buyer Ratio for such hour times (ii) the amount of Natural Gas consumed by the Energy Facility in such hour times (iii) the Gas Price for such hour determined pursuant to Section 4 of this Exhibit E.
4. **Natural Gas Price.** The Gas Price for Natural Gas shall be equal to Seller’s actual and documented price of Natural Gas for the Buyer Facility.
5. **Natural Gas Deposit.** On the Commercial Operation Date Buyer shall provide Seller with a deposit (“Gas Deposit”) in an amount equal to \$10,000, which Seller shall be

permitted to use for working capital with respect to payments for Natural Gas, provided that Seller shall return the Gas Deposit upon termination of this Agreement.

6. **Natural Gas Heat Rate Guarantee.** If the Energy Facility consumes more Natural Gas to provide Electricity Output to Buyer than if Natural Gas was consumed at the level of the Natural Gas Heat Rate Guarantee, then Seller is responsible for the cost of such extra Natural Gas using the average price of Natural Gas procured by Seller for the Energy Facility during the Contract Year. The calculation of the amount of Natural Gas which would have been consumed at the level of the Natural Gas Heat Rate Guarantee shall be equal to (i) the sum of the Electricity Output delivered to Buyer and the parasitic load of the Energy Facility during the Contract Year (each expressed in kWh) times (ii) the Natural Gas Heat Rate Guarantee (expressed in Btu/kWh) for the Average Engine Capacity times (iii) the therm/Btu conversion factor of 1 therm/100,000 Btu, provided that the heat rate shall be determined in accordance with International Organization for Standardization (ISO) 3046..



To: SVHCD Board of Directors
From: Kelly Mather
Date: 4/29/20
Subject: Administrative Report

Summary

The good news is the surge that was expected from the COVID 19 pandemic did not happen. We have now de-escalated the Incident Command Center to stand-by and are slowly re-opening non-essential services the first week of May. Our 75th Anniversary celebration will be a focus in the month of May. There is no better time to celebrate our healthcare team and OUR hospital than now and reaching this milestone for a hospital in a small community is noteworthy!

Update from FY 2020 Strategic Plan:

Strategic Priorities	Update
Exceed Community Expectations especially in Emergency Services	<ul style="list-style-type: none"> ➤ We have had a lot of positive attention for the work we've done to prepare and provide care to patients during this pandemic. We've enjoyed the appreciation! ➤ The hotline for patients with symptoms and Drive Thru Testing for COVID 19 will continue and we are starting to test asymptomatic patients who will be having surgery or invasive procedures. ➤ We have worked very collaboratively with the city, emergency medical response, health center, and local skilled nursing facilities on this emergency. That collaboration stands out compared to other communities.
Create UCSF Health Outpatient Center	<ul style="list-style-type: none"> ➤ Construction on the new CT and Imaging waiting room has begun and it is now estimated they will be 23 days behind. The MRI should start in the Fall. ➤ Our updated strategic plan now demonstrates the position SVH has in the new UCSF affiliate network of hospitals. UCSF is releasing their 2025 strategic plan and it states "they will expand their reach to serve the growing and changing Bay Area by creating a broader network and partnering with more high-quality local providers. Their goal will be to ensure that no Bay Area resident will need to travel more than 20 miles to receive quality care from UCSF Health." ➤ We are making good progress on bringing the UCSF physicians to Sonoma with a clinic at the hospital.
Become a 5 Star Hospital	<ul style="list-style-type: none"> ➤ We have received the new CIHQ Accreditation for three years. ➤ We are converting to the "Human Experience" model for patients and staff and are re-energizing the effort in June. ➤ We have shared the Staff Engagement survey results by department with the leaders and will report the results at the June board meeting. I'm doing a power point presentation on the results for staff this month; we exceeded the goal.
Provide Access to Excellent Physicians	<ul style="list-style-type: none"> ➤ Dr. Gleser, new Primary Care Physician, started this week with Prima. ➤ There are several UCSF specialists that are interested in coming to Sonoma. ➤ Satellite Healthcare (Dialysis company) will present plans to Finance when ready. ➤ We are ready for the accreditation survey for Bariatrics Accreditation.
Healthy Hospital	<ul style="list-style-type: none"> ➤ The new Brand is complete and the communications plan is underway. ➤ Performance Evaluations are underway and should be complete by June.

MARCH 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	1.8	1.4	1.3
Hospital Star Rating	4	4	3
Staff Satisfaction	Performance	FY 2020 Goal	Benchmark
Staff Pulse Survey	4.05 out of 5	>3.8	75%
Turnover	7.3%/9.7%	< 15%	< 20%
Financial Stability	YTD Performance	FY 2020 Goal	Benchmark
EBDA	25.7%	3%	3%
Paid FTE's	236	<235	n/a
Days Cash on Hand	15.6	20	30
Days in Accounts Receivable	36.9	45	50
Length of Stay	3.5	3.85	4.03
Funds raised by SVHF	\$18.6 million	\$21 million	\$1 million
Strategic Growth		FY 2020 Goal	FY 2019
Inpatient Discharges	714/952	900	984
Outpatient Visits	39,391/52,521	55,000	54,596
Emergency Visits	7974/10,632	10,000	10,181
Surgeries + Special Procedures	1989/2652	3000	2950
Community Benefit Hours	906/1208	1000	1222

Note: Colors demonstrate comparison to National Benchmark



Healing Here at Home

TRENDED MONTHLY RESULTS

[illegible]



To: SVH Finance Committee
From: Ken Jensen, CFO & Sarah Dungan, Controller
Date: May 26, 2020
Subject: DRAFT Fiscal Year 2021 Budget for July 1, 2020 through June 30, 2021

The budget process for fiscal year 2021 began in early March and what started as a normal budget process quickly changed as the COVID-19 pandemic took over at Sonoma Valley Hospital. The department budget meetings that started in March were put off for a short time and then resumed via Zoom and were not completed until late April.

