



**SONOMA VALLEY HEALTH CARE DISTRICT  
BOARD OF DIRECTORS**

**AGENDA**

**THURSDAY, AUGUST 6, 2020**

**CLOSED SESSION 5:30 P.M.**

**REGULAR SESSION 6:00 P.M.**

**HELD VIA ZOOM VIDEOCONFERENCE ONLY**

**To participate via Zoom videoconferencing  
use the link below:**

<https://sonomavalleyhospital-org.zoom.us/j/94595630005?pwd=Rkd4czZWZ0RCK0pxUzBvL0RkWks4QT09>

**and enter the Meeting ID: 945 9563 0005, Password: 824702**

**To participate via telephone only,  
dial: 1-669 900 9128 or 1-669 219 2599**

**and enter the Meeting ID 945 9563 000 Password: 824702**

<p>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 <a href="mailto:vwoodall@sonomavalleyhospital.org">vwoodall@sonomavalleyhospital.org</a> at least 48 hours prior to the meeting.</p>	<b>RECOMMENDATION</b>		
<b>AGENDA ITEM</b>			
<p><b>MISSION STATEMENT</b> <i>The mission of SVHCD is to maintain, improve, and restore the health of everyone in our community.</i></p>			
<b>1. CALL TO ORDER</b>	<i>Hirsch</i>		
<b>2. PUBLIC COMMENT ON CLOSED SESSION</b>	<i>Hirsch</i>		
<p><b>3. CLOSED SESSION</b></p> <ul style="list-style-type: none"> <li>• <u>Calif. Government Code &amp; Health and Safety Code §54956.9(d)(1)</u>: Discussion on Existing Litigation (case name unspecified due to patient confidentiality)</li> <li>• <u>Calif. Government Code &amp; Health and Safety Code §54956.9(d)(4)</u>: Discussion on Anticipated Litigation (claim initiated - one claim)</li> <li>• <u>Calif. Government Code &amp; Health and Safety Code §54956.9(d)(2)</u>: Discussion on Anticipated Litigation (significant exposure – one claim)</li> </ul>	<i>Board</i>		
<b>4. REPORT ON CLOSED SESSION</b>	<i>Hirsch</i>		
<b>5. REPORT ON CLOSED SESSION OF JULY 15, 2020</b>	<i>Hirsch</i>		
<b>6. BOARD CHAIR COMMENT</b>	<i>Hirsch</i>		

<b>7. PUBLIC COMMENT</b> <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Board consideration.</i>	<i>Hirsch</i>		
<b>8. CONSENT CALENDAR</b> 1. Board Minutes 07.02.20 2. Finance Committee Minutes 06.23.20 3. Quality Committee Minutes 06.24.20 4. Medical Staff Credentialing	<i>Hirsch</i>	Action	Pages 3-4 Pages 5-6 Pages 7-8
<b>9. APPROVAL OF OUTPATIENT DIAGNOSTIC CENTER PROJECT #3 - MRI</b>	<i>Mather/Peluso</i>	Inform/ Action	Pages 9--30
<b>10. APPROVAL OF FOUNDATION GUARANTEE</b>	<i>Jensen</i>	Inform/ Action	Page 31
<b>11. APPROVAL OF UNISON ENERGY AGREEMENT FOR ALTERNATIVE POWER</b>	<i>Jensen</i>	Inform/ Action	Pages 32-56
<b>12. AMENDMENT #4 TO CEO EMPLOYMENT CONTRACT</b>	<i>Hirsch</i>	Action	Page 57
<b>13. CEO SEARCH COMMITTEE</b>	<i>Hirsch</i>	Action	Page 58
<b>14. SELECTION OF SEARCH FIRM FOR CEO REPLACEMENT</b>	<i>Hirsch</i>	Inform	
<b>15. CMO REPORT</b>	<i>Kidd</i>	Inform	Pages 59-60
<b>16. ADMINISTRATIVE REPORT FOR AUGUST</b>	<i>Mather</i>	Inform	Pages 61-63
<b>17. FINANCIALS FOR THE MONTH ENDED JUNE 30, 2020</b>	<i>Jensen</i>	Inform	Pages 64-74
<b>18. BOARD COMMENTS</b> <ul style="list-style-type: none"> <li>• Legislative Letter Opposing SB 977</li> <li>• Legislative Letter in Support of SB 758</li> </ul>	<i>Hirsch</i>	Inform	Pages 75-76 Pages 77-78
<b>19. ADJOURN</b>	<i>Hirsch</i>		

Note: To view this meeting you may visit <http://sonomativ.org/> or YouTube.com.



**SONOMA VALLEY HEALTH CARE DISTRICT  
BOARD OF DIRECTORS' MEETING**

**MINUTES**

THURSDAY, JULY 2, 2020

**HELD VIA ZOOM VIDEOCONFERENCE**

	<b>RECOMMENDATION</b>	
<b>MISSION STATEMENT</b> <i>The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.</i>		
<b>1. CALL TO ORDER</b>  6:00 p.m.	<i>Hirsch</i>	
<b>2. BOARD CHAIR COMMENT</b>  None	<i>Hirsch</i>	
<b>3. PUBLIC COMMENT</b>  None	<i>Hirsch</i>	
<b>4. CONSENT CALENDAR</b> 1. Board Minutes 05.07.20 2. Finance Committee Minutes 04.28.20 3. Quality Committee Minutes 04.22.20 4. Governance Committee Minutes 01.22.20	<i>Hirsch</i>	Action
		<b>MOTION:</b> by Boerum to approve, 2 <sup>nd</sup> by Mainardi. All in favor.
<b>5. VALLEY OF THE MOON SEMI-ANNUAL REPORT</b>  Mr. Empey reported that the second quarter numbers were well below average with the impact of COVID-19. The Post Acute process was put on hold by CDPH for a while. The unit mirrors what is happening in the hospital as far as the downturn in census.	<i>Empey</i>	Inform
<b>6. NEW BRANDING UPDATE FOR SONOMA VALLEY HOSPITAL</b>  Ms. Mather shared a presentation addressing the branding process which has been ongoing for the past year. The new brand promise will be "a compassionate heart for Sonoma Valley." Belief message	<i>Mather</i>	Inform
<b>7. APPOINTMENT OF CEO COMPENSATION COMMITTEE</b>  Ms. Hirsch recommended Dr. Mainardi and Mr. Boerum to form this committee.	<i>Hirsch</i>	Inform/Action
<b>8. CMO REPORT</b>  Dr. Kidd gave the CMO report for the month. COVID-19 is on the increase and the Hospital's Incident Command Center has been re-activated in a limited form. In-house testing should	<i>Kidd</i>	Inform

become available within the next month. The COVID-19 application site has dashboard figures available. Numbers are significantly up in the last couple of weeks alone, and Dr. Kidd expects there to be another partial shut-down shortly. The search is still underway for a GI group. An ER manager has been hired.		
<b>8. ADMINISTRATIVE REPORT FOR JUNE</b>	<i>Mather</i>	Inform
Ms. Mather said the MRI approval request will go to the Finance Committee, then the Board in August. The CT project will be completed in October.		
<b>11. FINANCIALS FOR THE MONTH ENDED APRIL 30, 2020</b>	<i>Jensen</i>	Inform
Mr. Jensen review the May financial report and the payer mix. Cash collections were under budget by \$1.5 million. CARES Act funding of \$4.4million was received in May. Days of cash were 87.1, A/R days were 44.2, A/P was \$2.4 million, and A/P days were 35.2. Gross revenue was down \$9 million. Total operating revenue was \$2.6 million off budget. Purchased services were \$36,000 higher than budget due to plant operations. Total operating expenses were \$579,000 below budget, and the operating margin at (\$2.6 million) was \$2 million off budget. The CARES money was added to miscellaneous revenue, bringing net income for the month to \$3.6 million. EBDA has two figures, one with and one without the CARES money: 253% vs. 1.2%. Mr. Jensen expected to end the fiscal year with 82 days' cash.		
<b>12. BOARD COMMENTS</b>		
Mr. Boerum commented on the upcoming Board elections and indicated he would run for another term. This Board has done an amazing job, and our CEO has worked very effectively with this Board and the consensus established by the Board. He hoped that other candidates on the ballot will have health care experience, will have worked on a Board Committee, and have attended Board meetings.		
<b>13. ADJOURN</b>	<i>Hirsch</i>	
Adjourned 7:21 p.m.		



**SVHCD  
FINANCE COMMITTEE MEETING  
MINUTES**

**TUESDAY, JUNE 23, 2019  
Via Zoom Teleconference**

<b>Present</b>		<b>Staff</b>	<b>Public</b>
Sharon Nevins via Zoom Joshua Rymer via Zoom Dr. Subhash Mishra via Zoom Peter Hohorst via Zoom	Art Grandy via Zoom Bruce Flynn via Zoom Susan Porth via Zoom	Kelly Mather, CEO via Zoom Ken Jensen, CFO, via Zoom Sarah Dungan, Controller, via Zoom Dawn Kuwahara, via Zoom	Luis Sarmiento, Vertran Assoc., via Zoom
<b>AGENDA ITEM</b>	<b>DISCUSSION</b>		<b>ACTIONS</b>
<b>MISSION &amp; VISION STATEMENT</b> <i>The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.</i>			
<b>1. CALL TO ORDER/ANNOUNCEMENTS</b>	<i>Nevins</i>		
	Called to order at 5:26 pm		
<b>2. PUBLIC COMMENT SECTION</b>	<i>Nevins</i>		
	None		
<b>3. CONSENT CALENDAR</b>	<i>Nevins</i>		
	The minutes of 5.26.20 and 06.16.20 were reviewed.		<b>MOTION:</b> by Rymer to approve, 2 <sup>nd</sup> by Grandy. All in favor.
<b>4. OUTPATIENT DIAGNOSTIC CENTER UPDATE</b>	<i>Mather/Sarmiento</i>		
	Ms. Mather gave a brief report on the Outpatient Diagnostic Center. The MRI project will go to the Board in August.		
<b>5. ADMINISTRATIVE REPORT JUNE 2020</b>	<i>Mather</i>		
	The Hospital is back to 75% of volumes which may continue for the summer. The new Brand Communication Plan will be presented to the Board in July. Prima is recruiting another primary care physician for Sonoma in 2021.		

<b>6. FINANCIAL REPORT MONTH ENDED MAY 31, 2020</b>	<i>Jensen</i>		
	<p>Mr. Jensen review the May financial report and the payer mix. Cash collections were under budget by \$1.5 million. CARES Act funding of \$4.4million was received in May. Days of cash were 87.1, A/R days were 44.2, A/P was \$2.4 million, and A/P days were 35.2. Gross revenue was down \$9 million. Total operating revenue was \$2.6 million off budget. Purchased services were \$36,000 higher than budget due to plant operations. Total operating expenses were \$579,000 below budget, and the operating margin at (\$2.6 million) was \$2 million off budget. The CARES money was added to miscellaneous revenue, bringing net income for the month to \$3.6 million. EBDA has two figures, one with and one without the CARES money: 253% vs. 1.2%.</p> <p>Ms. Nevins asked the Committee to consider the cash position and a partial reduction of the line of credit for future discussion. She thanked the Committee and the Accounting staff for putting the budget together.</p>		
<b>7. ADJOURN</b>	<i>Nevins</i>		
	Meeting adjourned at 5:52 p.m.		



**SONOMA VALLEY HEALTH CARE DISTRICT  
QUALITY COMMITTEE**

**June 24, 2020 5:00 PM**

**MINUTES**

**Via Zoom Teleconference**

<b>Members Present</b>	<b>Members Present cont.</b>	<b>Excused</b>	<b>Public/Staff</b>
Jane Hirsch via Zoom Susan Idell via Zoom Ingrid Sheets via Zoom Cathy Webber (late via Zoom)	Howard Eisenstark, MD via Zoom Michael Mainardi, MD via Zoom Carol Snyder via Zoom		Sabrina Kidd, MD, CMO, via Zoom Danielle Jones, RN, Chief Quality Officer via Zoom Dr. Judith Bjorndahl via Zoom

<b>AGENDA ITEM</b>	<b>DISCUSSION</b>	<b>ACTION</b>
<b>1. CALL TO ORDER/ANNOUNCEMENTS</b>	<i>Hirsch</i>	
	Called to order at 5:00 p.m. Ms. Hirsch asked Dr. Kidd to give a brief COVID-19 update. Many states are seeing surges as they have opened up and people are relaxing precautions. The Bay Area is doing well. There has been a care facility outbreak in Sonoma which is being handled by the County EMS, and SVH.	
<b>2. PUBLIC COMMENT</b>	<i>Hirsch</i>	
	None	
<b>3. CONSENT CALENDAR</b>	<i>Hirsch</i>	Action
<ul style="list-style-type: none"> <li>QC Minutes, 05.26.20</li> </ul>		<b>MOTION:</b> by Eisenstark to approve, 2 <sup>nd</sup> by Sheets. All in favor.
<b>4. SVH QUALITY INDICATOR PERFORMANCE AND PLAN</b>	<i>Jones</i>	Inform
	Ms. Jones reviewed quality indicator performance for the month of May.	
<b>5. PROPOSED QUALITY COMMITTEE CHARTER</b>	<i>Jones</i>	
	The Committee reviewed and discussed further changes to the charter. The Committee requested seeing a clean copy and would vote by email.	No action taken.

