



SVHCD FINANCE COMMITTEE

AGENDA

TUESDAY, July 28, 2020

5:00 p.m. Regular Session

TO BE HELD VIA ZOOM VIDEOCONFERENCE

To Participate Via Zoom Videoconferencing,
use the link below:

<https://zoom.us/j/94169255683?pwd=OG54L2U2ODFRYmM2NmNiODNocEJwZz09>

and Enter the **Meeting ID: 941 6925 5683**

Password: 653391

To Participate via Telephone only (no video), dial:

1-669-900-9128 or 1-669-219-2599

and Enter the **Meeting ID: 941 6925 5683**

Password: 653391

In compliance with the Americans Disabilities Act, if you require special accommodations to participate in a District meeting, please contact District Clerk Vivian Woodall at vwoodall@sonomavalleyhospital.org or (707) 935.5005 at least 48 hours prior to the meeting.	
AGENDA ITEM	RECOMMENDATION
MISSION STATEMENT <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>	
1. CALL TO ORDER/ANNOUNCEMENTS	<i>Nevins</i>
2. PUBLIC COMMENT SECTION <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Board consideration.</i>	<i>Nevins</i>
3. CONSENT CALENDAR a. Finance Committee Minutes 06.23.20	<i>Nevins</i> Inform/Action
4. OUTPATIENT DIAGNOSTIC CENTER UPDATE	<i>Mather/ Sarmiento</i> Inform
5. APPROVAL OF OUTPATIENT DIAGNOSTIC CENTER PROJECT #3 - MRI	<i>Mather</i> Inform/Action
6. FOUNDATION GUARANTEE	<i>Jensen</i> Inform/Action
7. APPROVAL OF UNISON ENERGY AGREEMENT FOR ALTERNATIVE POWER	<i>Drummond</i> Inform/Action
8. ADMINISTRATIVE REPORT JULY 2020	<i>Mather</i> Inform

9. FINANCIAL REPORT MONTH ENDED JUNE 30, 2020	<i>Jensen</i>	Inform
10. REVIEW PRE-AUDITED FY 2020 FINANCIAL REPORT	<i>Jensen</i>	Inform
11. REVIEW 4TH QUARTER CAPITAL SPENDING	<i>Jensen</i>	Inform
12. REVIEW OF HOW RATES ARE NEGOTIATED	<i>Jensen</i>	Inform
13. ADJOURN	<i>Nevins</i>	



SVHCD
FINANCE COMMITTEE MEETING
MINUTES

TUESDAY, JUNE 23, 2019
Via Zoom Teleconference

Present		Staff	Public	
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	
AGENDA ITEM		DISCUSSION	ACTIONS	FOLLOW-UP
MISSION & VISION STATEMENT <i>The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.</i>				
1. CALL TO ORDER/ANNOUNCEMENTS		<i>Nevins</i>		
		Called to order at 5:26 pm		
2. PUBLIC COMMENT SECTION		<i>Nevins</i>		
		None		
3. CONSENT CALENDAR		<i>Nevins</i>		
		The minutes of 5.26.20 and 06.16.20 were reviewed.	MOTION: by Rymer to approve, 2 nd by Grandy. All in favor.	
4. OUTPATIENT DIAGNOSTIC CENTER UPDATE		<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.		
5. ADMINISTRATIVE REPORT JUNE 2020		<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.		

6. FINANCIAL REPORT MONTH ENDED MAY 31, 2020	<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>		
7. ADJOURN	<i>Nevins</i>		
	Meeting adjourned at 5:52 p.m.		

SONOMA VALLEY HOSPITAL
 COST PROJECTIONS and FUNDING SUMMARY
 FISCAL YEAR ENDING 6/2020 SUMMARY
 DESIGN, PRECONSTRUCTION AND CONSTRUCTION
 As Reported 7/23/2020

	Through:	Jun '20
Campaign		
Fundraising Goal:	\$	21,000,000
Total Confirmed Pledges:	\$	17,825,519
Total Verbal Pledges:	\$	1,500,000
Total Cash Gifts Collected:	\$	1,674,481
Total Committed:	\$	21,000,000
Total Pledge Payments Collected:	\$	10,947,875
Total Cash Gifts Collected:	\$	1,674,481
Total Pledges & Cash Due*:	\$	12,622,356
*Includes (\$8,580) in Uncollectible Pledges.		
Project		
Total Approved Funding:		
Total Spent**:		
Total Projected Costs:	\$	5,186,375
**Includes \$464,269 in Campaign Expenses.		
Total Projected Cash In Hand***:	\$	7,462,403
***Includes \$200,000 from Women's Health and Wellness		
Available Line of Credit:	\$	-
Total	\$	7,462,403
		Jun '20
Funds		
Pledge Payments	\$	32,750
Verbal Pledges Amortized Over Span of Campaign	\$	-
Expenses		
Proj. #0 - ODC Preparation	\$	655,689
Proj. #0 - Master Facility Planning	\$	127,812
Proj. #0 - Decommissioning Study	\$	125,622
Proj. #1 CT, Waiting, Imaging Refurb	\$	1,766,719
IT/Other	\$	462,163
Proj. #2 Cardiology Equipment	\$	301,948
Proj. #3 MRI	\$	707,244
Cardio Rooms	\$	-
Proj. #4 UCSF Clinic	\$	8,386
3D Mammo	\$	566,524
Campaign Expenses	\$	464,269
Other	\$	-
Total	\$	5,186,375