Given the delayed timeline and open questions and concerns on the hospital's volume due to the pandemic we are presenting a draft budget with the following assumptions:

- Volume is based upon a 12-month rolling average and is consistent with current trends from February 2019 through January 2020
- Gross revenue includes a 6% price increase with a projected 1.7% increase in net revenue
- Contractual discounts/bad debt are based upon current experiences and adjusted for the price increase
- Government supplemental payments (IGT) are budgeted per current information from the Department of Health Care Services
- 2% Salary increase at January 2021
- UCSF Management fee of \$300,000

The draft budgeted operating loss for fiscal year 2021 is (\$3,588,807) compared with the base year budget of (\$2,509,129) with a net income after non-operating revenue and expenses of \$6,212,294 and an EBDA of 6.8% vs. the base year budgeted income of \$7,206,442 and EBDA of 12.4%.

Open items and questions for the fiscal year 2021 budget year are the following:

- Need to estimate the ongoing impact on the hospitals volume from the COVID-19 pandemic.
- What additional costs could be incurred from the COVID-19 Pandemic?
- Will there be additional stimulus funding from the CARES Act?
- Market rate adjustments to salaries are unknown for some positions and not included in draft budget

The open items and questions will be reviewed by Administration before the fiscal year 2021 budget is finalized.

ATTACHMENTS:

- Initial FY 2021 Budget Assumptions
- Attachment A - DRAFT FY 2021 Budget
- Attachment B – DRAFT FY 2021 Base Budget with draft adjustments
- Attachment C – Draft FY 2021 Budget significant adjustments





To: SVH Finance Committee
From: Ken Jensen, CFO
Date: February 25, 2020
Subject: Fiscal Year 2021 Budget Assumptions

The following assumptions will be applied to the actual experience from February 2019 through January 2020. Other adjustments will be made as necessary to reflect current trends in healthcare going forward.

VOLUME

- Based upon the 12 months ending January 2020 and adjusted for any program changes from FY 2020 and current volume trends.

GROSS REVENUE

- Gross price increase of 6% - this is allowed by most SVH contracts.

CONTRACTUAL ALLOWANCES

- Assume current collection rates and adjust allowance for 6% price increase.
- Payer Mix will be based upon the 12-month ending January 2020.
- Intergovernmental and supplemental payments will be based upon input from the District Hospital Leadership Group (will be conservative).

WAGES AND BENEFITS

- 2.0% increase for salaries for 6-months beginning January 2021 through June 2021
- Employee benefits will be based upon actual experience and estimates from the providers

PHYSICIAN FEES & PROFESSIONAL FEES

- Based upon current costs or final contract arrangements.

SUPPLIES/FOOD

- 2% increase for inflation for 12 months ending January 2020

PURCHASED SERVICES

- Assume actual 12 months ending January 2020.
- Purchased services to be reviewed by department and adjusted as needed.

DEPRECIATION

- Current, plus any adjustments for any new equipment

INSURANCE

- Will confirm with insurance agent; expect a 3-5% increase.

INTEREST

- Current, will adjust for expiring leases/loans.

UTILITIES

- Assume actual 12 months ending January 2020.
- No increase given oil prices

OTHER EXPENSES

- Rent/leases- current, will adjust for any new expected leases and remove any expiring.
- All other, no increase
- Will review by department



Sonoma Valley Healthcare District
Statement of Revenue and Expenses
FY 2021 DRAFT Budget
July 1, 2020 through June 30, 2021

Schedule A

DRAFT

FY 2021 Budget

Volume Information

Acute Discharges	971
Patient Days	3,630
Emergency Room Visits	10,482
Surgeries - Inpatient	290
Surgeries - Outpatient	1,655
Special Procedures	947
Gross O/P Revenue (000's)	\$ 200,986

Financial Results

Projected Gross Patient Revenue

Inpatient	\$ 76,694,725
Outpatient	117,983,077
Emergency	83,003,243
Total Projected Gross Patient Revenue	\$ 277,681,045

Projected Deductions from Revenue

Contractual Discounts	\$ (228,534,958)
Bad Debt	(2,400,000)
Charity Care Provision	(157,291)
Prior Period Adj/Government Program Revenue	5,940,424
Total Projected Deductions from Revenue	\$ (225,151,825)

Projected Net Patient Service Revenue	\$ 52,529,220
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Other Op Revenue	\$ 953,765
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Projected Total Operating Revenue	\$ 53,482,985
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Projected Operating Expenses

Salary and Wages and Agency Fees	\$ 22,963,826
Employee Benefits	8,385,263
Total People Cost	\$ 31,349,089
Med and Prof Fees (excl Agency)	5,136,704
Supplies	6,815,974
Purchased Services	4,894,796
Depreciation	3,203,452
Utilities	1,159,691

**Sonoma Valley Healthcare District
Statement of Revenue and Expenses
FY 2021 DRAFT Budget
July 1, 2020 through June 30, 2021**

Schedule A

DRAFT

FY 2021 Budget

Insurance	511,192
Interest	285,847
Other	1,281,904
Matching Fees (Government Programs)	2,433,143
Projected Operating expenses	\$ 57,071,792
Projected Operating Margin	\$ (3,588,807)
Projected Non Operating Rev and Expense	
Miscellaneous Revenue/(Expenses)	\$ 37,718
Donations	
Physician Practice Support-Prima	206,578
Parcel Tax Assessment Rev	3,800,000
Projected Total Non-Operating Rev/Exp	\$ 4,044,296
Net Income / (Loss) prior to Restricted Contributions	\$ 455,489
Capital Campaign Contribution	\$ -
Restricted Foundation Contributions	\$ 3,530,100
Net Income / (Loss) w/ Restricted Contributions	\$ 3,985,589
GO Bond Tax Assessment Rev	3,309,180
GO Bond Interest	(1,082,475)
Projected Net Income/(Loss) w GO Bond Activity	\$ 6,212,294
Projected EBDA - Not including Restricted Contributions	\$ 3,658,941
	6.8%
FTE'S	241.7