AGENDA ITEM	DISCUSSION	ACTION
	Ms. Jones indicated utilization management would be an additional standing agenda item beginning in July.	
<b>6. POLICIES AND PROCEDURES</b>	<i>Jones</i>	
	The Compliance Committee had previously approved and forwarded the Compliance Program Plan to the Quality Committee. A discussion ensued regarding whether the Quality Committee was the correct body to review the document since it was not strictly a policy or procedure. Ms. Hirsch and Ms. Jones would review and decide who the owner of this plan should be.	No action was taken.
<b>7. CLOSED SESSION</b>	<i>Hirsch</i>	
a. <u>Calif. Health &amp; Safety Code § 32155</u> Medical Staff Credentialing & Peer Review Report	Called to order at 6:03 pm.	
<b>8. REPORT OF CLOSED SESSION</b>	<i>Hirsch</i>	
	Medical Staff credentialing was reviewed.	<b>MOTION:</b> by Idell to approve credentialing, 2 <sup>nd</sup> by Sheets, all in favor.
<b>9. ADJOURN</b>	<i>Hirsch</i>	
	6:10 pm	



# Outpatient Diagnostic Center Update

Sonoma Valley Health Care District Board of Directors

August 6, 2020



# Agenda

<u>Slide</u>	<u>Page Number</u>
Mission & Vision	3
Outpatient Diagnostic Center Overview	4
Project 1: CT Update	8
Project 3: MRI Update	13
Project 2: Cardiology Update	19
Project Status Report – Reviewed Monthly at Finance Comm.	20
Board Actions Recommended	21
Questions	22

# Mission & Vision

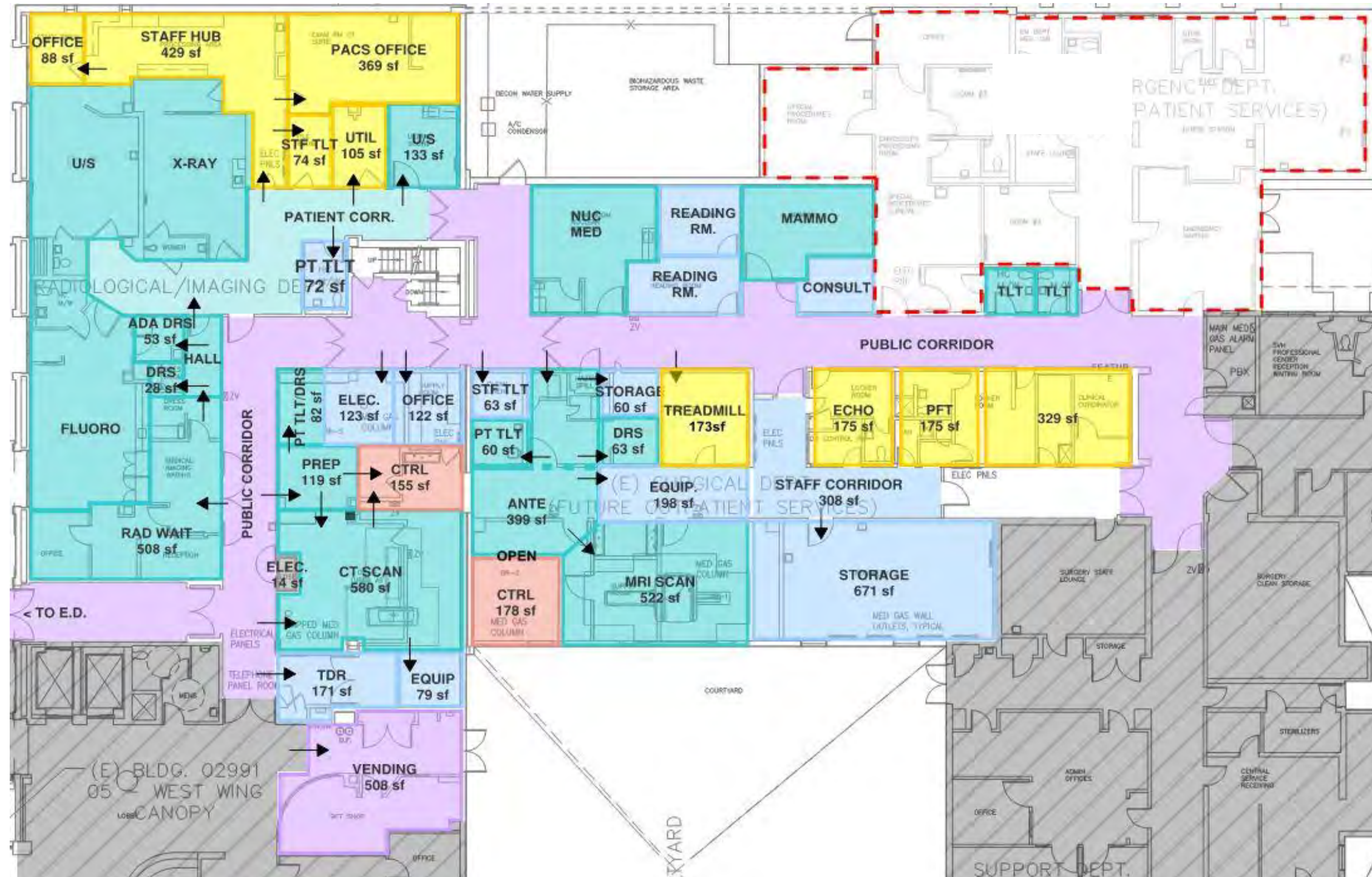
**Mission:** To provide patients with **easy access to an efficient, positive, and healing experience** by providing the **latest imaging equipment and cardiology testing** that will allow SVH to stay **relevant** in the current healthcare environment.

**Vision:** To transform the current **imaging department into an efficient, high technology** service area for our patients and staff. To provide Outpatient Diagnostic services **preferred by patients and physicians**, known for **exceptional quality and compassionate healthcare**.

# Outpatient Diagnostic Center Overview

- Computed Tomography (CT) equipment replacement and hospitality center project – Project 1
- Cardiology equipment – Project 2
- Magnetic Resonance Imaging (MRI) equipment installation inside the hospital -Project 3

# Outpatient Diagnostic Center Overview



# Outpatient Diagnostic Center Current Funding

Project	Board Approved	Cost Spent to 7/31/20	Forecast @ Completion
Project 0 (ODC, Master Plan, Decommission)	\$909,123	\$909,123	\$909,123
Project 1 (CT)	\$9,367,000	\$2,958,380	\$9,367,000
Project 2 (Cardiology)	\$330,000	\$301,948	\$330,000
Project 3 (MRI)	\$1,637,340	\$740,441	\$9,354,699
Project 4 (UCSF Test Fit)	\$8,386	\$8,386	\$8,386
<b>Subtotal</b>	<b>\$12,251,709</b>	<b>\$3,895,797</b>	<b>\$19,969,208</b>
Mammography Project		\$566,523	\$566,523
Campaign Expenses		\$464,269	\$464,269
<b>Total</b>		<b>\$5,949,070</b>	<b>\$21,000,000</b>

Note: Construction escalation historically 3% annually; has increased to 4-5% over the last three years.  
Budget transfers have occurred to close out projects.

# Outpatient Diagnostic Center Fundraising

- Total Budget Target = \$21M
- Current Total Committed Value = \$21M
- Amount Collected (thru 7/23/20) = \$12.6M
- Current Cash Balance = \$7.4M
- Additional Money Required to Be Raised = \$0



Note: Cash projections/flow – tracked by Finance Committee through Vertran

# Project 1: Imaging/CT/Hospitality



CT SCAN ROOM

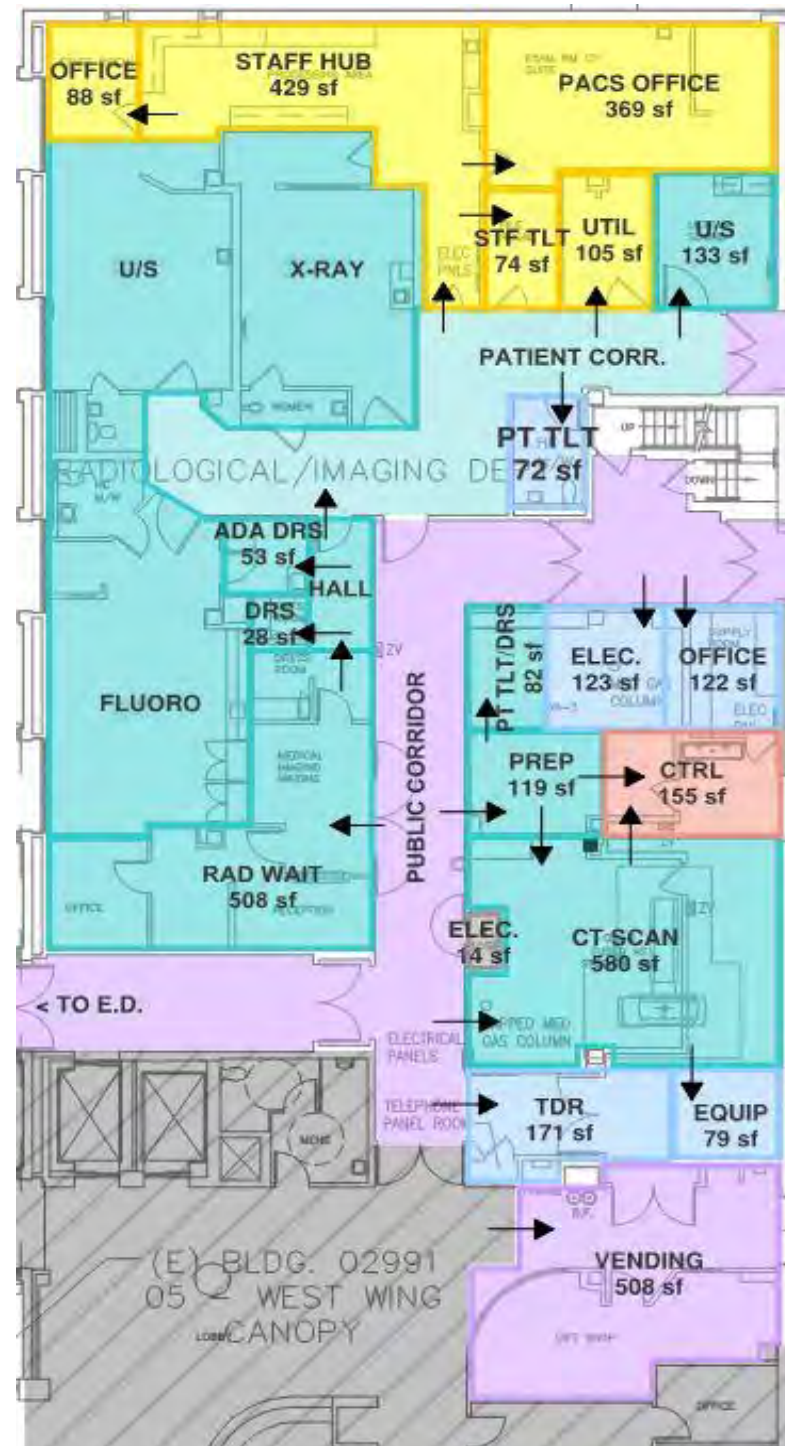


# Project 1: Imaging/CT/Hospitality



**RADIOLOGY WAITING AND RECEPTION**

# Project 1: CT



## Project Scope:

- New CT Scan Suite in former OR
- Enlarged reception & waiting area
- Added ADA compliant dressing room
- New IDF room with upgraded equipment
- Staff Hub renovations include staff restroom and office
- Flooring upgrades in imaging rooms & corridors
- Public corridor upgrades
- Micro market in former gift shop
- New Phone System
- New CT will be on Emergency Generator Back Up
- Patient Toilet Added to CT Suite (OSPHD Required)
- ADA Remodel of Existing Toilet in Staff Hub (OSHPD Required)

# Timeline for CT Project

- Contract executed with Dome in February 2020
- CT construction stopped due to COVID 19 in March 2020
- Go Live (dependent on CDPH) – October 2020 Impacts due to Existing Condition Changes, COVID 19, and Owner Delay to Crane Pick when Floor 3 Occupied with Patients

# CT Budget

Item	Description	Budget	Contingency Exposure	Contingency Remaining	Forecast at Completion
1	Design	\$850,000			
2	Permits / Inspection	\$275,000			
3	Construction	\$4,639,000			
4	Major Medical Equipment	\$1,365,000			
5	FF&E	\$105,000			
6	Data	\$1,326,000			
7	Owner	\$160,000			
8	Project Contingency	\$647,000	\$600,000	\$47,000	
9	Total	<b>\$9,367,000</b>			\$9,367,000