Status / Issues		Finances / Budget						
Key □ Complete, ■ No Issue, ■ Likely Risk, ■ Budget or Schedule at Risk		Description	Board Approved Budget	Committed	Spent to Date	Exposure	Forecast	
Project #0 - ODC: Study Scope Complete		Project #0						
		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	
		Total	\$ 909,123	\$ 909,123	\$ 909,123	\$ -	\$ 909,123	
Project #0 - Master Planning: Study Scope Complete		Project #1						
	After Several Master Facility Planning meetings, the following was determined to be the best path forward:	CT, Waiting, Imaging Refurb	\$ 9,367,000	\$ 7,394,000	\$ 2,492,788	\$ -	\$ 7,394,000	
	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	
	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	
	Leverage UCSF affiliation to provide the framework needed to thrive in Sonoma.	Total	\$ 9,367,000	\$ 8,643,677	\$ 2,958,380	\$ 723,323	\$ 9,367,000	
	The Board and CEO to continue to dialogue about future steps to meet 2030 seismic requirements.	Project #2						
		Cardiology Equipment	\$ 330,000	\$ 316,688	\$ 301,948	\$ 13,312	\$ 330,000	
Project #0 - Decommissioning: Study Scope Complete		Project #3						
	The study of the Central and East Wings to determine the feasibility of decommissioning these wings yielded the following:	MRI	\$ 1,637,340	\$ 824,335	\$ 740,441	\$ 7,533,977	\$ 8,358,312	
	Cost of scope required for decommissioning exceeds any benefit to the hospital.	MRI Contingency	Forecasted as:	\$ -	\$ -	\$ 913,637	\$ 913,637	
	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	
		Total	\$ 1,637,340	\$ 871,870	\$ 740,441	\$ 8,482,829	\$ 9,354,699	
Project #1 - CT		Project #4						
	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	
	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.	Total	\$ 12,251,849	\$ 10,749,743	\$ 4,918,277	\$ 9,219,464	\$ 19,969,207	
	CT Construction Start - Phase 2 (Staff Hub, Old CT) - Updated to 11/2020.	3D Mammo	\$ 505,762	\$ 566,524	\$ 566,524	\$ -	\$ 566,524	
	CT Go Live - Updated to 10/2020 (Final Date to be Dictated by CDPH Sign-off)	Campaign Expenses	\$ -	\$ 464,269	\$ 464,269	\$ -	\$ 464,269	
	Wait Area Available for Staff Hub Relocation - Updated to 10/2020 (Final Date to be Dictated by CDPH Sign-Off)	Other	\$ -	\$ -	\$ -	\$ -	\$ -	
	Old CT Demo Start - Projected to be 11/2020	Subtotal	\$ 12,757,610	\$ 11,780,536	\$ 5,949,070	\$ 9,219,464	\$ 21,000,000	
	Substantial Completion CT Project - Phase 2 - 1/2021	Budget Notes						
	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.	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.						
Project #2 - Cardio		Cash Flow/ Cost Projections						
Project #3 - MRI		Money Raised vs. Project Expenses						
	Backcheck 1 Comments Received Week of 6/22/2020.							
	GMP Proposal Draft - Received 6/1/2020	NOTE: \$21M raised as of July 2020. Due to availability of funds raised, a line of credit must be activated in April 2021.						
	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.	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						
	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 - Fall 2021							
Project #4 - UCSF Clinic								
	Project to remain open until directed to close by CEO.							
	Test fit for UCSF completed.							

**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 13, 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 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, if needed, over the next three calendar years of 2021, 2022, and 2023. The determination of operational 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 Finance Committee
Meeting Date: July 28, 2020
Prepared by: Ken Jensen, CFO; Kimberly Drummond, Director of Facilities
Agenda Item Title: Unison Energy, LLC – Proposal

Recommendation:

Management's recommendation is to agree to a 20 year energy agreement with Unison.

Background:

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

Current Situation:

Unison has agreed to most of the SVH attorneys' recommend changes. The changes and modifications are summarized in the attached email from Unison.

Questions:

Attached are the questions asked of Unison and their response. The most significant question had to do with a 20 year agreement vs a shorter term. Unison is open to a 15 year agreement but SVH savings will be reduced due to the shorter term capital cost recovery period. In the first year the approximate savings of a 20 year agreement is \$110k vs a \$90k savings for a 15 year agreement.

Attachments:

Unison Email of 07.21.20
Unison Energy Services Agreement
SVH Q&A with Responses by Unison
Unison Energy Press Release
Finance Committee Recommendation of 05.26.20

Sarah Dungan

From: Tim Lukes <tim.lukes@unisonenergy.com>
Sent: Tuesday, July 21, 2020 10:40 AM
To: Ken Jensen; Willis McCullough
Cc: Sarah Dungan
Subject: Re: Agreement
Attachments: SonomaValleyHospital_UnisonEnergy_ESA 20200721.docx

Ken:

I went through the contract and confirmed that we had accepted most of the changes. Here is a list of the sections we accepted changes (I highlighted them in yellow in the attached ESA):

- 2.1.1
- 2.1.3
- 2.1.6
- 2.2.5
- 3.1.1
- 3.1.2
- 3.4
- 3.5.1
- 3.5.2
- 3.8
- 4.1
- 6.4
- 6.4
- 9.2
- 10.1
- 11
- 13.4
- B-30

The ones that we did not accept or edited were:

- **P.1 - Site Lease** - we are not using that document so it isn't needed
- **page 2 - CPI** - we edited the formula per our discussion putting a 3.5% cap on it
- **1.2** - Removed reference to the lease document
- **2.2.10** - Accepted most of it but per our discussion modified your lawyer's version
- **5.2.1** - we accepted the text but reduced the amount of time from 60 days to 30 days and from 30 days to 15 days
- **5.5.2** - we accepted the text but added a line about the credit quality of the acquirer per our discussion
- **7.5** - modified per our discussion

Also, I noticed that 1.2 was dropped so I added it back in. Let me know if you need anything else. Feel free to call my cell phone. I hope your wife's procedure goes well.