Sonoma Valley Healthcare District
Statement of Revenue and Expenses
FY 2021 Baseline Budget with DRAFT Adjustments

Schedule B

	Baseline Budget		DRAFT
	FY 2021	ADJUSTMENTS	Budget FY 2021
Projected Gross Patient Revenue			
Inpatient	\$ 71,799,496	4,895,229	\$ 76,694,725
Outpatient	109,665,612	8,317,465	117,983,077
Emergency	80,404,623	2,598,620	83,003,243
Total Projected Gross Patient Revenue	\$ 261,869,731	15,811,314	\$ 277,681,045
Projected Deductions from Revenue			
Contractual Discounts	\$ (215,067,856)	(13,467,102)	\$ (228,534,958)
Bad Debt	(2,425,000)	25,000	(2,400,000)
Charity Care Provision	(157,291)	-	(157,291)
Prior Period Adj/Government Program Revenue	8,251,426	(2,311,002)	5,940,424
Total Projected Deductions from Revenue	\$ (209,398,721)	(15,753,104)	\$ (225,151,825)
Projected Net Patient Service Revenue	\$ 52,471,010	\$ 58,210	\$ 52,529,220
Other Op Revenue	\$ 872,665	81,100	\$ 953,765
Projected Total Operating Revenue	\$ 53,343,675	\$ 139,310	\$ 53,482,985
Projected Operating Expenses			
Salary and Wages and Agency Fees	\$ 21,783,851	1,179,975	\$ 22,963,826
Employee Benefits	8,135,619	249,644	8,385,263
Total People Cost	\$ 29,919,470	1,429,619	\$ 31,349,089
Med and Prof Fees (excl Agency)	5,240,142	(103,438)	5,136,704
Supplies	6,780,730	35,244	6,815,974
Purchased Services	4,767,032	127,764	4,894,796
Depreciation	3,154,867	48,585	3,203,452
Utilities	1,129,190	30,501	1,159,691
Insurance	470,003	41,189	511,192
Interest	529,432	(243,585)	285,847
Other	1,255,542	26,362	1,281,904
Matching Fees (Government Programs)	2,606,396	(173,253)	2,433,143
Projected Operating expenses	\$ 55,852,804	1,218,988	\$ 57,071,792
Projected Operating Margin	\$ (2,509,129)	\$ (1,079,678)	\$ (3,588,807)
Projected Non Operating Rev and Expense			
Miscellaneous Revenue/(Expenses)	\$ 1,955,600	(1,917,882)	\$ 37,718
Donations		-	
Physician Practice Support-Prima	206,578	-	206,578
Parcel Tax Assessment Rev	3,781,755	18,245	3,800,000
Projected Total Non-Operating Rev/Exp	\$ 5,943,933	(1,899,637)	\$ 4,044,296
Net Income / (Loss) prior to Restricted Contributions	\$ 3,434,804	\$ (2,979,315)	\$ 455,489

**Sonoma Valley Healthcare District
Statement of Revenue and Expenses
FY 2021 Baseline Budget with DRAFT Adjustments**

	Baseline Budget		DRAFT
	<u>FY 2021</u>	<u>ADJUSTMENTS</u>	<u>Budget</u>
			<u>FY 2021</u>
Capital Campaign Contribution			\$ -
Restricted Foundation Contributions	\$ 1,645,525	1,884,575	\$ 3,530,100
Net Income / (Loss) w/ Restricted Contributions	\$ 5,080,329	\$ (1,094,740)	\$ 3,985,589
GO Bond Tax Assessment Rev	3,303,307	5,873	3,309,180
GO Bond Interest	(1,177,194)	94,719	(1,082,475)
Projected Net Income/(Loss) w GO Bond Activity	\$ 7,206,442	\$ (994,148)	\$ 6,212,294
Projected EBDA - Not including Restricted Contributions	\$ 6,589,671 12.4%		\$ 3,658,941 6.8%
FTE'S	236.90		241.70

Sonoma Valley Healthcare District
Schedule of Significant Cost Additions & Reductions from Base Budget
FY 2021 Budget - DRAFT
July 1, 2020 through June 30, 2021

Schedule C

DRAFT

FY 2021 Budget

July 1, 2020 - June 30, 2021

Significant Additions/Reductions from Base Budget:

6% Price increase with a projected 1.7% increase in Net Revenue		
Gross Revenue	15,469,179	
Revenue Deductions	<u>(14,691,675)</u>	777,504
Adjustment to gross Intergovernmental Transfer Program (IGT) and Prime Grant Revenue		(2,311,002)
Increase to shared services revenue - Valley of the Moon Post Acute		81,100
2% Salary increase - January 2020 & January 2021		(387,580)
Emergency Room Manager - 1.0 FTE		(176,800)
Mid Level Practitioner - Sonoma Valley Family Practice Clinic 1.0 FTE - a)		(124,830)
Environmental Services - 0.5 FTE		(19,178)
Patient Access - 1.0 FTE		(49,932)
Quality - RN 0.5 FTE		(72,800)
CMO increase from 0.4 FTE to 0.5 FTE		(39,015)
Employee Benefits - Employee Health Insurance increase of 10% at January 2021		(133,340)
Reduction of 0.5 FTE Physician in SVFP Clinic		97,775
SVFP Clinic Physician RVU increase from \$48 to \$53		(39,400)
Reduction of Purchased Services in Plant Operations		108,890
Estimated cost of management agreement with UCSF		(300,000)
Decrease in Medical Records Purchased Services (brought coding in house)		86,638
Decrease in Interest Expense to reflect expired leases and financing agreements		243,585
Adjustment to Intergovernmental Transfer Program (IGT) matching fee		173,253
Remove gain on sale of South Lot		(1,917,882)
Increase to Foundation Restricted Contributions to reflect CT/ODC project		1,884,575
DRAFT Cost of Significant Additions & Reductions from Base Budget - FY 2021 Budget		<u><u>(2,118,439)</u></u>