# Project 3: MRI



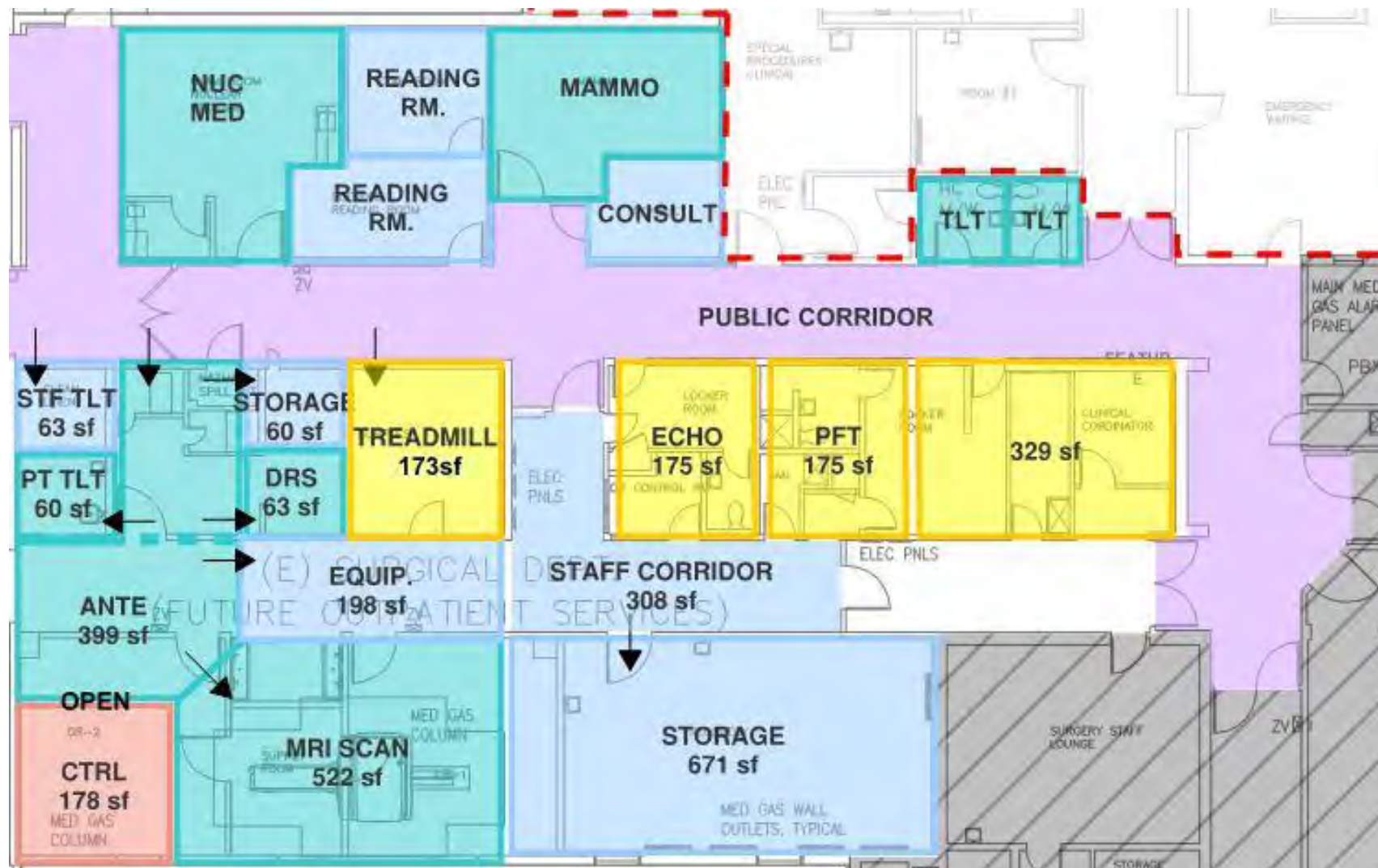
# Project 3: MRI



# Project 3: MRI



# Project 3: MRI



## Project Scope:

- 3T MRI inside the building
  - UCSF has confirmed that Endo Rectal Coil is not being used
- Staff corridor and Storage added to project
- New flooring & paint in public corridors – **OSHPD** is requiring the fire rating of the existing public corridor be brought to current code
- MRI is not currently planned to be on Emergency Generator Power – Switchgear for E-Power Branch would need to be upgraded



# Timeline for MRI Project

- OSHPD permit delayed from June to current target of late August
- Dome estimate issued in June 2020
- Dome Design Build proposal will be issued in August 2020
- Construction start is targeted for Fall 2020
- Construction completion is Summer 2021
- New MRI equipment Go Live expected in 2021

# MRI Budget

Item	Description	Budget	Commitment	Spent to Date	Forecast at Completion
1	Design	\$975,000			
2	Permits / Inspection	\$271,000			
3	Construction	\$4,583,000			
4	Major Medical Equipment	\$2,300,000			
5	FF&E	\$22,000			
6	Data	\$122,000			
7	Owner	\$168,000			
8	Project Contingency	\$913,000			
9	Total	<b>\$9,354,000</b>			\$9,354,000

# Project 2: Cardiology

- Cardio Equipment scope is complete.
- Final Cost = \$330k

# Monthly Project Status Report

**Sonoma Valley Hospital  
Speed Report  
Open Projects Under: Outpatient Diagnostic Center**

CIP: 1258.0050 & 1258.0795 Through: 07/31/2020 - Status and Finance Impacts Updated Through 07/23/2020

Status / Issues		Finances / Budget					
<p align="center">Key</p> <p align="center"> <input type="checkbox"/> Complete,                      <input checked="" type="checkbox"/> No Issue,                      <input type="checkbox"/> Likely Risk,                      <input type="checkbox"/> Budget or Schedule at Risk                 </p>		Description	Board Approved Budget	Committed	Spent to Date	Exposure	Forecast
<b>Project #0 - ODC: Study Scope Complete</b>		<b>Project #0</b>					
		ODC Preparation	\$ 655,689	\$ 655,689	\$ 655,689	\$ -	\$ 655,689
		Master Facility Planning	\$ 127,812	\$ 127,812	\$ 127,812	\$ -	\$ 127,812
		Decommissioning Study	\$ 125,622	\$ 125,622	\$ 125,622	\$ -	\$ 125,622
		<b>Total</b>	<b>\$ 909,123</b>	<b>\$ 909,123</b>	<b>\$ 909,123</b>	<b>\$ -</b>	<b>\$ 909,123</b>
<b>Project #0 - Master Planning: Study Scope Complete</b>		<b>Project #1</b>					
<p align="center"><b>After Several Master Facility Planning meetings, the following was determined to be the best path forward:</b></p>		CT, Waiting, Imaging Refurb	\$ 9,367,000	\$ 7,394,000	\$ 2,492,788	\$ -	\$ 7,394,000
<input checked="" type="checkbox"/>	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.	CT Contingency	Included Above	\$ 254,667	\$ -	\$ 392,333	\$ 647,000
<input checked="" type="checkbox"/>	Provide more patient amenities, centralize scheduling, and upgrade technology to remain competitive.	IT/Other	Included Above	\$ 995,011	\$ 465,592	\$ 330,989	\$ 1,326,000
<input checked="" type="checkbox"/>	Leverage UCSF affiliation to provide the framework needed to thrive in Sonoma.	<b>Total</b>	<b>\$ 9,367,000</b>	<b>\$ 8,643,677</b>	<b>\$ 2,958,380</b>	<b>\$ 723,323</b>	<b>\$ 9,367,000</b>
<input checked="" type="checkbox"/>	The Board and CEO to continue to dialogue about future steps to meet 2030 seismic requirements.	<b>Project #2</b>					
		Cardiology Equipment	\$ 330,000	\$ 316,688	\$ 301,948	\$ 13,312	\$ 330,000
<b>Project #0 - Decommissioning: Study Scope Complete</b>		<b>Project #3</b>					
<p align="center"><b>The study of the Central and East Wings to determine the feasibility of decommissioning these wings yielded the following:</b></p>		MRI	\$ 1,637,340	\$ 824,335	\$ 740,441	\$ 7,533,977	\$ 8,358,312
<input checked="" type="checkbox"/>	Cost of scope required for decommissioning exceeds any benefit to the hospital.	MRI Contingency	Forecasted as:	\$ -	\$ -	\$ 913,637	\$ 913,637
<input checked="" type="checkbox"/>	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.	Add Alternate: Cardiology Rooms	\$ -	\$ 47,534	\$ -	\$ 35,216	\$ 82,750
		<b>Total</b>	<b>\$ 1,637,340</b>	<b>\$ 871,870</b>	<b>\$ 740,441</b>	<b>\$ 8,482,829</b>	<b>\$ 9,354,699</b>
<b>Project #1 - CT</b>		<b>Project #4</b>					
	Relocation of Existing MEP Utilities. Utilities Were Obstructed and Could Not Be Verified During Pre-Construction. ACO Identified Work as Material Altering. Work Captured Within ACD005, ACD006, ASI005, and ASI006. Review and approval of these documents resulted in a two week delay rather than two months.	UCSF Clinic	\$ 8,386	\$ 8,386	\$ 8,386	\$ -	\$ 8,386
<input type="checkbox"/>	Postponement of Crane Pick from 6/27/20 to 7/11/20 at SVH's request due to Patient Admissions into the Medical Surge Unit on 6/28/20 Resulted in an Additional Two Week Delay.	<b>Total</b>	<b>\$ 12,251,849</b>	<b>\$ 10,749,743</b>	<b>\$ 4,918,277</b>	<b>\$ 9,219,464</b>	<b>\$ 19,969,207</b>
<input type="checkbox"/>	CT Construction Start - Phase 2 (Staff Hub, Old CT) - Updated to 11/2020.	<b>3D Mammo</b>					
<input type="checkbox"/>	CT Go Live - Updated to 10/2020 (Final Date to be Dictated by CDPH Sign-off)		\$ 505,762	\$ 566,524	\$ 566,524	\$ -	\$ 566,524
<input type="checkbox"/>	Wait Area Available for Staff Hub Relocation - Updated to 10/2020 (Final Date to be Dictated by CDPH Sign-Off)	<b>Campaign Expenses</b>					
<input type="checkbox"/>	Old CT Demo Start - Projected to be 11/2020		\$ -	\$ 464,269	\$ 464,269	\$ -	\$ 464,269
<input type="checkbox"/>	Substantial Completion CT Project - Phase 2 - 1/2021	<b>Other</b>					
<input type="checkbox"/>	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.		\$ -	\$ -	\$ -	\$ -	\$ -
		<b>Subtotal</b>	<b>\$ 12,757,610</b>	<b>\$ 11,780,536</b>	<b>\$ 5,949,070</b>	<b>\$ 9,219,464</b>	<b>\$ 21,000,000</b>
<b>Project #2 - Cardio</b>		<b>Budget Notes</b>					
<b>Project #3 - MRI</b>		1.) 3-D Mammography Equipment was purchased by the Foundation. 2.) Forecast Includes Amendment 21 to Dome Construction for Pre-Construction Services for Cardio Rooms. 3.) Forecast Includes Amendment 2 to Dome Construction for CT Construction. Amendment 1 and 2 Drew from the Project Contingency. Withdraws reflected under CT Contingency Commitments. Note: CT Contingency Forecast reflect the exhaustion of the project contingency at completion. 4.) Forecast Includes Draft MRI GMP Overages Resulting from Lacking Subcontractor Bid Coverage and RF Shielding. 5.) Uncommitted funds for Proj. #2 Cardio amount to \$13,312. This amount may be available for remote reading software and a host PC. Quotes are being obtained for these added expenses. 6.) Project #0 ODC and 3D Mammo were reconciled again. The value of Project #0 ODC was augmented by \$140 and the 3D Mammo project was augmented by \$9,815. The added costs were deducted from Proj. #3 MRI.					
<b>Project #4 - UCSF Clinic</b>		<b>Cash Flow/ Cost Projections</b>					
Backcheck 1 Comments Received Week of 6/22/2020. GMP Proposal Draft - Received 6/1/2020 Draft Costs Were Higher Than Budget and Resulted From Inadequate Bid Coverage Due to COVID-19 Impacts to Construction Sector (Subcontractor Offices Were Closed for Business or Insufficiently Staffed to Bid) and an Increase to Radio Frequency (RF) Shielding Costs. Potential Exists for Value Engineering (VE) Savings and Re-bidding of Select Scopes Following the Next Round of OSHPD Backcheck Comments. Due to Delays in Receiving OSHPD's Backcheck Comment, Re-bid and Updated GMP Pricing at Risk of Being Completed in Time for the August 2020 Board Submission Deadline. OSHPD comments related to Radio Frequency (RF) Shielding resulted in the redesign of the system. Redesign to delay backcheck response resubmittal and project start. Response to Backcheck To Be Submitted to OSHPD - 7/31/2020 OSHPD Plan Approval - 9/2020 Construction Start - MRI Area - 9/2020 Construction Start - Roof - Q1/2021 Substantial Completion - MRI - Summer 2021 MRI Go Live - 2021							
Project to remain open until directed to close by CEO. Test fit for UCSF completed.		<p><b>NOTE: \$21M raised as of July 2020. Due to availability of funds raised, a line of credit must be activated in April 2021.</b>                      Projected Q3/2020 Costs: \$3,867,070 - Q4/2020 Costs: \$4,930,172 - Q1/2021 Costs: \$1,865,800 - Q2/2021 Costs: \$3,951,445 - Q3/2021 Costs: \$1,190,789 - Q4/2021 Costs: \$8,348</p>					



# Board Action Recommended

1. Approve MRI Project Budget at: \$9,354,000  
Approved Previously: \$1,637,340  
Spent to date: \$740,441
2. Outpatient Diagnostic Center Total Project Budget at: \$21M

Funding source was the Sonoma Valley Hospital Foundation.