Best regards

Tim

Tim Lukes
Co-CEO

UNISON ENERGY, LLC
22 W Putnam Avenue | Greenwich, CT 06830
950 Tower Lane | Foster City, CA 94404
Direct: (914) 412-7181
Mobile: (786) 547-1791
Email: Tim.Lukes@UnisonEnergy.com

24-hour Service line: (844) 596-1291

From: Ken Jensen <kjensen@sonomavalleyhospital.org>
Sent: Tuesday, July 21, 2020 12:28 PM
To: Tim Lukes <tim.lukes@unisonenergy.com>; Willis McCullough <willis.mccullough@unisonenergy.com>
Cc: Sarah Dungan <sdungan@sonomavalleyhospital.org>
Subject: Agreement

Tim and Willis, I am preparing the recommendation to our Finance Committee to move ahead with our agreement. It was noticed that not all of the our agreed to changes proposed by our lawyer were incorporated into the revised agreement that Tim sent. Can I have your assurance that these minor changes agreed to will be incorporated. Also, as I have to have the mail copy ready for tomorrow, could you send me your final proposal today and if possible all of the agreed to changes included. I am available by phone. 925-549-7946. Ken

Energy Sales Agreement

Between

Sonoma Valley Hospital

as Buyer

and

Unison Energy, LLC

as Seller

, 2020

ENERGY SALES AGREEMENT

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

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

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

Notice Information

If to Seller:

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

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

KEY TERMS

Commercial Terms	
Buyer Facility:	Sonoma Valley Hospital 347 Andrieux St Sonoma, CA 95476
Energy Facility:	360 kW Natural Gas Engine <i>Located at the Buyer Facility as described on Exhibit C.</i>
Initial Term	The Initial Term commences on the Effective Date and 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 following the Commercial Operation Date by the change in the Consumer Price Index during such Contract Year but such escalation will not be less than zero (0) percent; <u>provided however that: (i) the escalation for any Contract Year shall not exceed the amount which would result in the escalation of the Contract Price from first Contract Year to the current Contract Year being equal to an annual average of 3.5%, and (ii) to the extent that the Contract Price for the current Contract Year is not escalated by the full amount of the applicable change in the Consumer Price Index due to the limitation set forth in clause (i), the amount of such change not applied to the escalation of the Contract Price in the current Contract Year will be applied as an additional escalation in the next succeeding Contract Year(s), subject to the limitation set forth in clause (i).</u>
Buyer Energy Deposit	Not applicable

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

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

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

Additional Terms

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

Exhibit A – General Terms and Conditions

Exhibit B – Definitions and Interpretation

Exhibit C – Location of Energy Facility

Exhibit D – Insurance

Exhibit E – Natural Gas Purchase Rider

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

Unison Energy, LLC

Sonoma Valley Hospital

By: Timothy Lukes

Title: Co-CEO

By:

Title:

EXHIBIT A

ENERGY SERVICES AGREEMENT GENERAL TERMS AND CONDITIONS

ARTICLE 1 TERM, EXTENSION

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 ~~thirtysixty~~ (360) days after receiving notice of such failure in the first instance ~~during any consecutive twelve (12) month period and~~ ~~fifteenthirty~~ (1530) 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 then Buyer and Seller shall meet and confer in good faith to mutually agree on an equitable allocation of such additional costs between Buyer and Seller, provided, however, that if the additional cost would substantially impair the economic benefits of this Agreement for either party,~~

~~then such party may terminate this Agreement without cause on ninety (90) days written notice to the other party.~~

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_x, SO_x, Hg, CO₂ or other greenhouse gas emissions, avoided water use, or any other avoided emission or environmental impact, as otherwise defined under an applicable program, or as agreed upon by the Parties.
26. “Environmental Incentive” means all rights, credits, rebates, benefits, reductions, offsets, tax benefits, and allowances and entitlements of any kind, howsoever entitled or named (including carbon credits and other emission allowances), whether arising under federal, state or local law, international treaty, provisions or programs of the Local Electric Utility, trade association membership or the like, arising from the Environmental Attributes of the Energy Facility or the Energy Output or otherwise from the development or installation of the Energy Facility or the production, sale, purchase, consumption or use of the Energy Output. Without limiting the foregoing, “Environmental Incentives” includes green tags, renewable energy credits, tradable renewable certificates and portfolio energy credits.
27. “Event of Default” is defined in Section 5.2 of Exhibit A.
28. “Financing Party” is defined in Section 13.9 of Exhibit A.
29. “Fixed Fee Price” has the meaning set forth in the Commercial Terms.
30. “Force Majeure” means any event or circumstance that is beyond the reasonable control of and not arising from the fault or negligence of the Party claiming Force Majeure including, without limitation, the following: an act of God; war (declared or undeclared); sabotage; riot; insurrection; civil unrest or disturbance; military or guerrilla action; economic sanction or embargo; civil strike, work stoppage, slow-down, or lock-out; explosion; fire; earthquake; hurricane; flood; lightning; wind; drought, 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