a) - Off set by reduction of 0.5 FTE Physician in SVFP Clinic



To: SVH Finance Committee
From: Ken Jensen, CFO
Date: May 26, 2020
Subject: Financial Report for the Month Ending April 30, 2020

During the month of April the hospital continued to experience low volumes in response to the Covid-19 pandemic and the extended shelter in place order issued by Sonoma County. The decrease of volume in April has resulted in a loss of net revenue of approximately (\$2.2M). April's loss of net revenue was offset by distributions from the CARES Act funding totaling \$1,149,084 received. The hospital received another distribution from the CARES Act funding in May for \$4,423,886 which will cover the continued loss of net revenue and increased Covid-19 costs.

For the month of April the hospital's actual operating margin of (\$958,081) was (\$392,176) unfavorable to the budgeted operating margin of (\$565,905). After accounting for all other activity; the net loss for April was (\$297,569) vs. the budgeted net income of \$93,515 with a monthly EBDA of -13.9% vs. a budgeted -0.3%.

Gross patient revenue for April was \$10,316,637; (\$11,768,361) under budget. Inpatient gross revenue was under budget by (\$3,597,671). Inpatient days were under budget by (167) days and inpatient surgeries were under budget by (20) cases. Outpatient gross revenue was under budget by (\$6,571,491). Outpatient visits were under budgeted expectations by (3,220) visits, outpatient surgeries were under budget by (126) cases, and special procedures were under budget by (81) cases. The Emergency Room gross revenue was under budget by (\$1,599,199) with ER visits under budgeted expectations by (423) visits.

Deductions from revenue were favorable to budgeted expectations by \$10,732,675 due to the decreased volumes. The hospital received disbursements of \$1,149,084 from the CARES Act funding.

After accounting for all other operating revenue, the **total operating revenue** was unfavorable to budgeted expectations by (\$1,030,960).

Operating Expenses of \$3,754,694 were favorable to budget by \$638,784. Salaries and wages and agency fees were under budget by \$392,937 due to flexing both clinical and non-clinical staff due to low volumes and employee benefits were under budget by \$5,793. Professional fees are under budget by \$60,469 due to clinic physician costs being under budgeted expectations by \$28,112 and a decrease in Prima support. Supplies are under budget by \$166,524 due to lower volumes. Purchased services were



over budget by (\$26,349) primarily due to unbudgeted costs related to Covid-19 (\$22,817). Total expenses in the month of April related to Covid-19 is \$308,913.

After accounting for all income and expenses, but not including Restricted Contributions and GO bond activity, the net loss for April was (\$646,935) vs. a budgeted net loss of (\$279,646). The hospital received \$186,065 in donations from the Sonoma Valley Hospital Foundation primarily for the Outpatient Diagnostic Center costs. The total net loss for April after all activity was (\$297,569) vs. a budgeted net income of \$93,515.

EBDA for the month of April was -13.9% vs. the budgeted -0.3%.

Patient Volumes – April

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	39	85	-46	87
Acute Patient Days	156	323	-167	341
Observation Days	13	0	13	14
OP Gross Revenue	\$7,124	\$15,295	(\$8,171)	\$15,396
Surgical Cases	17	163	-146	163

Gross Revenue Overall Payer Mix – April

	ACTUAL	BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Medicare	37.6%	41.6%	-4.0%	40.9%	41.6%	-0.7%
Medicare Mgd Care	19.7%	14.0%	5.7%	14.6%	14.1%	0.5%
Medi-Cal	20.4%	17.6%	2.8%	17.7%	17.6%	0.1%
Self-Pay	1.8%	1.5%	0.3%	1.8%	1.5%	0.3%
Commercial	18.3%	20.9%	-2.6%	21.7%	20.9%	0.8%
Workers Comp	1.2%	2.4%	-1.2%	2.6%	2.3%	0.3%
Capitated	1.0%	2.0%	-1.0%	0.7%	2.0%	-1.3%
Total	100.0%	100.0%		100.0%	100.0%	

Cash Activity for April:

For the month of April the cash collection goal was \$3,747,818 and the Hospital collected \$2,495,814 or under the goal by (\$1,252,004). The year-to-date cash collection goal was \$37,108,695 and the Hospital has collected \$35,954,893 or under goal by (\$1,153,802).