# Questions?



**AGREEMENT TO AMEND MEMORANDUM OF UNDERSTANDING  
BETWEEN  
SONOMA VALLEY HEALTH CARE DISTRICT  
AND  
SONOMA VALLEY HOSPITAL FOUNDATION**

Both the Sonoma Valley Health Care District and the Sonoma Valley Hospital Foundation agree to amend this MOU as follows per discussion on July 12, 2020:

On July 13, 2020, the Sonoma Valley Hospital Foundation board approved designation of up to \$470,000 of unrestricted funds for the Outpatient Diagnostic Center capital campaign, to be used if and as needed to cover the remaining gap of restricted funds; with the agreement from Sonoma Valley Hospital leadership that they will, under our current MOU, provide support for the Foundation operations up to the amount that has been advanced should it become necessary in the coming years.

Because the Sonoma Valley Hospital Foundation is important to the well-being of our hospital and we mutually benefit one another, Sonoma Valley Health Care District agrees to fund Foundation operations up to \$470,000 or the then current amount advanced, whichever is lower, if needed. This funding support will cover the calendar years of 2021, 2022, and 2023. The determination of operation support needed for the Foundation will be reached by agreement of both parties during the annual budgeting process.

**In witness whereof**, the Parties have executed this Amendment to the Memorandum of Understanding as of the date first above written.

**Sonoma Valley Health Care District**

By: \_\_\_\_\_  
Jane Hirsch, Chair, Board of Directors

**Sonoma Valley Hospital Foundation**

By: \_\_\_\_\_  
Steve Sangiacomo, Chair, Board of Directors



**To:** SVHCD Board of Directors  
**Meeting Date:** August 6, 2020  
**Prepared by:** Ken Jensen, CFO, and Kimberly Drummond, Director of Facilities  
**Agenda Item Title:** Unison Energy, LLC Agreement

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**Recommendation:**

Management recommends entering into a 20 year alternative energy management agreement with Unison Energy.

**Background:**

At the May 26, 2020, Finance Committee meeting management recommended an alternative energy proposal made by Unison Energy. The proposal included generating electricity on site which in turn would provide cost savings. The on-site proposal would also provide back-up electricity to certain parts of the facility during electric blackouts. The Committee was conceptually interested in the proposal but wanted some questions answered as well as have the agreement reviewed by hospital attorneys.

**Consequences of Negative Action/Alternative Actions:**

Staff had the agreement reviewed by hospital attorneys. The attorneys proposed a number of changes and Unison agreed to most of them. The few that generated discussion resulted in acceptable modified language. The most significant issues to be aware of are that the agreement is a 20 year contract, that inflation is fixed at 2.5% per year, and the first and subsequent years energy savings are about \$110,000 per year. The Committee also had a number of questions about the service which were adequately answered by Unison.

**Financial Impact:**

The financial impact of entering into this agreement is a cost savings of approximately \$110,000 per year.

**Attachments:**

Final Negotiated Agreement with Unison  
Unison Energy Press Release



**Energy Sales Agreement**

**Between**

**Sonoma Valley Hospital  
as Buyer**

**and**

**Unison Energy, LLC  
as Seller**

\_\_\_\_\_, 2020



## 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 continues 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 by 2.5%
Buyer Energy Deposit	Not applicable

<b>Technical Specifications</b>	
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

By: Kelly Mather

Title: Co-CEO

Title: President and CEO

**EXHIBIT A**

ENERGY SERVICES AGREEMENT  
GENERAL TERMS AND CONDITIONS

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**ARTICLE 1  
TERM, EXTENSION**

**1.1** 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.

**1.2** Except as set forth in Section 5.5.1, within sixty (60) days of the expiration of the Term or the earlier termination of this Agreement, Seller shall remove the Energy Facility and all other personal property and fixtures owned by Seller.

**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 the terms and exhibits to this Agreement and 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. Seller shall not be entitled to any reimbursement of costs or other payment from Buyer in the event of any termination by Seller pursuant to this Section 2.1.3.

**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 and paying all costs associated with upgrades to infrastructure of the Buyer or the Local Electrical Utility that are necessary or required by the Local Electrical Utility for the interconnection.

**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.** At Seller's request, Buyer agrees to provide Seller a copy of Buyer's most recent annual financial statements for each fiscal year during the Term, and to cooperate with Seller in providing 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 have the right to install, or have installed, energy generation equipment at the Buyer Facility to provide additional cost savings and to reduce greenhouse gas emissions and other environmental impacts of Buyer's operation, *provided, however*, that it will not 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 provide Energy Output to Buyer up to the Energy Output Specifications set forth in the Commercial Terms except as otherwise excused pursuant to the terms of this Agreement. 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. In no event shall Seller's sale of Electricity Output to a third party impose on Buyer any regulatory cost or commercial liability and Seller shall indemnify, defend and hold harmless Buyer from same.

**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. Upon request, Seller will provide Buyer with

a copy of all meter readings during the prior twenty-four (24) month period and Buyer will have the right to have such meters tested and inspected for accuracy on an annual basis.

**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 for power that is not being sold to a third party pursuant to Section 3.1.2. 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 except for power that is being delivered to a third party pursuant to Section 3.1.2, which will remain the responsibility of Seller.

**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. Notwithstanding the foregoing, each party will be responsible for any contaminant or hazardous material that is introduced into the water supply used for delivery of the Thermal Energy Output.

**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.** Following the Commercial Operations Date, 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. Notwithstanding the foregoing, Buyer will have the right to cease deliveries of energy from the Energy Facility for a period of One Hundred Twenty (120) hours each year for maintenance and other activities without triggering without triggering the Make Whole Payment. Buyer and Seller will make reasonable efforts to coordinate down time with each other so as to minimize down time.

**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.** Subject to Seller's compliance with Buyer's reasonable health and safety rules and regulations in place at the Buyer Facility, 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 thirty (30) days after receiving notice of such failure in the first instance and fifteen (15) days for any instance thereafter;

**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 redeploys 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 to a third party that will continue to operate it in a same or substantially similar manner, then Buyer may: (i) assign this Agreement to the new owner of the Buyer Facility provided that the new owner assumes all Buyer's obligations hereunder; provided however that the creditworthiness of the new owner shall be equal to or higher than that of Buyer, in

Seller's reasonable judgment 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 the lesser of the maximum rate allowed by law or 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 will be responsible for all real and personal property taxes which are attributable to the value of the Energy Facility. 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, including without limitation, the requirements of the Freedom of Information Act or the Public Records Act. 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 (i) the indemnifying Party’s breach of any of the representations or warranties made in, (ii) the indemnifying Party’s failure to perform any of its obligations under this Agreement; or (iii) the negligent acts or willful misconduct of a Party, its subcontractors, agents or employees; 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 the negligent acts or willful misconduct of the other Party, its subcontractors, agents or employees.

## 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. THIS LIMITATION ON LIABILITY DOES NOT APPLY TO LIABILITY OF A PARTY UNDER SECTION 10.1 FOR THIRD PARTY CLAIMS ALLEGING PROPERTY DAMAGE, PERSONAL INJURY OR WRONGFUL DEATH.

## 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); or (c) on the date sent by 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. 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 CALIFORNIA 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<sub>x</sub>, SO<sub>x</sub>, Hg, CO<sub>2</sub> 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, epidemic; the binding order of any Governmental Authority; 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 [REDACTED].

## 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.

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.

# Unison Energy Announces Substantial Equity Commitment from American Infrastructure Funds

## Positions Unison for Significant Growth and Expansion of its Customer Base within the Rapidly Growing Combined Heat and Power/Distributed Generation Sector

September 25, 2018 11:00 AM Eastern Daylight Time

MAMARONECK, N.Y.--(BUSINESS WIRE)--Unison Energy LLC (“Unison”) announced today that American Infrastructure Funds (“AIM”), a private investment firm, has acquired a controlling interest in the company and committed up to \$150 million of equity capital, alongside minority investor Hunt Companies, Inc. (“Hunt”), to accelerate the growth of the business.

Headquartered in Mamaroneck, N.Y., Unison is a fully integrated distributed generation company that develops, builds, owns and operates combined heat and power (CHP) projects at commercial and industrial customer sites including hospitals, hotels, supermarkets and manufacturing facilities. Unison has eight projects in operation and an additional eight projects in construction or late stage development. The company focuses on key markets in the northeast, mid-Atlantic and the west coast.

Unison Co-Founder and Co-CEO Andy Cooper said, “Over the past five years, the Unison team has built a robust and scalable platform and signed up customers in a broad range of industries. Through a combination of proprietary systems, data-driven processes, strong industry sourcing relationships and in-house engineering and operation & maintenance expertise, we have positioned Unison for rapid expansion in conjunction with the right strategic and capital partner. We are pleased to have found that partner in AIM.”

Co-Founder and Co-CEO Tim Lukes remarked, “As electric rates continue to rise and power grids become increasingly unreliable, Unison’s customers are attracted to the company’s compelling value proposition of no money down, instant utility bill savings, enhanced system resiliency and superior customer service. We are confident that our project development pipeline is poised for substantial growth. We are excited about our partnership with AIM.”

The transaction marks AIM’s first platform investment in the fast-maturing distributed generation sector. AIM Managing Director Paul Ho commented, “After reviewing numerous companies in this emerging sector, we identified Unison as the best-in-class fully integrated platform in the CHP segment. With its exceptional management team as well as a strong head start and focus on commercial and industrial customers, Unison is uniquely positioned to capitalize on the segment’s robust growth, and potentially serve as a consolidator of choice in this fragmented industry. We believe that the combined business reach of AIM and Hunt will help further foster the strong growth at Unison.”

### **About Unison:**

Unison Energy LLC provides turnkey energy solutions – and develops, builds, owns and operates these systems at commercial and industrial customer sites such as hospitals, hotels, food processing, supermarkets, manufacturing facilities and other. The company sells electricity and thermal energy to customers pursuant to long-term offtake agreements and provides utility bill savings and system resiliency benefits. For more information, please visit [www.unisonenergy.com](http://www.unisonenergy.com).

### **About American Infrastructure Funds:**

AIM is a leading private investment firm based in the San Francisco Bay Area. With approximately \$3 billion in assets under management, AIM brings innovative investment capital to support the growth of real property, infrastructure and natural resource-related businesses. AIM's strategy is designed to provide unique advantages for the owners, management teams and businesses in which it invests, while creating attractive returns and tax-advantaged current income for investors. For more information, please visit [www.aimlp.com](http://www.aimlp.com).

### **About Hunt Companies:**

Founded in 1947, Hunt Companies, Inc. is today a holding company that invests in businesses focused in the real estate and infrastructure markets. The activities of Hunt's affiliates and investees include investment management, mortgage banking, direct lending, loan servicing, asset management, property management, development, construction, consulting and advisory. The platforms employ more than 6,000 people. For more information, please visit [www.huntcompanies.com](http://www.huntcompanies.com).

### **Contacts**

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(310) 601-0640





**FOURTH AMENDMENT TO  
EXECUTIVE EMPLOYMENT AGREEMENT WITH KELLY MATHER**

The Fourth Amendment to Executive Employment Agreement (“**Fourth Amendment**”) is effective on September 1, 2020, (“**Effective Date**”) by and between SONOMA VALLEY HEALTH CARE DISTRICT dba SONOMA VALLEY HOSPITAL (“**SVH**”) AND KELLY MATHER, CHIEF EXECUTIVE OFFICER (“**CEO**”).

**ARTICLE 1. POSITION AND DUTIES**

- (b) **Duties.** It is agreed that from the period between September 1, 2020 and December 31, 2020, that your employment will decrease to 50% time.

**ARTICLE 2. COMPENSATION AND BENEFITS**

- (a) **Base Salary.** It is agreed that your base salary will decrease to 50% of your current salary.
- (b) **Participation in Employee Benefit Plans.** It is agreed that you will continue to participate in all employee benefit plans until December 31, 2020. It is also agreed that your immediate family members, currently enrolled, will continue to be covered in the hospital-sponsored health insurance plan(s) until December 31, 2020.
- (e) **Car Allowance.** It is agreed that the \$1000 car allowance per month is eliminated.

**ARTICLE 4. TERM AND TERMINATION OF EMPLOYMENT.**

- (a) **Term.** This agreement shall have a term commencing on September 1, 2020 and will terminate on December 31, 2020.

All other terms of this agreement shall remain the same.

In Witness Whereof, the parties have executed this Fourth Amendment by their duly authorized representatives as set forth below.