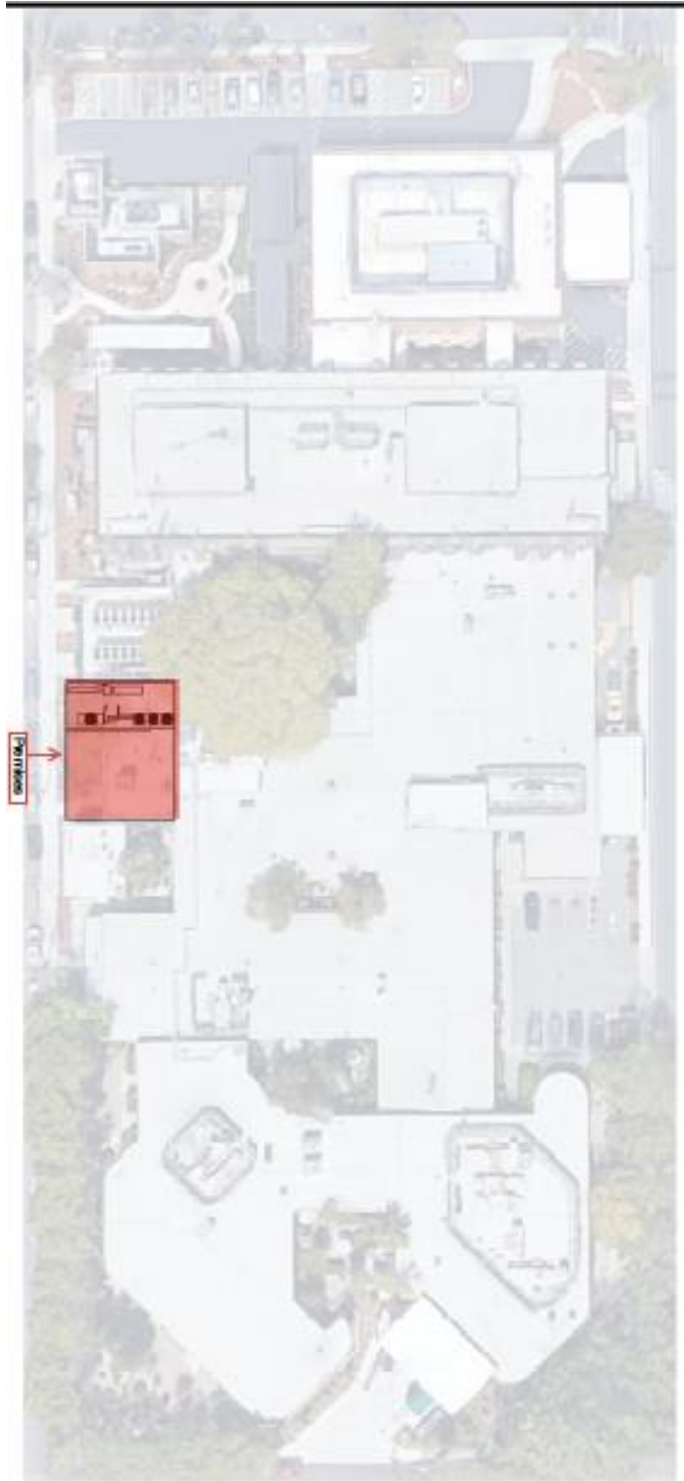


Exhibit D

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 [_____].

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

shall be determined in accordance with International Organization for Standardization (ISO) 3046..

SVH Q&A

1. Can we include a CPI cost adjustment per year with the wording "up to 2.5% based upon the CPI (for what industry?)? Unison allows the customer to choose to escalate with CPI (the published inflation rate for all industries) or a fixed 2.5%. Long-term inflation over the past 30 years has been approximately 2.5% so we are indifferent. We changed the ESA to escalate at inflation with a cap of 3.5% over the term of the agreement.
2. How many installed systems do you have? How many in California? Unison Energy owns 14 operating sites across the country with 1 in California. We also have 7 in contracting including 3 in California. Our engineering and project management team has built over 300 distributed generation projects up to and including utility scale power plants. Approximately 100 of those projects have been in California.
3. How do you finance your equipment? Happy to provide annual statements but what impact will that have on financing and our eventual cost? We finance all our projects on our own balance sheet. Our most recent capital raise was \$150 million in equity capital (see attached announcement). Once the project is built, we use debt financing to lower our overall cost of capital. The project remains on our balance sheet for the entire term. We do not sell our projects to 3rd parties. This is a critical difference to others in the industry. Since we put up the capital for our project, our bank covenants require us to get financial statements from our clients annually, as part of their risk protocols.
4. Appears that most of your agreements are 15 years. We are being asked for 20 years. Most clients prefer a 20-year ESA due to the additional cost savings. We are happy to show you both versions. Longer ESAs have greater savings as we are able to recover our capital investment over a longer period of time.

What would the agreement look like for SVH for a 15 year agreement? We ran a comparison and first year savings would be \$97k for the 15 year ESA instead of \$110k for the 20-year ESA comparison (assuming SVH does not have Direct Access). See pro formas below.