	CURRENT MONTH	PRIOR MONTH	VARIANCE	PRIOR YEAR
Days of Cash on Hand – Avg.	43.1	15.6	27.5	6.2
Accounts Receivable Days	35.5	36.9	-1.4	37.9
Accounts Payable	\$2,918,422	\$3,775,082	-\$856,660	\$5,970,513
Accounts Payable Days	41.9	53.4	-11.5	74.4

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



Sonoma Valley Hospital
Payer Mix for the month of April 30, 2020

ATTACHMENT A

YTD

Gross Revenue:	Actual	Budget	Variance	% Variance
Medicare	3,873,431	9,175,692	-5,302,261	-57.8%
Medicare Managed Care	2,028,576	3,098,528	-1,069,952	-34.5%
Medi-Cal	2,107,751	3,889,857	-1,782,106	-45.8%
Self Pay	185,675	341,842	-156,167	-45.7%
Commercial & Other Government	1,889,574	4,622,143	-2,732,569	-59.1%
Worker's Comp.	123,845	521,090	-397,245	-76.2%
Capitated	107,785	435,846	-328,061	-75.3%
Total	10,316,637	22,084,998	(11,768,361)	

Actual	Budget	Variance	% Variance
83,746,581	89,163,976	-5,417,395	-6.1%
30,019,848	30,088,215	-68,367	-0.2%
36,234,790	37,746,173	-1,511,383	-4.0%
3,642,640	3,316,180	326,460	9.8%
44,573,113	44,774,407	-201,294	-0.4%
5,340,468	5,012,877	327,591	6.5%
1,526,621	4,208,894	-2,682,273	-63.7%
205,084,061	214,310,722	(9,226,661)	

Net Revenue:	Actual	Budget	Variance	% Variance
Medicare	435,279	1,219,449	-784,170	-64.3%
Medicare Managed Care	227,607	367,797	-140,190	-38.1%
Medi-Cal	232,274	399,488	-167,214	-41.9%
Self Pay	76,211	173,382	-97,171	-56.0%
Commercial & Other Government	550,260	1,399,260	-849,000	-60.7%
Worker's Comp.	24,707	109,533	-84,826	-77.4%
Capitated	1,983	7,932	-5,949	-75.0%
Prior Period Adj/IGT	1,149,084	56,250	1,092,834	1942.8%
Total	2,697,405	3,733,091	(1,035,686)	-27.7%

Actual	Budget	Variance	% Variance
10,140,619	11,730,328	-1,589,709	-13.6%
3,333,674	3,571,472	-237,798	-6.7%
3,698,368	3,876,531	-178,163	-4.6%
1,832,098	1,681,966	150,132	8.9%
13,636,168	13,631,221	4,947	0.0%
1,085,121	1,053,707	31,414	3.0%
31,345	76,601	-45,256	-59.1%
8,590,341	5,685,530	2,904,811	51.1%
42,347,734	41,307,356	1,040,378	2.5%

Percent of Net Revenue:	Actual	Budget	Variance	% Variance
Medicare	16.2%	32.7%	-16.5%	-50.5%
Medicare Managed Care	8.4%	9.9%	-1.5%	-15.2%
Medi-Cal	8.6%	10.7%	-2.1%	-19.6%
Self Pay	2.8%	4.6%	-1.8%	-39.1%
Commercial & Other Government	20.4%	37.5%	-17.1%	-45.6%
Worker's Comp.	0.9%	2.9%	-2.0%	-69.0%
Capitated	0.1%	0.2%	-0.1%	-50.0%
Prior Period Adj/IGT	42.6%	1.5%	41.1%	2740.0%
Total	100.0%	100.0%	0.0%	0.0%

Actual	Budget	Variance	% Variance
23.9%	28.3%	-4.4%	-15.5%
7.9%	8.6%	-0.7%	-8.1%
8.7%	9.4%	-0.7%	-7.4%
4.3%	4.1%	0.2%	4.9%
32.2%	33.0%	-0.8%	-2.4%
2.6%	2.6%	0.0%	0.0%
0.1%	0.2%	-0.1%	-50.0%
20.3%	13.8%	6.5%	47.1%
100.0%	100.0%	0.0%	0.0%

Projected Collection Percentage:	Actual	Budget	Variance	% Variance
Medicare	11.2%	13.3%	-2.1%	-15.8%
Medicare Managed Care	11.2%	11.9%	-0.7%	-5.9%
Medi-Cal	11.0%	10.3%	0.7%	6.8%
Self Pay	41.0%	50.7%	-9.7%	-19.1%
Commercial & Other Government	29.1%	30.3%	-1.2%	-4.0%
Worker's Comp.	19.9%	21.0%	-1.1%	-5.2%

Actual	Budget	Variance	% Variance
12.1%	13.2%	-1.1%	-8.3%
11.1%	11.9%	-0.8%	-6.7%
10.2%	10.3%	-0.1%	-1.0%
50.3%	50.7%	-0.4%	-0.8%
30.0%	30.4%	-0.4%	-1.3%
20.3%	21.0%	-0.7%	-3.3%