SVH:  
Sonoma Valley Health Care District,  
dba Sonoma Valley Hospital

CEO:  
Kelly Mather

BY: \_\_\_\_\_  
Jane Hirsch, Board Chair

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_



**To:** SVHCD Board of Directors  
**Meeting Date:** August 6, 2020  
**Prepared by:** Jane Hirsch, Board Chair  
**Agenda Item Title:** CEO Search Committee

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**Recommendation:**

That the Board approve the proposed slate of individuals to serve on the Search Committee to replace the SVH CEO.

**Background:**

Kelly Mather will be leaving her position as the SVH CEO at the end of December 2020. It is important to undertake the search for a new CEO as quickly as possible, and it is important to identify individuals to serve on a Search Committee that represent both SVH and our community. As such, the following people have been asked to serve, and have all expressed interest and willingness, if approved by the Board:

- **Chair:** Joshua Rymer, First Vice-Chair, SVHCD Board of Directors
- Bill Boerum, Treasurer, SVHCD Board of Directors
- Sabrina Kidd, MD, SVH Chief Medical Officer
- Andrew Solomon, MD, SVH Chief of Anesthesia and Chief of Staff-Elect
- Marilyn Kelly, Community Member
- Cherie Hughes, Community Member and SVHF Board Member
- Shelby Decosta, President, UCSF Health Affiliates Network & Chief Strategy Officer

**Attachments:**

None



**To:** SVHCD Board of Directors  
**From:** Sabrina Kidd, MD  
**Meeting Date:** August 6, 2020  
**Subject:** CMO Report

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1. July Highlights included:

- a. COVID-19: The Incident Command Center (ICC) is open in a limited form. All service lines remain fully open. Surgeries remain below normal volumes. We remain prepared for a surge at any time. Inpatient census has averaged 10-15 patients per day. Highlights include:

- i. We held a virtual Townhall for all staff on COVID-19.
- ii. Virtual Community Townhall with Vintage House 7-30-2020.
- iii. PPE (Personal protective equipment) / Supplies:
  1. We continue all re-use protocols and have an adequate supply for patient care.
  2. We continue a universal masking policy for all staff and visitors.
  3. We purchased a 4<sup>th</sup> ventilator.

iv. Testing:

1. Some supplies have new shortages nationwide & the county and state have provided tiered testing guidelines that are now an order.
2. We continue drive thru testing for pre-op patients for SVH and UCSF as well as with a physician order for patients who meet county / state criteria.
3. Testing is currently through UCSF with 24-48 hour turnaround times.
4. We expect in house PCR supplies (Aries machine) to arrive August 7. This will take 1-2 weeks to set up.
5. We are finalizing the set up for in house antibody testing for diagnostic purposes.
6. New expedited process for testing Crisis Stabilization Unit (CSU) patients through the county.

v. Therapies:

1. We are able to offer Remdesivir, Convalescent Plasma, and Dexamethasone at SVH.

- b. GI Services: We are beginning more in depth talks with MarinHealth & UCSF for telemedicine and a transfer protocol.
  - c. Med-Surg Unit Updates:
    - i. New IV pump roll-out successful
    - ii. Four additional air scrubbers were purchased to convert 4 additional med-surg rooms to negative pressure isolation rooms. This was also done to several ICU rooms last month.
    - iii. Numerous preparations relating to construction which require moving of patients for crane picks and planned power outage.
  - d. New Order sets created / updated:
    - i. ETOH withdrawal
    - ii. COVID-19 related
2. Medical Staff:
- a. Quarterly meeting will be held virtually on August 11.
3. Quality Events:
- a. We reported an unusual occurrence to CDPH.
  - b. We reported presumed in house transmission of COVID-19 to CDPH.



**To:** SVHCD Board of Directors  
**From:** Kelly Mather  
**Date:** 7/31/2020  
**Subject:** Administrative Report

**Summary**

We ended Fiscal Year 2020 on a very good note, despite managing under the pandemic. The inpatient volumes have been higher than usual in July and we are definitely experiencing the increase in demand due to COVID 19. Staff are doing a great job, especially the team who has stepped up to offer testing to our patients. The announcement of my decision to take a new role seemed to go well and I feel blessed to have had the opportunity to serve at SVH.

**Update from FY 2020 Strategic Plan:**

Strategic Priorities	Update
Exceed Community Expectations especially in Emergency Services	<ul style="list-style-type: none"> <li>➤ We have a new Director of Emergency Services and this will go a long way in providing resources to the nursing team and increasing teamwork in the ER.</li> <li>➤ As the pandemic continues all services are available, and we have enough PPE for the staff. The Emergency volumes have been steady.</li> <li>➤ The new Brand strategy is underway with a focus more on our compassionate staff than our buildings.</li> </ul>
Create UCSF Health Outpatient Center	<ul style="list-style-type: none"> <li>➤ The CT (Project 1) will be complete this fall and we have closed out Projects 0, 2 and 4. The MRI (Project 3) costs were a bit higher than expected but we are asking the Board for approval of this project in August.</li> <li>➤ We have completed the Capital Campaign and have raised \$21 million needed to bring in the advanced imaging state-of-the-art technology. The MRI should be complete next summer. We probably will not have the funds to move Cardiology next to the ODC.</li> <li>➤ We held our quarterly strategy meeting with UCSF today. Their Affiliates Network structure is almost in place. Due the many opportunities and requests for UCSF services and physicians, they have a consultant assessing what is best for Sonoma and the North Bay in a more global way.</li> <li>➤ We are working with MarinHealth (UCSF affiliate) directly on the Gastroenterology solution.</li> </ul>
Become a 5 Star Hospital	<ul style="list-style-type: none"> <li>➤ The new approach to patient and staff satisfaction called “Human Experience” action plan is underway. This will take 12 – 18 months to hard wire.</li> <li>➤ Our strategy to improve staff TRUST through “Values in Action” by recognizing staff based on the values, increasing rounding and feedback loops and improving recruitment, selection and on-boarding is already improving the culture.</li> <li>➤ With the pandemic, we find a need for more rewards and fun for staff. Our first Wellness Wednesday was a success.</li> </ul>
Provide Access to Excellent Physicians	<ul style="list-style-type: none"> <li>➤ We have two excellent candidates for the PCP position starting in 2021.</li> <li>➤ As UCSF takes a fresh look at a system wide approach for placing physicians, Sonoma will continue to focus on telehealth options for all specialists.</li> <li>➤ The accreditation survey for Bariatrics will not happen until 2021.</li> </ul>
Healthy Hospital	<ul style="list-style-type: none"> <li>➤ The Incident Command team is doing an excellent job, especially with communication and teamwork.</li> </ul>

## JUNE 2020

			National Benchmark
<b>Patient Experience</b>	<b>Current Performance</b>	<b>FY 2020 Goal</b>	
Would Recommend Hospital	80%	> 70 percent	50th percentile
Inpatient Q Review Rating	4.77	4.5	3.8
Outpatient Services	4.82	4.5	3.8
Emergency Department	4.6	4.5	3.8
<b>Quality &amp; Safety</b>	<b>YTD Performance</b>	<b>FY 2020 Goal</b>	<b>Benchmark</b>
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	2.7/10,000 pt days
Patient Safety Indicator	.76	<1	<1
Heart Failure Mortality Rate	11.7%	12%	12.9%
Pneumonia Mortality Rate	17.5%	20%	15.6%
Stroke Mortality Rate	15.1%	15%	13.8%
Sepsis Mortality Rate	7.3%	<18%	25%
30 Day All- Cause Readmissions	14.1%	< 15.3 %	< 15%
Serious Safety Events	1	0	0
Falls	2	< 2.3	2.3
Pressure Ulcers	4.5	<3.7	3.7
Injuries to Staff	12	< 10	17
Adverse Drug Events with Harm	0	0	0
Reportable HIPAA Privacy Events	0	0	0
Case Mix Index		1.4	1.3
Hospital Star Rating	4	4	3
<b>Staff Satisfaction</b>	<b>Performance</b>	<b>FY 2020 Goal</b>	<b>Benchmark</b>
Staff Pulse Survey	4.05 out of 5	>3.8	75%
Turnover	8.2%/8.2%	< 15%	< 20%
<b>Financial Stability</b>	<b>YTD Performance</b>	<b>FY 2020 Goal</b>	<b>Benchmark</b>
EBDA	17%	3%	3%
Paid FTE's	225	<235	n/a
Days Cash on Hand	81	20	30
Days in Accounts Receivable	49	45	50
Length of Stay	3.7	3.85	4.03
Funds raised by SVHF	\$21 million	\$21 million	\$1 million
<b>Strategic Growth</b>		<b>FY 2020 Goal</b>	<b>FY 2019</b>
Inpatient Discharges	862	900	984
Outpatient Visits	47,802	55,000	54,596
Emergency Visits	9784	10,000	10,181
Surgeries + Special Procedures	2226	3000	2950
Community Benefit Hours	1332	1000	1222

Note: Colors demonstrate comparison to National Benchmark



Healing Here at Home

### TRENDED MONTHLY RESULTS

MEASUREMENT	Goal FY 2020	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020
FY YTD Turnover	<15%	1.7	2.6	3.9	3.9	4.8	5.6	5.6	6	7.3	7.3	8.2	8.2
Leave of Absences	<12	14	13	8	11	15	16	13	9	11	13	13	9
EBDA	>3%	56.1	-4	-1.1	-.3	.4	4.5	16.1	10.5	25.7	-13.9	253	-8.9
Operating Revenue	>3.5m	3.7	3.7	3.6	3.8	3.7	4.0	5.4	4.1	8.3	2.8	1.3	3.4
Expense Management	<4.5m	4.2	4.2	4.2	4.3	4.2	4.4	5.1	4.4	6.8	3.7	3.8	4.5
Net Income	>50k	2.3m	-93	36	-76	101	180	873	307	2351	-297	3600	-565
Days Cash on Hand	>20	38	36	28	22.5	16.9	17.9	20.4	15.7	15.6	43.1	87.1	81
Receivable Days	<50	42	42	44	46.2	44	44	38	42.5	36.9	35.5	44	49
Accounts Payable Days	>50	53	40	41	45	43	43	42	42.2	53.4	41.9	35.2	40.7
Accounts Payable	<\$3m	3.5	2.6	2.7	3.1	2.9	2.9	2.9	3.0	3.7	2.9	2.4	2.8
Total Paid FTE's	<235	226	226	235	233	230	230	230	231	236	190	205	225
Inpatient Discharges	>80	72	76	71	90	90	87	79	86	63	39	44	65
Patient Days	>300	269	240	312	351	319	336	321	286	218	156	179	238
Observation Days	<20	11	19	17	21	18	29	12	16	16	13	9	16
Average Daily Census	>10	8.7	7.7	10.4	11.3	10.6	10.8	10.4	9.9	7	5.2	5.8	7.9
Outpatient Revenue	>\$15m	16.1	15.7	16.4	16.1	15.9	16.3	17.3	16.3	12.3	7.1	10.5	14.6
Surgeries	>150	156	160	143	187	193	152	150	145	80	17	34	116
Special Procedures	>75	85	81	74	74	72	57	58	79	43	1	8	46
Emergency Visits	>900	1001	975	939	973	880	984	953	972	745	529	645	695
MRI	>120	122	127	138	147	145	159	138	146	70	39	68	116
Cardiology (Echos)	>85	115	67	74	107	46	85	83	68	52	35	52	70
Laboratory	>12	11.3	11.3	10.4	11.0	11.3	11.3	11.6	10.9	8.7	5.5	8.5	11.1
Radiology	>900	1005	983	980	1035	888	1033	1113	934	684	420	572	797
Rehab	>2300	1958	2928	2135	2010	2207	2181	2422	2119	1626	566	1182	1984
CT	>350	413	433	378	406	356	433	429	388	335	263	367	401
Mammography	>200	223	243	222	250	219	216	172	243	243	15	87	228
Ultrasound	>250	281	270	280	244	255	251	234	238	198	110	163	272
Occupational Health	>675	750	737	530	753	535	660	517	572	544	392	380	462
Wound Care	>275	329	316	247	226	237	294	252	233	201	140	112	164



**To:** SVH Finance Committee  
**From:** Ken Jensen, CFO  
**Date:** July 28, 2020  
**Subject:** Financial Report for the Month Ending June 30, 2020 – Pre-Audit Financials

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The month of June reflected an increase in revenue and volume compared to the COVID months from mid-March through May. However, the impact of the COVID situation still had a negative effect on volume and has resulted in a decrease in net revenue of \$500k compared to the budget.

For the month of June the hospital's actual operating margin of (\$1,107,302) was (\$556,378) unfavorable to the budgeted operating margin of (\$550,924). This included a \$250,000 increase in unemployment costs imposed by the State. After accounting for all other activity; the net loss for June was (\$190,227) vs. the budgeted net income of \$108,497 with a monthly EBDA of (8.9%) vs. a budgeted 0.1%.