The facility's first year energy cost savings are projected to be approximately \$28K compared to assumed costs with Direct Access

First year pro-forma, 15-year ESA

UTILITY			
Electric			
	Consumption kWh	Unit Cost USD/kWh	Total Cost USD
Electricity - Utility	3,311,431	0.1459	483,226
Total Current Electric Cost			483,226
Addressable Thermal			
	Consumption Therms	Unit Cost USD/Therm	Total Cost USD
Natural gas - Utility	137,634	0.644	88,636
Total Current Thermal Cost			88,636
TOTAL CURRENT ENERGY COST			571,862

UNION ENERGY			
Electric (incl. electric offsets)			
	Consumption kWh	Unit Cost USD/kWh	Total Cost USD
Electricity - Union	2,733,079	0.1130	308,901
Union - generation ESA	2,733,079	0.0727	198,611
Union - fuel offset	2,733,079	0.0404	110,290
Electricity - Utility	570,352	0.2780	158,759
Total New Electric Cost			408,660
Addressable Thermal			
	Consumption Therms	Unit Cost USD/Therm	Total Cost USD
Natural gas - Utility	40,535	0.644	26,104
Hot water - Union	87,390	0.554	48,432
Union - hot water ESA	87,390	0.554	48,432
Total New Thermal Cost			74,537
TOTAL NEW ENERGY COST			544,196

Current bills = \$642,000
without Direct Access
for savings of \$97,804

Combined Year 1 Energy Savings:
\$27,666

Note 1: Generation fuel usage billed in conjunction with remaining thermal fuel usage in the form of USD/Therm (total USD is the same as presented above)
Note 2: Generation natural gas usage is 261,357 Therms at a unit price of \$0.422 per Therm

2

Over the course of a 15-year Energy Services Agreement ("ESA"), the facility is expected to save approximately \$871K