SONOMA VALLEY HOSPITAL
OPERATING INDICATORS
For the Period Ended April 30, 2020

ATTACHMENT B

CURRENT MONTH					YEAR-TO-DATE			YTD
	Actual	Budget	Favorable		Actual	Budget	Favorable	Prior
	04/30/20	04/30/20	(Unfavorable)		04/30/20	04/30/20	(Unfavorable)	Year
			Variance				Variance	04/30/19
Inpatient Utilization								
Discharges								
1	19	72	(53)	Med/Surg	591	712	(121)	751
2	20	13	7	ICU	162	126	36	120
3	39	85	(46)	Total Discharges	753	838	(85)	871
Patient Days:								
4	65	241	(176)	Med/Surg	1,986	2,375	(389)	2,477
5	91	82	9	ICU	822	810	12	804
6	156	323	(167)	Total Patient Days	2,808	3,185	(377)	3,281
7	13	-	13	Observation days	172	-	172	91
Average Length of Stay:								
8	3.4	3.3	0.1	Med/Surg	3.4	3.3	0.0	3.3
9	4.6	6.3	(1.8)	ICU	5.1	6.4	(1.4)	6.7
10	4.0	3.8	0.2	Avg. Length of Stay	3.7	3.8	(0.1)	3.8
Average Daily Census:								
11	2.2	8.0	(5.9)	Med/Surg	6.5	7.8	(1.3)	8.1
12	3.0	2.7	0.3	ICU	2.7	2.7	0.0	2.6
13	5.2	10.8	(5.6)	Avg. Daily Census	9.2	10.4	(1.2)	10.8
Other Utilization Statistics								
Emergency Room Statistics								
14	529	952	(423)	Total ER Visits	8,503	9,173	(670)	8,349
Outpatient Statistics:								
15	1,626	4,846	(3,220)	Total Outpatients Visits	41,017	46,573	(5,556)	45,142
16	8	28	(20)	IP Surgeries	210	275	(65)	270
17	9	135	(126)	OP Surgeries	1,173	1,294	(121)	1,354
18	1	82	(81)	Special Procedures	624	792	(168)	802
19	126	361	(235)	Adjusted Discharges	2,789	3,543	(754)	3,130
20	504	1,050	(546)	Adjusted Patient Days	10,373	10,176	197	21,231
21	16.8	35.0	(18.2)	Adj. Avg. Daily Census	34.0	33.4	0.6	69.6
22	1.5272	1.4000	0.127	Case Mix Index -Medicare	1.3813	1.4000	(0.019)	1.5122
23	1.5781	1.4000	0.178	Case Mix Index - All payers	1.5307	1.4000	0.131	1.5428
Labor Statistics								
24	166	220	54	FTE's - Worked	204	217	12.2	260
25	190	246	57	FTE's - Paid	227	242	14.9	290
26	45.02	43.95	(1.06)	Average Hourly Rate	45.07	43.37	(1.70)	42.77
27	11.28	7.04	(4.24)	FTE / Adj. Pat Day	6.68	7.26	0.58	4.16
28	64.3	40.1	(24.2)	Manhours / Adj. Pat Day	38.1	41.3	3.3	23.7
29	257.2	116.8	(140.4)	Manhours / Adj. Discharge	141.5	118.8	(22.8)	160.8
30	25.4%	22.9%	-2.5%	Benefits % of Salaries	22.9%	23.3%	0.4%	22.8%
Non-Labor Statistics								
31	23.7%	14.3%	-9.4%	Supply Expense % Net Revenue	15.5%	14.1%	-1.4%	11.7%
32	2,961	1,496	(1,465)	Supply Exp. / Adj. Discharge	1,924	1,508	(416)	1,846
33	30,549	12,477	(18,072)	Total Expense / Adj. Discharge	16,805	13,123	(3,682)	17,048
Other Indicators								
34	57.0			Days Cash - Operating Funds				
35	35.5	50.0	(14.5)	Days in Net AR	42.0	50.0	(8.0)	43.1
36	66%			Collections % of Net Revenue	97%			101.3%
37	37.7	55.0	(17.3)	Days in Accounts Payable	37.7	55.0	(17.3)	50.5
38	15.2%	17.1%	-1.8%	% Net revenue to Gross revenue	16.9%	17.7%	-0.8%	21.7%
39	16.7%			% Net AR to Gross AR	16.7%			17.3%

Sonoma Valley Health Care District
Balance Sheet
As of April 30, 2020

ATTACHMENT C

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Assets			
Current Assets:			
1 Cash	\$ 2,719,200	\$ 2,351,588	\$ 1,553,622
2 Cash - Money Market	6,235,214	235,051	1,259
3 Net Patient Receivables	4,841,011	5,785,337	6,023,427
4 Allow Uncollect Accts	(1,299,500)	(1,199,855)	(1,123,964)
5 Net A/R	3,541,511	4,585,482	4,899,463
6 Other Accts/Notes Rec	264,593	305,220	9,020
7 Parcel Tax Receivable	114,617	1,691,803	118,348
8 GO Bond Tax Receivable	1,172,250	1,172,250	1,197,608
9 3rd Party Receivables, Net	573,802	6,986,284	8,166,578
10 Inventory	987,778	976,674	843,684
11 Prepaid Expenses	742,843	738,528	858,237
12 Total Current Assets	\$ 16,351,808	\$ 19,042,880	\$ 17,647,819
13 Property, Plant & Equip, Net	\$ 49,287,211	\$ 49,309,380	\$ 51,206,524
14 Trustee Funds - GO Bonds	4,192,341	4,187,441	3,574,837
15 Other Assets	-	-	-
16 Total Assets	\$ 69,831,360	\$ 72,539,701	\$ 72,429,180
Liabilities & Fund Balances			
Current Liabilities:			
17 Accounts Payable	\$ 2,918,422	\$ 3,775,082	\$ 5,970,513
18 Accrued Compensation	3,248,403	3,194,538	3,525,701
19 Interest Payable - GO Bonds	286,278	190,847	302,289
20 Accrued Expenses	1,519,187	1,636,215	1,156,637
21 Advances From 3rd Parties	-	-	105,388
22 Deferred Parcel Tax Revenue	633,322	949,989	1,142,205
23 Deferred GO Bond Tax Revenue	517,469	776,201	-
24 Current Maturities-LTD	347,571	351,797	679,654
25 Line of Credit - Union Bank	5,473,734	5,473,734	6,723,734
26 Other Liabilities	37,836	1,041,036	201,386
27 Total Current Liabilities	\$ 14,982,222	\$ 17,389,439	\$ 19,807,507
28 Long Term Debt, net current portion	\$ 28,730,618	\$ 28,734,173	\$ 32,810,239
Fund Balances:			
29 Unrestricted	\$ 17,370,898	\$ 17,854,532	\$ 12,986,042
30 Restricted	8,747,622	8,561,557	6,825,392
31 Total Fund Balances	\$ 26,118,520	\$ 26,416,089	\$ 19,811,434
32 Total Liabilities & Fund Balances	\$ 69,831,360	\$ 72,539,701	\$ 72,429,180