**Gross patient revenue** for June was \$19,698,844; (\$2,591,704) under budget. Inpatient gross revenue was under budget by (\$1,657,051). Inpatient days were under budget by (81) days and inpatient surgeries were under budget by (4) cases. Outpatient gross revenue was under budget by (\$900,255). Outpatient visits were under budgeted expectations by (896) visits, outpatient surgeries were under budget by (44) cases, and special procedures were under budget by (38) cases. The Emergency Room gross revenue was under budget by (\$34,398) with ER visits under budgeted expectations by (269) visits. We saw higher acuity charges in the ER in June with higher than average charges in CT Scans and lab.

**Deductions from revenue** were favorable to budgeted expectations by \$2,190,484 due to the decreased volumes. The hospital received \$120,682 in NDPH-IGT funds (Non-Designated Public Hospital).

After accounting for all other operating revenue, the **total operating revenue** was unfavorable to budgeted expectations by (\$418,394).

**Operating Expenses** of \$4,552,468 were unfavorable to budget by (\$137,984). Salaries and wages and agency fees were under budget by \$74,451 due to flexing both clinical and non-clinical staff due to low volumes. Employee benefits were over budget by (\$217,599) due to accrual of CAHHS UI invoice of \$290,760 that reflects the increased unemployment claims filed by SVH employees during 2020 2<sup>nd</sup> quarter. Professional fees were under budget by \$37,647 partly due to clinic physician costs being under budgeted expectations and a decrease in Prima support. Supplies are under budget by \$45,108 due to



lower volumes. There was a matching fee of \$62,198 for the NDPH-IGT. Total expenses in the month of June related to Covid-19 is \$56,244.

After accounting for all income and expenses, but not including Restricted Contributions and GO bond activity, the net loss for June was (\$565,319) vs. a budgeted net loss of (\$264,664). The hospital received \$211,791 in donations from the Sonoma Valley Hospital Foundation primarily for the Outpatient Diagnostic Center costs. The total net loss for June after all activity was (\$190,227) vs. a budgeted net income of \$108,497.

EBDA for the month of June was (8.9%) vs. the budgeted 0.1%.

#### Patient Volumes – June

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	65	84	-19	66
Acute Patient Days	238	319	-81	220
Observation Days	16	0	16	3
OP Gross Revenue	\$14,583	\$15,518	(\$935)	\$15,141
Surgical Cases	116	164	-48	157

#### Gross Revenue Overall Payer Mix – June

	ACTUAL	BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Medicare	37.3%	41.5%	-4.2%	41.0%	41.6%	-0.6%
Medicare Mgd Care	14.6%	14.0%	0.6%	14.5%	14.1%	0.4%
Medi-Cal	21.7%	17.6%	4.1%	17.8%	17.6%	0.2%
Self-Pay	1.1%	1.5%	-0.4%	1.8%	1.5%	0.3%
Commercial	21.2%	21.0%	0.2%	21.5%	20.9%	0.6%
Workers Comp	3.8%	2.4%	1.4%	2.7%	2.3%	0.4%
Capitated	0.3%	2.0%	-1.7%	0.7%	2.0%	-1.3%
Total	100.0%	100.0%		100.0%	100.0%	

#### Cash Activity for June:

For the month of June the cash collection goal was \$1,548,321 and the Hospital collected \$2,465,918 or over the goal by \$917,597. The year-to-date cash collection goal was \$41,454,850 and the Hospital has collected \$40,678,298 or under goal by (\$776,552).

	CURRENT MONTH	PRIOR MONTH	VARIANCE	PRIOR YEAR
Days of Cash on Hand – Avg.	81.0	87.1	-6.1	35.0
Accounts Receivable Days	49.1	44.2	4.9	43.0
Accounts Payable	\$2,817,952	\$2,417,235	\$400,717	\$4,242,741
Accounts Payable Days	40.7	35.2	5.5	53.5

**Year End June 30, 2020 (Unaudited):**

After accounting for all activity, the Fiscal Year ended with a net gain of \$9,449,351 vs. a budgeted net income of \$4,903,590. EBIDA ended at \$8,177,097 or 17.0% vs. budgeted at \$3,632,151, or 7.3%. Accounts Payable at year end was \$2,817,952 vs. \$4,242,741 at the end of last fiscal year. Total cash at June 30, 2020, was \$11,054,230 vs. \$5,651,698 at June 30, 2019.

At fiscal year-end June 30, 2020, the gross patient revenue is under budget by (\$20,817,912) with the inpatient gross revenue under budget by (\$16,558,396), outpatient gross revenue under budget by (\$8,347,038), and ER gross revenue over budget by \$4,087,522. The fiscal year-end June 30, 2020, revenue deductions were favorable to budget by \$18,823,673. Of the variance, \$1,941,208 is from the prior period adjustments or IGT payments.

During fiscal year 2020 the hospital received \$7,739,238 in governmental supplemental program payments which were offset by matching fees of (\$2,827,534) for a net of \$4,911,704.

At fiscal year-end June 30, 2020, expenses are under budget by \$39,026. At year-end total people costs were under budget by \$673,314. Salaries, wages, and agency fees were under budget by \$787,628 primarily due to flexing both clinical and non-clinical staff due to lower volumes during the months of March through June in response to the COVID pandemic and a decrease use in registry in the ICU, ER, and Radiology. Employee benefits are over budget by (\$114,314) due to June's accrual of CAHHS UI invoice of \$290,760 that reflects the increased unemployment claims filed by SVH employees during 2020 2<sup>nd</sup> quarter. Physician and Professional fees were under budget by \$206,706 primarily due to clinic physician costs being under budgeted expectations by \$121,048. Supplies were under budget by \$272,932 primarily in clinical departments due to the lower volumes in March through June. Purchased Services were over budget by (\$159,527) primarily in Information Systems (\$129,896) and in Quality (\$52,225). Interest expense is under budget by \$206,723 due to the early pay out of the 2<sup>nd</sup> Celtic lease and a decrease in vendor interest paid. The hospital had IGT matching fees of \$2,827,534 that were over budget by (\$1,266,505).

Non-Operating Revenue: During fiscal year 2020 the hospital recorded a gain on the sale of the south lot in the amount of 2,005,303. Furthermore, due to the COVID-19 pandemic the hospital received \$5,606,012 from the CARES Act funding.

The hospital received \$2,426,231 from the Sonoma Valley Hospital Foundation primarily for the Outpatient diagnostic center.

**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 June 30, 2020**

ATTACHMENT A

YTD

<b>Gross Revenue:</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>
Medicare	7,327,940	9,257,978	-1,930,038	-20.8%	97,714,753	107,898,394	-10,183,641	-9.4%
Medicare Managed Care	2,883,059	3,120,475	-237,416	-7.6%	34,857,045	36,413,623	-1,556,578	-4.3%
Medi-Cal	4,269,486	3,917,236	352,250	9.0%	42,530,316	45,692,220	-3,161,904	-6.9%
Self Pay	223,044	344,660	-121,616	-35.3%	4,182,884	4,015,051	167,833	4.2%
Commercial & Other Government	4,183,506	4,681,092	-497,586	-10.6%	51,282,460	54,257,208	-2,974,748	-5.5%
Worker's Comp.	753,750	528,398	225,352	42.6%	6,457,876	6,089,047	368,829	6.1%
Capitated	58,059	440,709	-382,650	-86.8%	1,627,018	5,104,721	-3,477,703	-68.1%
<b>Total</b>	<b>19,698,844</b>	<b>22,290,548</b>	<b>(2,591,704)</b>		<b>238,652,352</b>	<b>259,470,264</b>	<b>(20,817,912)</b>	

<b>Net Revenue:</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>
Medicare	916,725	1,232,544	-315,819	-25.6%	11,834,335	14,229,651	-2,395,316	-16.8%
Medicare Managed Care	330,687	370,400	-39,713	-10.7%	3,886,546	4,322,298	-435,752	-10.1%
Medi-Cal	466,228	402,300	63,928	15.9%	4,388,068	4,692,590	-304,522	-6.5%
Self Pay	124,369	174,812	-50,443	-28.9%	2,145,645	2,036,434	109,211	5.4%
Commercial & Other Government	1,220,237	1,413,690	-193,453	-13.7%	15,619,467	16,495,027	-875,560	-5.3%
Worker's Comp.	148,640	111,069	37,571	33.8%	1,306,129	1,279,918	26,211	2.0%
Capitated	1,057	8,021	-6,964	-86.8%	33,185	92,905	-59,720	-64.3%
Prior Period Adj/IGT	159,923	56,250	103,673	184.3%	7,739,239	5,798,030	1,941,209	33.5%
<b>Total</b>	<b>3,367,866</b>	<b>3,769,086</b>	<b>(401,220)</b>	<b>-10.6%</b>	<b>46,952,614</b>	<b>48,946,853</b>	<b>(1,994,239)</b>	<b>-4.1%</b>

<b>Percent of Net Revenue:</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>
Medicare	27.3%	32.8%	-5.5%	-16.8%	25.2%	29.1%	-3.9%	-13.4%
Medicare Managed Care	9.8%	9.8%	0.0%	0.0%	8.3%	8.8%	-0.5%	-5.7%
Medi-Cal	13.8%	10.7%	3.1%	29.0%	9.3%	9.6%	-0.3%	-3.1%
Self Pay	3.7%	4.6%	-0.9%	-19.6%	4.6%	4.2%	0.4%	9.5%
Commercial & Other Government	36.2%	37.5%	-1.3%	-3.5%	33.2%	33.7%	-0.5%	-1.5%
Worker's Comp.	4.4%	2.9%	1.5%	51.7%	2.8%	2.6%	0.2%	7.7%
Capitated	0.1%	0.2%	-0.1%	-50.0%	0.1%	0.2%	-0.1%	-50.0%
Prior Period Adj/IGT	4.7%	1.5%	3.2%	213.3%	16.5%	11.8%	4.7%	39.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>

<b>Projected Collection Percentage:</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>
Medicare	12.5%	13.3%	-0.8%	-6.0%	12.1%	13.2%	-1.1%	-8.3%
Medicare Managed Care	11.5%	11.9%	-0.4%	-3.4%	11.1%	11.9%	-0.8%	-6.7%
Medi-Cal	10.9%	10.3%	0.6%	5.8%	10.3%	10.3%	0.0%	0.0%
Self Pay	55.8%	50.7%	5.1%	10.1%	51.3%	50.7%	0.6%	1.2%
Commercial & Other Government	29.2%	30.2%	-1.0%	-3.3%	30.5%	30.4%	0.1%	0.3%
Worker's Comp.	19.7%	21.0%	-1.3%	-6.2%	20.2%	21.0%	-0.8%	-3.8%

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

**ATTACHMENT B**

	<u>CURRENT MONTH</u>				<u>YEAR-TO-DATE</u>			<u>YTD</u>
	<u>Actual 06/30/20</u>	<u>Budget 06/30/20</u>	<u>Favorable (Unfavorable) Variance</u>		<u>Actual 06/30/20</u>	<u>Budget 06/30/20</u>	<u>Favorable (Unfavorable) Variance</u>	<u>Prior Year 06/30/19</u>
<b>Inpatient Utilization</b>								
<b>Discharges</b>								
1	44	71	(27)	Med/Surg	669	856	(187)	871
2	21	13	8	ICU	193	152	41	152
3	65	84	(19)	Total Discharges	862	1,008	(146)	1,023
<b>Patient Days:</b>								
4	153	238	(85)	Med/Surg	2,252	2,855	(603)	2,870
5	85	81	4	ICU	973	973	-	971
6	238	319	(81)	Total Patient Days	3,225	3,828	(603)	3,841
7	16	-	16	<b>Observation days</b>	197	-	197	100
<b>Average Length of Stay:</b>								
8	3.5	3.4	0.1	Med/Surg	3.4	3.3	0.0	3.3
9	4.0	6.2	(2.2)	ICU	5.0	6.4	(1.4)	6.4
10	3.7	3.8	(0.1)	Avg. Length of Stay	3.7	3.8	(0.1)	3.8
<b>Average Daily Census:</b>								
11	5.1	7.9	(2.8)	Med/Surg	6.2	7.8	(1.6)	7.8
12	2.8	2.7	0.1	ICU	2.7	2.7	-	2.7
13	7.9	10.6	(2.7)	Avg. Daily Census	8.8	10.5	(1.6)	10.5
<b>Other Utilization Statistics</b>								
<b>Emergency Room Statistics</b>								
14	695	964	(269)	Total ER Visits	9,784	11,134	(1,350)	10,181
<b>Outpatient Statistics:</b>								
15	4,023	4,919	(896)	Total Outpatients Visits	47,802	56,592	(8,790)	54,596
16	23	27	(4)	IP Surgeries	244	330	(86)	319
17	93	137	(44)	OP Surgeries	1,304	1,573	(269)	1,628
18	46	84	(38)	Special Procedures	678	963	(285)	1,003
19	250	362	(112)	Adjusted Discharges	3,221	4,280	(1,059)	3,763
20	916	1,049	(133)	Adjusted Patient Days	12,030	12,311	(281)	25,371
21	30.5	35.0	(4.4)	Adj. Avg. Daily Census	32.9	33.6	(0.8)	69.3
22	1.3867	1.4000	(0.013)	Case Mix Index - Medicare	1.3923	1.4000	(0.008)	1.5294
23	1.4420	1.4000	0.042	Case Mix Index - All payers	1.5170	1.4000	0.117	1.5545
<b>Labor Statistics</b>								
24	208	221	13	FTE's - Worked	203	217	14.4	256
25	224	247	23	FTE's - Paid	225	243	17.8	285
26	46.42	43.94	(2.48)	Average Hourly Rate	45.24	43.47	(1.76)	43.01
27	7.35	7.06	(0.29)	FTE / Adj. Pat Day	6.85	7.22	0.37	4.11
28	41.9	40.2	(1.6)	Manhours / Adj. Pat Day	39.0	41.1	2.1	23.4
29	153.3	116.7	(36.6)	Manhours / Adj. Discharge	145.7	118.3	(27.3)	157.8
30	35.0%	22.8%	-12.1%	Benefits % of Salaries	23.9%	23.1%	-0.8%	22.8%
<b>Non-Labor Statistics</b>								
31	15.4%	14.2%	-1.1%	Supply Expense % Net Revenue	15.4%	14.1%	-1.3%	11.9%
32	1,983	1,496	(487)	Supply Exp. / Adj. Discharge	1,911	1,502	(409)	1,841
33	18,575	12,500	(6,075)	Total Expense / Adj. Discharge	17,229	12,989	(4,240)	16,869
<b>Other Indicators</b>								
34	79.1			Days Cash - Operating Funds				
35	49.1	50.0	(0.9)	Days in Net AR	42.8	50.0	(7.2)	42.6
36	165%			Collections % of Net Revenue	98%			101.2%
37	40.7	55.0	(14.3)	Days in Accounts Payable	40.7	55.0	(14.3)	50.3
38	16.4%	17.1%	-0.7%	% Net revenue to Gross revenue	16.8%	17.6%	-0.8%	21.4%
39	16.5%			% Net AR to Gross AR	16.5%			21.4%