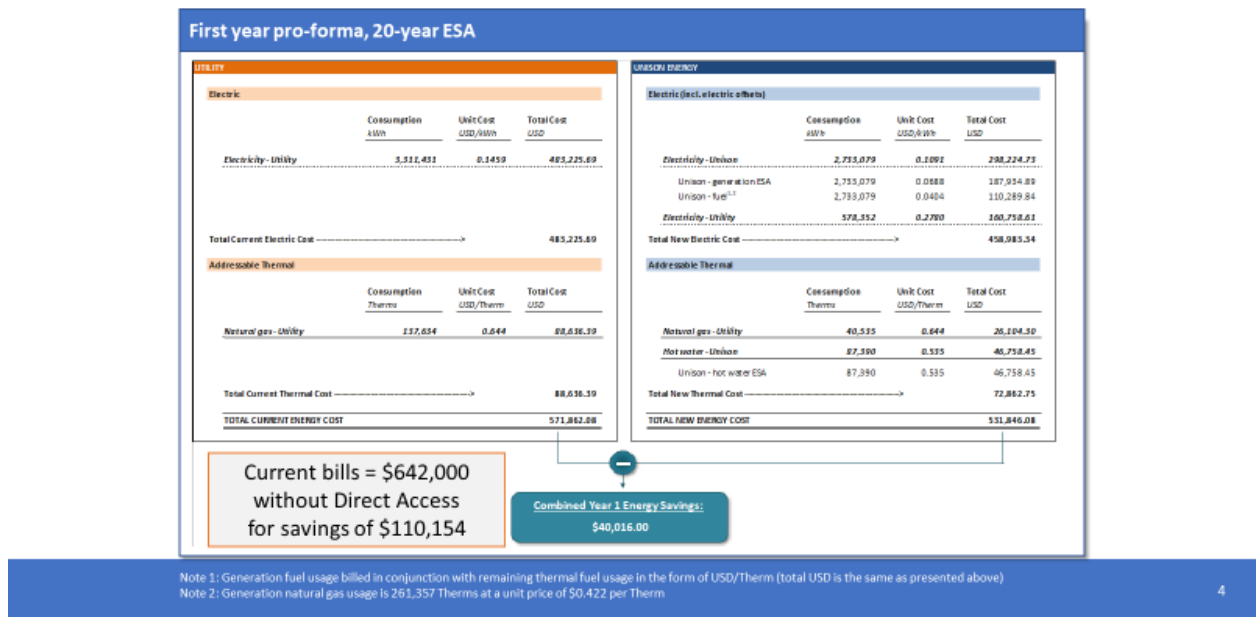
Lifetime pro-forma, 15-year ESA

Nominal year	0	1	2	3	4	12	15	16	ASSUMPTIONS
PRO-FORMA PROJECT LIFETIME									
Electric (incl. electric offsets)									
Electricity - current									
Current consumption (kWh)	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431	Utility unit cost: ↑ 3.5%/year Source: historical Increases 6-12% so 3.5% is conservative assumption
Current cost (USD)	483,226	500,329	517,641	535,781	554,513	730,187	755,744	782,195	
Current unit cost (USD/kWh)	0.146	0.151	0.156	0.162	0.167	0.221	0.228	0.236	
Electricity - new									
New consumption (kWh)	5,311,431	5,311,431	5,311,431	5,311,431	5,311,431	5,311,431	5,311,431	5,311,431	Union unit cost: ↑ 2.5%/year (Source: Long-term CPI)
New cost (USD)	408,660	416,112	424,030	432,390	441,264	676,480	693,696	710,277	
New unit cost (USD/kWh)	0.142	0.146	0.151	0.155	0.160	0.204	0.211	0.217	
Total electricity savings (USD)	13,566	16,017	18,611	21,392	24,249	55,504	58,048	60,918	
Thermal									
Natural gas - current									
Current consumption (Therms)	127,634	127,634	127,634	127,634	127,634	127,634	127,634	127,634	Residual utility cost: ↑ 3.5%/year Source: matches Utility assumption
Current cost (USD)	88,636	91,729	94,950	98,275	101,732	135,590	138,625	141,873	
Current unit cost (USD/Therm)	0.644	0.667	0.690	0.714	0.739	0.872	1.007	1.042	
Natural gas - new									
New consumption (Therms)	40,535	40,535	40,535	40,535	40,535	40,535	40,535	40,535	Gas cost: ↑ 3.5%/year Source: matches Utility assumption
New cost (USD)	26,104	27,018	27,964	28,942	29,955	35,445	36,836	38,265	
New unit cost (USD/Therm)	0.644	0.667	0.690	0.714	0.739	0.872	1.007	1.042	
Union hot water - new									
New consumption - hot water (Therms)	87,390	87,390	87,390	87,390	87,390	87,390	87,390	87,390	
New cost - hot water (USD)	48,432	49,643	50,894	52,190	53,530	80,136	82,765	85,438	
New unit cost - hot water (USD/Therm)	0.554	0.568	0.582	0.597	0.612	0.746	0.764	0.783	
Total thermal savings (USD)	14,100	15,079	16,088	17,126	18,197	29,354	30,893	32,487	
Totals									
Total energy savings (USD)	27,666	31,095	34,725	38,518	42,446	84,858	88,938	93,405	

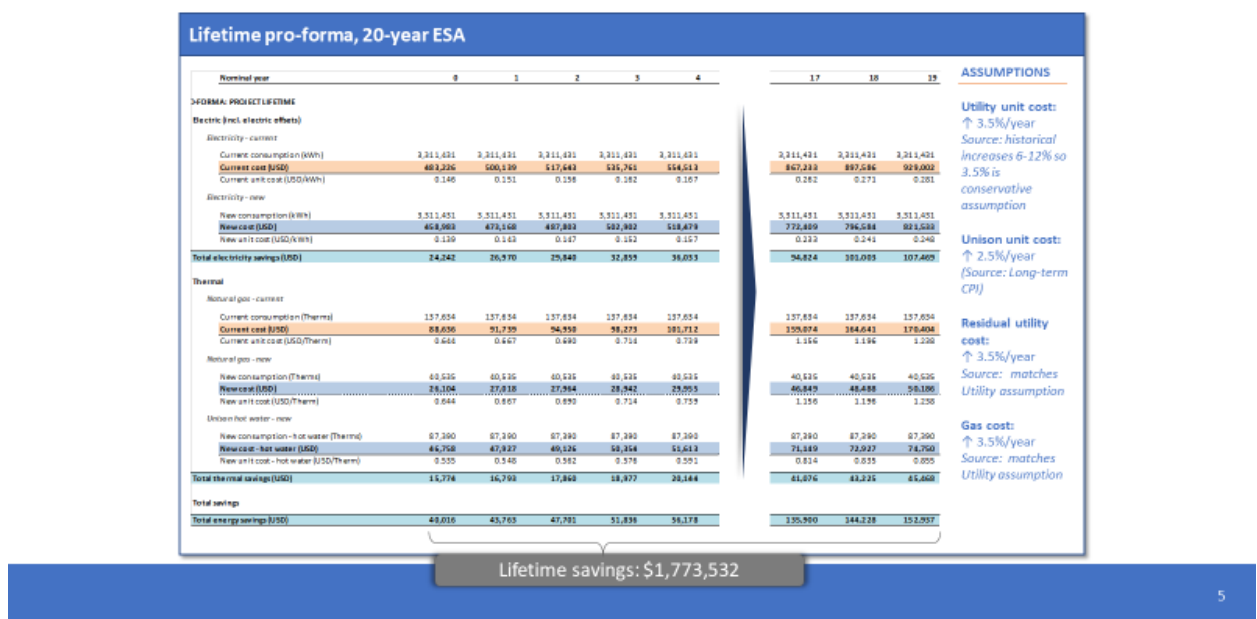
Lifetime savings: \$870,737

3

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



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



- Benefits are projected to grow each year due to the difference between assumed rate of growth of utilities and cpi 2.5 vs 3.5 annual. PG&E territory utility costs have increased at a rate of 6-12% for over 10 years with larger hikes requested for the future. We have projected a 3.5% annual increase so the savings are conservative.

Is the cost of hot water therms as price of gas increases and assumed value of direct

access continuing? The price of hot water therms from the cogeneration system is fixed and rises with CPI. Gas is at historically low levels so as gas prices rise in the future, savings will likely increase on the thermal portion.

Direct Access charges are directly related to market prices and rise and fall with commodity rates. Commodity electric rates such as direct access and gas rates historically rise and fall together. So, when the electric rates from Direct Access fall so do the gas costs for the cogen system.