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended April 30, 2020**

ATTACHMENT D

Month					Year-To- Date					YTD
This Year		Variance			This Year		Variance			
Actual		\$		%	Actual	Budget	\$	%	Prior Year	
1	39	85	(46)	-54%	Volume Information					
2	156	323	(167)	-52%	Acute Discharges	753	838	(85)	-10%	871
3	13	-	13	0%	Patient Days	2,808	3,185	(377)	-12%	3,281
4	7,124	15,295	(8,171)	-53%	Observation Days	172	-	172	*	13
					Gross O/P Revenue (000's)	149,473	147,269	2,203	1%	\$ 147,912
Financial Results										
Gross Patient Revenue										
5	\$ 3,192,413	\$ 6,790,084	(3,597,671)	-53%	Inpatient	\$ 55,611,561	\$ 67,042,094	(11,430,533)	-17%	\$ 79,152,178
6	2,530,271	9,101,762	(6,571,491)	-72%	Outpatient	84,594,334	87,473,499	(2,879,165)	-3%	85,617,177
7	4,593,953	6,193,152	(1,599,199)	-26%	Emergency	64,878,166	59,795,129	5,083,037	9%	62,351,140
8	\$ 10,316,637	\$ 22,084,998	(11,768,361)	-53%	Total Gross Patient Revenue	\$ 205,084,061	\$ 214,310,722	(9,226,661)	-4%	\$ 227,120,495
Deductions from Revenue										
9	15.17%				Contractual Discounts	\$ (169,350,202)	\$ (176,952,176)	7,601,974	4%	\$ (185,352,228)
10	(8,702,043)	(18,234,485)	9,532,442	52%	Bad Debt	(1,880,000)	(1,500,000)	(380,000)	-25%	(1,535,000)
11	(50,000)	(150,000)	100,000	67%	Charity Care Provision	(96,465)	(236,720)	140,255	59%	(253,626)
12	(16,273)	(23,672)	7,399	31%	Prior Period Adj/Government Program Revenue	8,590,340	5,685,530	2,904,810	*	8,695,168
13	1,149,084	56,250	1,092,834	*	Total Deductions from Revenue	\$ (162,736,327)	\$ (173,003,366)	10,267,039	-6%	\$ (178,445,686)
14	\$ (7,619,232)	\$ (18,351,907)	10,732,675	-58%	Net Patient Service Revenue	\$ 42,347,734	\$ 41,307,356	1,040,378	3%	\$ 48,674,809
15	\$ 2,697,405	\$ 3,733,091	(1,035,686)	-28%	Risk contract revenue	\$ 243,424	\$ 356,820	(113,396)	-32%	\$ 706,787
16	\$ 23,556	\$ 35,682	(12,126)	-34%	Net Hospital Revenue	\$ 42,591,158	\$ 41,664,176	926,982	2%	\$ 49,381,596
17	\$ 2,720,961	\$ 3,768,773	(1,047,812)	-28%	Other Op Rev & Electronic Health Records	\$ 679,268	\$ 588,000	91,268	16%	\$ 418,552
18	\$ 75,652	\$ 58,800	16,852	29%	Total Operating Revenue	\$ 43,270,426	\$ 42,252,176	1,018,250	2%	\$ 49,800,148
19	\$ 2,796,613	\$ 3,827,573	(1,030,960)	-27%	Operating Expenses					
20	\$ 1,459,137	\$ 1,852,074	392,937	21%	Salary and Wages and Agency Fees	\$ 17,791,361	\$ 18,248,002	456,641	3%	\$ 21,532,516
21	660,973	666,766	5,793	1%	Employee Benefits	6,568,427	6,635,376	66,949	1%	7,577,850
22	\$ 2,120,110	\$ 2,518,840	398,730	16%	Total People Cost	\$ 24,359,788	\$ 24,883,378	523,590	2%	\$ 29,110,366
23	\$ 376,449	\$ 436,918	60,469	14%	Med and Prof Fees (excl Agency)	\$ 4,237,384	\$ 4,362,237	124,853	3%	\$ 4,723,283
24	373,194	539,718	166,524	31%	Supplies	5,365,237	5,341,729	(23,508)	0%	5,779,749
25	389,638	363,289	(26,349)	-7%	Purchased Services	3,813,177	3,702,840	(110,337)	-3%	3,927,084
26	258,905	266,763	7,858	3%	Depreciation	2,591,484	2,667,630	76,146	3%	2,870,342
27	83,926	92,656	8,730	9%	Utilities	976,750	1,026,724	49,974	5%	986,634
28	37,783	39,582	1,799	5%	Insurance	388,093	395,820	7,727	2%	365,978
29	18,431	40,752	22,321	55%	Interest	307,124	467,377	160,253	34%	524,650
30	96,258	94,960	(1,298)	-1%	Other	995,837	989,164	(6,673)	-1%	1,053,937
31	-	-	-	*	Matching Fees (Government Programs)	2,765,336	1,561,029	(1,204,307)	-77%	2,584,514
32	\$ 3,754,694	\$ 4,393,478	638,784	15%	Operating expenses	\$ 45,800,210	\$ 45,397,928	(402,282)	-1%	\$ 51,926,537
					Operating Margin	\$ (2,529,784)	\$ (3,145,752)	615,968	20%	\$ (2,126,389)