**Sonoma Valley Health Care District**  
**Balance Sheet**  
**As of June 30, 2020**  
**UNAUDITED**

**ATTACHMENT C**

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
<b>Assets</b>			
Current Assets:			
1 Cash	\$ 1,818,218	\$ 1,763,015	\$ 3,450,014
2 Cash - Money Market	9,236,012	10,235,586	2,201,684
3 Net Patient Receivables	5,051,741	4,339,211	7,126,897
4 Allow Uncollect Accts	(920,518)	(824,014)	(1,185,346)
5 Net A/R	4,131,223	3,515,197	5,941,551
6 Other Accts/Notes Rec	1,189,297	89,180	46,675
7 Parcel Tax Receivable	3,914,617	114,617	3,900,099
8 GO Bond Tax Receivable	3,149,020	(160,080)	3,104,782
9 3rd Party Receivables, Net	311,155	535,012	1,171,358
10 Inventory	857,879	984,566	901,652
11 Prepaid Expenses	764,657	626,219	1,120,165
12 Total Current Assets	\$ 25,372,078	\$ 17,703,312	\$ 21,837,980
13 Property, Plant & Equip, Net	\$ 49,262,661	\$ 49,304,171	\$ 50,868,938
14 Trustee Funds - GO Bonds	5,527,714	5,527,015	5,016,479
15 Other Assets	-	-	-
16 Total Assets	\$ 80,162,453	\$ 72,534,498	\$ 77,723,397
<b>Liabilities &amp; Fund Balances</b>			
Current Liabilities:			
17 Accounts Payable	\$ 2,817,952	\$ 2,417,235	\$ 4,242,741
18 Accrued Compensation	4,062,693	3,538,088	3,670,842
19 Interest Payable - GO Bonds	477,140	381,709	503,825
20 Accrued Expenses	1,547,979	1,390,721	1,746,367
21 Advances From 3rd Parties	-	-	297,936
22 Deferred Parcel Tax Revenue	3,800,000	316,655	6,904,781
23 Deferred GO Bond Tax Revenue	3,309,092	258,737	-
24 Current Maturities-LTD	339,750	343,332	544,598
25 Line of Credit - Union Bank	5,473,734	5,473,734	6,723,734
26 Other Liabilities	148,936	34,636	201,386
27 Total Current Liabilities	\$ 21,977,276	\$ 14,154,847	\$ 24,836,210
28 Long Term Debt, net current portion	\$ 28,656,540	\$ 28,660,787	\$ 32,811,420
29 Fund Balances:			
30 Unrestricted	\$ 20,233,704	\$ 20,635,722	\$ 13,207,065
31 Restricted	9,294,933	9,083,142	6,868,702
32 Total Fund Balances	\$ 29,528,637	\$ 29,718,864	\$ 20,075,767
33 Total Liabilities & Fund Balances	\$ 80,162,453	\$ 72,534,498	\$ 77,723,397

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

ATTACHMENT D

	Month					Year-To-Date				YTD	
	This Year		Variance			This Year		Variance			Prior Year
	Actual		\$	%		Actual	Budget	\$	%		
<b>1</b>	65	84	(19)	-23%							
<b>2</b>	238	319	(81)	-25%							
<b>3</b>	16	-	16	0%							
<b>4</b>	14,583	15,518	(935)	-6%							
					<b>Volume Information</b>						
					Acute Discharges	862	1,008	(146)	-14%	1,023	
					Patient Days	3,225	3,828	(603)	-16%	3,841	
					Observation Days	197	-	197	*	13	
					Gross O/P Revenue (000's)	174,576	178,835	(4,261)	-2%	\$ 179,269	
					<b>Financial Results</b>						
					<b>Gross Patient Revenue</b>						
<b>5</b>	\$ 5,115,406	\$ 6,772,457	(1,657,051)	-24%	Inpatient	\$ 64,076,827	\$ 80,635,223	(16,558,396)	-21%	\$ 92,767,382	
<b>6</b>	8,338,890	9,239,145	(900,255)	-10%	Outpatient	97,942,850	106,289,888	(8,347,038)	-8%	103,234,884	
<b>7</b>	6,244,548	6,278,946	(34,398)	-1%	Emergency	76,632,675	72,545,153	4,087,522	6%	76,095,407	
<b>8</b>	\$ 19,698,844	\$ 22,290,548	(2,591,704)	-12%	<b>Total Gross Patient Revenue</b>	\$ 238,652,352	\$ 259,470,264	(20,817,912)	-8%	\$ 272,097,673	
					<b>Deductions from Revenue</b>						
<b>9</b>	(16,406,301)	(18,404,040)	1,997,739	11%	Contractual Discounts	\$ (197,180,911)	\$ (214,237,377)	17,056,466	8%	\$ (221,461,298)	
<b>10</b>	(80,000)	(150,000)	70,000	47%	Bad Debt	(2,130,000)	(1,800,000)	(330,000)	-18%	(1,980,000)	
<b>11</b>	(4,600)	(23,672)	19,072	81%	Charity Care Provision	(128,065)	(284,064)	155,999	55%	(299,536)	
<b>12</b>	159,923	56,250	103,673	*	Prior Period Adj/Government Program Revenue	7,739,238	5,798,030	1,941,208	*	9,205,478	
<b>13</b>	\$ (16,330,978)	\$ (18,521,462)	2,190,484	-12%	<b>Total Deductions from Revenue</b>	\$ (191,699,738)	\$ (210,523,411)	18,823,673	-9%	\$ (214,535,356)	
<b>14</b>	\$ 3,367,866	\$ 3,769,086	(401,220)	-11%	<b>Net Patient Service Revenue</b>	\$ 46,952,614	\$ 48,946,853	(1,994,239)	-4%	\$ 57,562,317	
<b>15</b>	\$ 22,883	\$ 35,682	(12,799)	-36%	Risk contract revenue	\$ 287,390	\$ 428,184	(140,794)	-33%	\$ 755,801	
<b>16</b>	\$ 3,390,749	\$ 3,804,768	(414,019)	-11%	Net Hospital Revenue	\$ 47,240,004	\$ 49,375,037	(2,135,033)	-4%	\$ 58,318,118	
<b>17</b>	\$ 54,417	\$ 58,792	(4,375)	-7%	Other Op Rev & Electronic Health Records	\$ 803,768	\$ 705,592	98,176	14%	\$ 499,083	
<b>18</b>	\$ 3,445,166	\$ 3,863,560	(418,394)	-11%	<b>Total Operating Revenue</b>	\$ 48,043,772	\$ 50,080,629	(2,036,857)	-4%	\$ 58,817,201	
					<b>Operating Expenses</b>						
<b>19</b>	\$ 1,780,952	\$ 1,855,403	74,451	4%	Salary and Wages and Agency Fees	\$ 21,230,039	\$ 22,017,667	787,628	4%	\$ 25,542,835	
<b>20</b>	884,696	667,097	(217,599)	-33%	Employee Benefits	8,090,533	7,976,219	(114,314)	-1%	9,069,787	
<b>21</b>	\$ 2,665,648	\$ 2,522,500	(143,148)	-6%	Total People Cost	\$ 29,320,572	\$ 29,993,886	673,314	2%	\$ 34,612,622	
<b>22</b>	\$ 399,522	\$ 437,169	37,647	9%	Med and Prof Fees (excl Agency)	\$ 5,030,534	\$ 5,237,240	206,706	4%	\$ 5,669,261	
<b>23</b>	496,088	541,196	45,108	8%	Supplies	6,156,357	6,429,289	272,932	4%	6,928,535	
<b>24</b>	376,246	363,217	(13,029)	-4%	Purchased Services	4,588,873	4,429,346	(159,527)	-4%	4,863,412	
<b>25</b>	258,147	266,763	8,616	3%	Depreciation	3,108,252	3,201,156	92,904	3%	3,392,235	
<b>26</b>	116,301	107,964	(8,337)	-8%	Utilities	1,187,112	1,224,735	37,623	3%	1,172,034	
<b>27</b>	40,602	39,588	(1,014)	-3%	Insurance	466,478	474,990	8,512	2%	441,379	
<b>28</b>	17,050	40,745	23,695	58%	Interest	342,151	548,874	206,723	38%	643,008	
<b>29</b>	120,666	95,342	(25,324)	-27%	Other	1,214,407	1,180,751	(33,656)	-3%	1,296,235	
<b>30</b>	62,198	-	(62,198)	*	Matching Fees (Government Programs)	2,827,534	1,561,029	(1,266,505)	-81%	2,796,223	
<b>31</b>	\$ 4,552,468	\$ 4,414,484	(137,984)	-3%	<b>Operating expenses</b>	\$ 54,242,270	\$ 54,281,296	39,026	0%	\$ 61,814,944	
<b>32</b>	\$ (1,107,302)	\$ (550,924)	\$ (556,378)	-101%	<b>Operating Margin</b>	\$ (6,198,498)	\$ (4,200,667)	(1,997,831)	-48%	\$ (2,997,743)	

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

ATTACHMENT D

	Month				Year-To- Date				YTD
	This Year		Variance		This Year		Variance		Prior Year
	Actual		\$	%	Actual	Budget	\$	%	
<b>33</b>	\$ 225,316	\$ (18,369)	243,685	-1327%					
<b>34</b>	-	1,378	(1,378)	-100%	\$ 7,566,365	\$ 976,144	6,590,221	*	\$ (151,534)
<b>35</b>	0	(13,416)	13,416	-100%	13,746	16,506	(2,760)	17%	16,613
<b>36</b>	316,667	316,667	-	0%	(107,328)	(160,992)	53,664	-33%	(449,864)
<b>37</b>	0	0	-	0%	3,800,004	3,800,004	-	0%	3,781,005
<b>38</b>	\$ 541,983	\$ 286,260	255,723	89%	(5,444)	0	(5,444)	0%	0
					<b>\$ 11,267,343</b>	<b>\$ 4,631,662</b>	<b>6,641,125</b>	<b>*</b>	<b>\$ 3,196,220</b>
<b>39</b>	\$ (565,319)	\$ (264,664)	(300,655)	114%	<b>Net Income / (Loss) prior to Restricted Contributions</b>				<b>\$ 198,477</b>
<b>40</b>	\$ -	\$ -	-	0%	\$ -	\$ -	-	0%	\$ 30,447
<b>41</b>	\$ 211,791	\$ 209,860	1,931	0%	\$ 2,426,231	\$ 2,518,320	(92,089)	100%	\$ 1,946,999
<b>42</b>	\$ (353,528)	\$ (54,804)	(298,724)	545%	<b>Net Income / (Loss) w/ Restricted Contributions</b>				<b>\$ 2,175,923</b>
<b>43</b>	163,301	163,301	-	0%	1,954,275	1,954,275	-	0%	2,059,011
<b>44</b>	\$ (190,227)	\$ 108,497	(298,724)	-275%	<b>Net Income/(Loss) w GO Bond Activity</b>				<b>\$ 4,234,934</b>
	\$ (307,172)	\$ 2,099	(309,271)		<b>EBDA - Not including Restricted Contributions</b>				<b>\$ 3,590,712</b>
	-8.9%	0.1%			17.0%	7.3%			6.1%

\* Operating Margin without Depreciation expense:

\$ (1,107,302)	\$ (550,924)	\$ (556,378)	-101%	<b>Operating Margin</b>	\$ (6,198,498)	\$ (4,200,667)	\$ (1,997,831)	-48%
258,147	266,763	8,616	3%	Add back Depreciation	3,108,252	3,201,156	92,904	3%
<b>\$ (849,155)</b>	<b>\$ (284,161)</b>	<b>\$ (547,762)</b>	<b>-199%</b>	<b>Operating Margin without Depreciation expense</b>	<b>\$ (3,090,246)</b>	<b>\$ (999,511)</b>	<b>\$ (1,904,927)</b>	<b>-209%</b>



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

**ATTACHMENT E**

<b>Operating Expenses</b>	<b>YTD Variance</b>	<b>Month Variance</b>	
Salary and Wages and Agency Fees	787,628	74,451	Salaries and Wages are under budget by \$26,364 and Agency fees are under budget by \$48,087.
Employee Benefits	(114,314)	(217,599)	PTO is under budget by \$10,395 and Employee Benefits over budget by (\$227,994) due to the accrual of CAHSS UI (CA unemployment insurance) invoice (\$290,760).
<b>Total People Cost</b>	<b>673,314</b>	<b>(143,148)</b>	
Med and Prof Fees (excl Agency)	206,706	37,647	
Supplies	272,932	45,108	Supplies under budget due to lower volumes.
Purchased Services	(159,527)	(13,029)	
Depreciation	92,904	8,616	
Utilities	37,623	(8,337)	
Insurance	8,512	(1,014)	
Interest	206,723	23,695	
Other	(33,656)	(25,324)	Dues and Subscriptions were over budget in Administration by \$17,685 due to reconciliation of the annual DHLF invoice posted to prepaid.
Matching Fees (Government Programs)	(1,266,505)	(62,198)	NDPH IGT matching payment.
<b>Operating expenses</b>	<b>39,026</b>	<b>(137,984)</b>	

Sonoma Valley Hospital  
Cash Forecast  
FY 2020

	Actual July	Actual Aug	Actual Sept	Actual Oct	Actual Nov	Actual Dec	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	TOTAL
<b>Hospital Operating Sources</b>													
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	2,443,885	2,715,524	43,661,589
2 Capitation Revenue	26,337	24,434	24,943	24,298	25,643	26,005	24,819	19,835	23,554	23,556	21,083	22,883	287,390
3 Napa State	2,565	983	6,153	17,109	18,240	49,465	14,872	-	142	2,063	9,427	-	121,019
4 Other Operating Revenue	27,168	113,630	31,381	162,702	77,470	51,209	86,697	148,851	96,064	83,650	98,050	170,072	1,146,943
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	9,025	18,270	268,585
6 Unrestricted Contributions	12,593		755	3,263	6,219	2,765	10,214	1,550	545	24,128	285	2,273	64,590
7 Line of Credit													-
<b>Sub-Total Hospital Sources</b>	<b>4,375,074</b>	<b>3,929,990</b>	<b>3,871,668</b>	<b>3,967,650</b>	<b>3,815,852</b>	<b>4,554,869</b>	<b>4,442,921</b>	<b>3,909,763</b>	<b>4,241,285</b>	<b>2,930,267</b>	<b>2,581,755</b>	<b>2,929,022</b>	<b>45,550,117</b>
<b>Hospital Uses of Cash</b>													
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	4,172,559	4,281,159	53,920,158
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	74,070	7,830	1,042,743
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	335,520	209,616	2,576,434
<b>Total Hospital Uses</b>	<b>5,297,879</b>	<b>6,238,044</b>	<b>4,453,493</b>	<b>4,751,778</b>	<b>4,460,928</b>	<b>5,198,016</b>	<b>6,183,316</b>	<b>4,389,573</b>	<b>3,887,797</b>	<b>4,847,757</b>	<b>4,582,148</b>	<b>4,498,605</b>	<b>58,789,335</b>
<b>Net Hospital Sources/Uses of Cash</b>	<b>(922,805)</b>	<b>(2,308,055)</b>	<b>(581,825)</b>	<b>(784,129)</b>	<b>(645,076)</b>	<b>(643,147)</b>	<b>(1,740,395)</b>	<b>(479,810)</b>	<b>353,488</b>	<b>(1,917,490)</b>	<b>(2,000,393)</b>	<b>(1,569,583)</b>	<b>(13,239,218)</b>
<b>Non-Hospital Sources</b>													
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)	1,000,000	(7,031,509)
13 Restricted Capital Donations	342,251	5,000	160,473	36,918	187,550	59,628	447,224	146,675	304,401	161,937	335,520	209,616	2,397,193
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		117,500		153,156
17 IGT									1,408,802	5,481,012		120,682	7,010,496
18 IGT - AB915					31,705					1,033,318		294,488	1,359,511
19 PRIME PUB3172						135,000					229,500		364,500
<b>Sub-Total Non-Hospital Sources</b>	<b>342,251</b>	<b>730,000</b>	<b>1,712,154</b>	<b>36,918</b>	<b>219,255</b>	<b>1,802,825</b>	<b>647,224</b>	<b>146,675</b>	<b>3,848,859</b>	<b>2,399,851</b>	<b>1,106,406</b>	<b>1,624,786</b>	<b>14,617,206</b>
<b>Non-Hospital Uses of Cash</b>													
20 Matching Fees					67,500		451,221		2,314,115	114,750	62,198		3,009,784
<b>Sub-Total Non-Hospital Uses of Cash</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,500</b>	<b>-</b>	<b>451,221</b>	<b>-</b>	<b>2,314,115</b>	<b>114,750</b>	<b>62,198</b>	<b>-</b>	<b>3,009,784</b>
<b>Net Non-Hospital Sources/Uses of Cash</b>	<b>342,251</b>	<b>730,000</b>	<b>1,712,154</b>	<b>36,918</b>	<b>151,755</b>	<b>1,802,825</b>	<b>196,003</b>	<b>146,675</b>	<b>1,534,744</b>	<b>2,285,101</b>	<b>1,044,208</b>	<b>1,624,786</b>	<b>11,607,422</b>
<b>Net Sources/Uses</b>	<b>(580,553)</b>	<b>(1,578,055)</b>	<b>1,130,329</b>	<b>(747,211)</b>	<b>(493,321)</b>	<b>1,159,679</b>	<b>(1,544,392)</b>	<b>(333,135)</b>	<b>1,888,232</b>	<b>367,612</b>	<b>(956,185)</b>	<b>55,204</b>	
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	1,763,015	
<b>Operating Cash at End of Period</b>	<b>2,869,461</b>	<b>1,291,406</b>	<b>2,421,736</b>	<b>1,674,525</b>	<b>1,181,204</b>	<b>2,340,883</b>	<b>796,491</b>	<b>463,356</b>	<b>2,351,588</b>	<b>2,719,200</b>	<b>1,763,015</b>	<b>1,818,218</b>	
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	10,235,586	9,236,012	
<b>Total Cash at End of Period</b>	<b>6,128,012</b>	<b>3,825,331</b>	<b>3,455,935</b>	<b>2,708,855</b>	<b>2,216,658</b>	<b>3,875,483</b>	<b>2,131,284</b>	<b>1,798,302</b>	<b>2,586,639</b>	<b>8,954,414</b>	<b>11,998,601</b>	<b>11,054,230</b>	
<b>Average Days of Cash on Hand</b>	<b>38.82</b>	<b>36.60</b>	<b>28.00</b>	<b>22.51</b>	<b>16.89</b>	<b>17.85</b>	<b>20.38</b>	<b>15.67</b>	<b>15.61</b>	<b>53.90</b>	<b>87.11</b>	<b>81.00</b>	

June 9, 2020

The Honorable Bill Dodd  
State Capitol  
Sacramento, CA 95814

**SUBJECT: SB 977 (Monning) – OPPOSE**

Dear Senator Dodd:

California’s hospitals are dedicated to providing care to their communities 24/7 and to building a health care system that prioritizes the access to care on which patients and communities rely. Sometimes, ensuring that access requires hospitals to affiliate with another hospital to create efficiencies or transfer hospital assets to another organization. These approaches prioritize what’s best for patients — and that flexibility has never been more important than now, as hospitals like ours react to the enormous financial strain imposed by the unprecedented COVID-19 pandemic.

Senate Bill (SB) 977 (Monning) would strain access to the health care system by creating an extreme and burdensome process for transactions like mergers and affiliations. **This comes at a time when hospitals are already fighting to be there for their communities and it would result in hospital closures and the loss of health care services throughout California.**

Although financial distress is a common reason for hospitals to merge or affiliate, these arrangements also occur for myriad other reasons — financial efficiency, expanded access to services, clinical integration, better-coordinated patient care, and bolstered support for nurses and physicians. **Over the past decade, Sonoma Valley Hospital (SVH) has greatly expanded community access to physicians through its relationship with Prima Medical Group and Marin General Hospital, which has helped bring primary care and specialist physicians to Sonoma Valley. In 2018 SVH formed an affiliation with UCSF Health, the top rated medical center in California and one of the top five in the nation. While this relationship is still developing, it is already providing benefits. We have increasing access to many specialty services through telemedicine and expect to have some UCSF physicians holding clinics in Sonoma in the future. SVH’s Outpatient Diagnostic Center (currently under construction) will be a hub in the North Bay for UCSF which will increase hospital volumes and revenues. Affiliations and relationships like these are absolutely vital to the existence of small community hospitals like SVH.**

SB 977 would create a presumption that these transactions are anticompetitive, placing the burden of proof on the purchaser without due process, and effectively establishing a “guilty until proven innocent” system. Sales, affiliations, and mergers are complex and expensive investments

that require thousands of hours of work from legal, financial, operational, and clinical experts. Because of this substantive investment of time and resources, purchasers need some degree of certainty surrounding the process before undertaking such a risk. The bill gives arbitrary and absolute discretion to the attorney general to determine whether criteria are met, without clear definitions or parameters.

Such an uncertain and highly political process is certain to deter and halt these important transactions.

For these reasons, **we urge you to vote “NO” on SB 977.**

Sincerely,

A handwritten signature in black ink that reads "Kelly Mather". The signature is written in a cursive, flowing style.

Kelly Mather  
President and Chief Executive Officer

cc: The Honorable Bill Monning

July 27, 2020

The Honorable Jim Wood, D.D.S., Chair  
Assembly Health Committee  
State Capitol, Room 6005  
Sacramento, CA 95608

**SUBJECT: SB 758 (Portantino) – SUPPORT**

Dear Dr. Wood:

Sonoma Valley Health Care District dba Sonoma Valley Hospital has continued to meet the challenges of the COVID-19 pandemic. When COVID-19 hit, our hospital responded quickly by:

- Converting physical space and purchasing furniture and supplies for patient surge rooms, bringing total capacity to 59 from an existing 24
- Opening and stocking physical space for a second overflow emergency department
- Suspending procedures and services
- Purchasing additional personal protective equipment for all employees and staff
- Setting up and staffing drive-through testing seven days a week for symptomatic community members
- Setting up and staffing a daytime screening desk for all employees and patients entering the hospital
- Creating a health platform website providing COVID-19 information, protocols, and training for employees, and
- Purchasing additional laptops and IT equipment to enable administrative team managers to work remotely.

This response was unprecedented, and it has come at a high cost for all hospitals at the front lines of the COVID-19 fight. Kaufman Hall, a national, independent consulting firm with extensive health care finance expertise, [has found](#) that the COVID-19 pandemic is likely to lead to long-term changes to financial stability and care delivery in California hospitals. For our hospital this has meant incredible and continued revenue loss, while managing increased expenses.

However, the next seismic mandate looms. Our hospital has met the first requirement to withstand a major earthquake — the highest level of safety possible. Now that our building is safe for patients and employees, we must focus on the 2030 requirement to be *operational* after a major earthquake. Understanding the challenge our hospital is currently facing, **our hospital supports SB 758, which would extend the deadline for the 2030 mandate to 2037 and create**

**a stakeholder advisory committee to examine how California's health care delivery system prepares and responds to disasters of all kinds.**

A recent [RAND Corporation report](#) analyzed hospital seismic mandate costs to meet the 2030 seismic requirement. The price tag is estimated to be more than \$100 billion but may even be higher after factoring in financing and other costs. As the study notes, hospitals bear the entire financial burden for the required upgrades. **For our hospital, the costs are significant and are currently estimated to be \$120 million.**

Planning for massive infrastructure projects of this size must start now. At this time when hospitals' budgets have been crippled by the pandemic, an extension of the mandate is critical given the extensive work and expense that need to be considered. More importantly, we strongly support a state-led advisory committee to re-examine the state's response to all disasters, including a seismic event. We have learned many incredible lessons as the state is facing the current pandemic, as well as from other disasters over the past few years.

Sonoma Valley Hospital requests your support for SB 758 in Assembly Health Committee. Please feel free to contact me if you have any questions or would like to discuss this request. Thank you.

Sincerely,

A handwritten signature in black ink that reads "Kelly Mather". The signature is written in a cursive, flowing style.

Kelly Mather  
President and Chief Executive Officer

Cc: Senator Anthony Portantino  
Members, Assembly Health Committee  
Lara Flynn, Consultant, Assembly Health Committee  
Joe Shinstock, Consultant, Republican Caucus