6. Unison is controlled by American Infrastructure Funds a private equity firm. Assumed they take advantage of tax related benefits. Any of that passed onto SVH? Unison Energy owns the system and therefore receives the tax benefits including any accelerated depreciation and the federal ITC (Investment Tax Credit). These are factored into our financing costs. SVH would need to be the owner of the system to receive any tax benefits directly.
7. Is it possible to obtain audited financials for three years? Unison Energy is backed by a private equity firm and we do not release our financials. Most of our clients don't have an issue with this since we are putting our capital at risk investing in the facility and don't require any investment from our clients.
8. Do your two investment funds who back you have a capital commitment or just an appetite to invest more? It is a capital commitment and is drawn down as needed.



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.



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.

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.

Contacts

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David Shane

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

Recommendation:

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

Background:

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

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

Benefits of proceeding with the Unison Energy 20 year ESA:

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

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

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

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

Contract Terms ESA:

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

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

Consequences of Negative Action/Alternative Actions:

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

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

Financial Impact:

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

Attachments:

Unison Proforma – April 2020
Unison Energy Services Agreement



To: SVHCD Board of Directors
From: Kelly Mather
Date: 6/24/2020
Subject: Administrative Report

Summary

The volumes are back up to about 75% of usual in June as we have started to live with the pandemic. The weekday COVID testing option continues on our campus with the Health Center and we expect to have on site lab results available this summer which will mean a much quicker turnaround. The staff continue to be “heroes” and our community has been very generous with donations to show their appreciation.

Update from FY 2020 Strategic Plan:

Strategic Priorities	Update
Exceed Community Expectations especially in Emergency Services	<ul style="list-style-type: none"> ➤ We had final interviews this week for a new Director of Emergency and should have a new leader starting this month. ➤ As the pandemic continues, all of our services are available and we have enough PPE for the staff. ➤ The Brand Communication Plan is now complete and we will share the “Compassionate Heart for Sonoma Valley” plans at the July board meeting.
Create UCSF Health Outpatient Center	<ul style="list-style-type: none"> ➤ Construction is under way with a plan to complete the CT in the fall. ➤ The MRI project will be presented to the board in August. We have \$568k left to meet the goal. ➤ No updates on the plans to bring physicians from UCSF to Sonoma as we are all behind on some strategies due to COVID-19. We have targeted the old Cardiology space for their clinic when they join us. ➤ We have better options to bring UCSF physicians through telehealth and have been working on a solution for Gastroenterology.
Become a 5 Star Hospital	<ul style="list-style-type: none"> ➤ We are rolling out an action plan for “Human Experience” now that the design sessions have been completed. ➤ We are re-doing orientation with the new brand and “Values in Action” and to make it more about our culture and less about policies and procedures. ➤ Staff Engagement results have been shared and action plans are underway. We will likely do a different survey next year.
Provide Access to Excellent Physicians	<ul style="list-style-type: none"> ➤ Our major concern is the lack of Gastroenterology right now. ➤ We have made good progress on Primary Care and now have a Physician Assistant at Sonoma Family Practice and a Nurse Practitioner at Prima in addition to Dr. Gleser. We are still recruiting another PCP for 2021. ➤ There are several UCSF specialists that are interested in coming to Sonoma. ➤ The accreditation survey for Bariatrics will not happen until 2021.
Healthy Hospital	<ul style="list-style-type: none"> ➤ We had Employee Council meetings in June and have had excellent feedback and suggestions on how we can continue to be a great place to work. ➤ We are working with a company to do an Employee COVID Testing day on July 8th that will include the antibody testing. ➤ We are starting Wellness Wednesdays with a new Wellness Team. ➤ Performance Evaluations are mostly complete.

MAY 2020

			National
Patient Experience	Current Performance	FY 2020 Goal	Benchmark
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
Quality & Safety	YTD Performance	FY 2020 Goal	Benchmark
Central Line Infection	0	<1	<.51
Catheter Infection	0	<1	<1.04
Surgery Site Infection – Colon	1	<1	N/A
Surgery Site Infection – Joint	0	<1.5%	N/A
MRSA Bacteremia	0	<.13	<.13
C. Difficile	1	3.5	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	1.5	< 2.3	2.3
Pressure Ulcers	4.5	<3.7	3.7
Injuries to Staff	11	< 10	17
Adverse Drug Events with Harm	0	0	0
Reportable HIPAA Privacy Events	0	0	0
Case Mix Index	1.8	1.4	1.3
Hospital Star Rating	4	4	3
Staff Satisfaction	Performance	FY 2020 Goal	Benchmark
Staff Pulse Survey	4.05 out of 5	>3.8	75%
Turnover	8.2%/8.9%	< 15%	< 20%
Financial Stability	YTD Performance	FY 2020 Goal	Benchmark
EBDA	19%	3%	3%
Paid FTE's	225	<235	n/a
Days Cash on Hand	87.1	20	30
Days in Accounts Receivable	44.2	45	50
Length of Stay	4.1	3.85	4.03
Funds raised by SVHF	\$19.438 million	\$21 million	\$1 million
Strategic Growth		FY 2020 Goal	FY 2019
Inpatient Discharges	797/869	900	984
Outpatient Visits	43,779/47,758	55,000	54,596
Emergency Visits	9089/9915	10,000	10,181
Surgeries + Special Procedures	2064/2251	3000	2950
Community Benefit Hours	1045/1140	1000	1222