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended April 30, 2020**

ATTACHMENT D

Month						Year-To- Date				YTD		
This Year			Variance			This Year		Variance		Prior Year		
Actual			\$		%	Actual	Budget	\$	%			
33	\$	(5,521)	\$	(18,367)	12,846	-70%	Non Operating Rev and Expense					
34		-		1,375	(1,375)	-100%	Miscellaneous Revenue/(Expenses)				\$	(127,487)
35		0		(13,416)	13,416	-100%	Donations					16,613
36		316,667		316,667	-	0%	Physician Practice Support-Prima					(423,864)
37		0		0	-	0%	Parcel Tax Assessment Rev					3,165,920
38	\$	311,146	\$	286,259	24,887	9%	Extraordinary Items					0
							Total Non-Operating Rev/Exp				\$	2,631,182
39	\$	(646,935)	\$	(279,646)	(367,289)	131%	Net Income / (Loss) prior to Restricted Contributions				\$	504,793
40	\$	-	\$	-	-	0%	Capital Campaign Contribution				\$	30,447
41	\$	186,065	\$	209,860	(23,795)	0%	Restricted Foundation Contributions				\$	1,903,689
42	\$	(460,870)	\$	(69,786)	(391,084)	560%	Net Income / (Loss) w/ Restricted Contributions				\$	2,438,929
43		163,301		163,301	-	0%	GO Bond Activity, Net					1,531,672
44	\$	(297,569)	\$	93,515	(391,084)	-418%	Net Income/(Loss) w GO Bond Activity				\$	3,970,601
	\$	(388,030)	\$	(12,883)	(375,147)		EBDA - Not including Restricted Contributions				\$	3,375,135
		-13.9%		-0.3%								6.8%

* Operating Margin without Depreciation expense:

\$	(958,081)	\$	(565,905)	\$	(392,176)	-69%	Operating Margin	\$	(2,529,784)	\$	(3,145,752)	\$	615,968	20%
	258,905		266,763		7,858	3%	Add back Depreciation		2,591,484		2,667,630		76,146	3%
\$	(699,176)	\$	(299,142)	\$	(384,318)	-134%	Operating Margin without Depreciation expense	\$	61,700	\$	(478,122)	\$	692,114	113%

Sonoma Valley Health Care District
Variance Analysis
For the Period Ended April 30, 2020

ATTACHMENT E

Operating Expenses	YTD Variance	Month Variance	
Salary and Wages and Agency Fees	456,641	392,937	Salaries and wages are under budget by \$353,536 and agency fees are under budget by \$39,401.
Employee Benefits	66,949	5,793	
Total People Cost	523,590	398,730	
Med and Prof Fees (excl Agency)	124,853	60,469	Physician and professional fees are under budget primarily due to clinic physician costs being under budget by \$28,112.
Supplies	(23,508)	166,524	Supplies are under budget by due to lower volumes.
Purchased Services	(110,337)	(26,349)	Unbudgeted purchased services due to Covid-19 of (\$22,817).
Depreciation	76,146	7,858	
Utilities	49,974	8,730	
Insurance	7,727	1,799	
Interest	160,253	22,321	
Other	(6,673)	(1,298)	
Matching Fees (Government Programs)	(1,204,307)	-	
Operating expenses	(402,282)	638,784	

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	Actual 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	2,787,408	2,045,762	2,612,725	43,160,667
2 Capitation Revenue	26,337	24,434	24,943	24,298	25,643	26,005	24,819	19,835	23,554	23,556	22,735	22,735	288,894
3 Napa State	2,565	983	6,153	17,109	18,240	49,465	14,872	-	142	2,063	11,231	11,231	134,055
4 Other Operating Revenue	27,168	113,630	31,381	162,702	77,470	51,209	86,697	148,851	96,064	83,650	58,800	58,800	996,421
5 Other Non-Operating Revenue	38,832	43,824	24,455	35,838	13,448	22,627	20,495	10,126	22,181	9,463	25,795	25,785	292,870
6 Unrestricted Contributions	12,593		755	3,263	6,219	2,765	10,214	1,550	545	24,128	1,375	1,375	64,782
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	2,930,267	2,165,698	2,732,651	44,937,689
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	4,678,063	4,129,598	4,085,675	53,681,713
9 Add Capital Lease Payments	111,366	185,165	32,638	390,032	112,524	33,887	71,986	7,732	7,757	7,757	7,150	74,150	1,042,144
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	161,937	209,860	209,859	2,451,017
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	4,847,757	4,346,608	4,369,684	58,424,874
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	(1,917,490)	(2,180,910)	(1,637,033)	(13,487,185)
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)	(4,000,000)	1,200,000	(6,831,509)
13 Restricted Capital Donations	342,251	5,000	160,473	36,918	187,550	59,628	447,224	146,675	304,401	161,937	209,860	209,859	2,271,776
14 Parcel Tax Revenue	100,099					2,108,197			1,000,000	574,501			3,782,796
15 Other Payments - South Lot/Ins. Claims/HHS	956,411		51,682							1,149,084	4,423,886		6,581,062
16 Other:									35,656				35,656
17 IGT									1,408,802	5,481,012			6,889,814
18 IGT - AB915					31,705					1,033,318	294,488	113,200	1,472,711
19 PRIME						135,000						229,500	364,500
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	2,399,851	928,234	1,752,559	14,566,807
Non-Hospital Uses of Cash													
20 Matching Fees					67,500		451,221		2,314,115	114,750	62,198		3,009,784
Sub-Total Non-Hospital Uses of Cash	-	-	-	-	67,500	-	451,221	-	2,314,115	114,750	62,198	-	3,009,784
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	2,285,101	866,036	1,752,559	11,557,023
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	367,612	(1,314,874)	115,526	
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	2,719,200	1,404,326	
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	2,719,200	1,404,326	1,519,852	
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	6,235,214	10,235,214	9,035,214	
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	8,954,414	11,639,540	10,555,066	
Average Days of Cash on Hand	38.82	36.60	28.00	22.51	16.89	17.85	20.38	15.67	15.61	43.09	68.42	62.04	