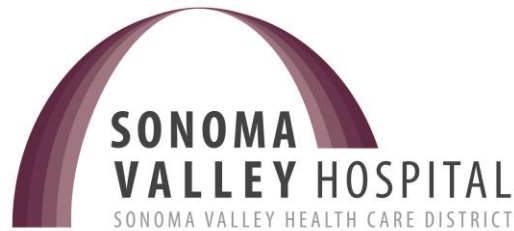
Note: Colors demonstrate comparison to National Benchmark



Healing Here at Home

TRENDED MONTHLY RESULTS

[illegible]



Healing Here at Home

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

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 2nd 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 2nd 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 2nd 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

Gross Revenue:	Actual	Budget	Variance	% Variance
Medicare	7,327,940	9,257,978	-1,930,038	-20.8%
Medicare Managed Care	2,883,059	3,120,475	-237,416	-7.6%
Medi-Cal	4,269,486	3,917,236	352,250	9.0%
Self Pay	223,044	344,660	-121,616	-35.3%
Commercial & Other Government	4,183,506	4,681,092	-497,586	-10.6%
Worker's Comp.	753,750	528,398	225,352	42.6%
Capitated	58,059	440,709	-382,650	-86.8%
Total	19,698,844	22,290,548	(2,591,704)	

Actual	Budget	Variance	% Variance
97,714,753	107,898,394	-10,183,641	-9.4%
34,857,045	36,413,623	-1,556,578	-4.3%
42,530,316	45,692,220	-3,161,904	-6.9%
4,182,884	4,015,051	167,833	4.2%
51,282,460	54,257,208	-2,974,748	-5.5%
6,457,876	6,089,047	368,829	6.1%
1,627,018	5,104,721	-3,477,703	-68.1%
238,652,352	259,470,264	(20,817,912)	

Net Revenue:	Actual	Budget	Variance	% Variance
Medicare	916,725	1,232,544	-315,819	-25.6%
Medicare Managed Care	330,687	370,400	-39,713	-10.7%
Medi-Cal	466,228	402,300	63,928	15.9%
Self Pay	124,369	174,812	-50,443	-28.9%
Commercial & Other Government	1,220,237	1,413,690	-193,453	-13.7%
Worker's Comp.	148,640	111,069	37,571	33.8%
Capitated	1,057	8,021	-6,964	-86.8%
Prior Period Adj/IGT	159,923	56,250	103,673	184.3%
Total	3,367,866	3,769,086	(401,220)	-10.6%

Actual	Budget	Variance	% Variance
11,834,335	14,229,651	-2,395,316	-16.8%
3,886,546	4,322,298	-435,752	-10.1%
4,388,068	4,692,590	-304,522	-6.5%
2,145,645	2,036,434	109,211	5.4%
15,619,467	16,495,027	-875,560	-5.3%
1,306,129	1,279,918	26,211	2.0%
33,185	92,905	-59,720	-64.3%
7,739,239	5,798,030	1,941,209	33.5%
46,952,614	48,946,853	(1,994,239)	-4.1%

Percent of Net Revenue:	Actual	Budget	Variance	% Variance
Medicare	27.3%	32.8%	-5.5%	-16.8%
Medicare Managed Care	9.8%	9.8%	0.0%	0.0%
Medi-Cal	13.8%	10.7%	3.1%	29.0%
Self Pay	3.7%	4.6%	-0.9%	-19.6%
Commercial & Other Government	36.2%	37.5%	-1.3%	-3.5%
Worker's Comp.	4.4%	2.9%	1.5%	51.7%
Capitated	0.1%	0.2%	-0.1%	-50.0%
Prior Period Adj/IGT	4.7%	1.5%	3.2%	213.3%
Total	100.0%	100.0%	0.0%	0.0%

Actual	Budget	Variance	% Variance
25.2%	29.1%	-3.9%	-13.4%
8.3%	8.8%	-0.5%	-5.7%
9.3%	9.6%	-0.3%	-3.1%
4.6%	4.2%	0.4%	9.5%
33.2%	33.7%	-0.5%	-1.5%
2.8%	2.6%	0.2%	7.7%
0.1%	0.2%	-0.1%	-50.0%
16.5%	11.8%	4.7%	39.8%
100.0%	100.0%	0.0%	0.0%

Projected Collection Percentage:	Actual	Budget	Variance	% Variance
Medicare	12.5%	13.3%	-0.8%	-6.0%
Medicare Managed Care	11.5%	11.9%	-0.4%	-3.4%
Medi-Cal	10.9%	10.3%	0.6%	5.8%
Self Pay	55.8%	50.7%	5.1%	10.1%
Commercial & Other Government	29.2%	30.2%	-1.0%	-3.3%
Worker's Comp.	19.7%	21.0%	-1.3%	-6.2%

Actual	Budget	Variance	% Variance
12.1%	13.2%	-1.1%	-8.3%
11.1%	11.9%	-0.8%	-6.7%
10.3%	10.3%	0.0%	0.0%
51.3%	50.7%	0.6%	1.2%
30.5%	30.4%	0.1%	0.3%
20.2%	21.0%	-0.8%	-3.8%

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

ATTACHMENT B

CURRENT MONTH					YEAR-TO-DATE			YTD
	Actual	Budget	Favorable		Actual	Budget	Favorable	Prior
	06/30/20	06/30/20	(Unfavorable)		06/30/20	06/30/20	(Unfavorable)	Year
			Variance				Variance	06/30/19
Inpatient Utilization								
Discharges								
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
Patient Days:								
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	Observation days	197	-	197	100
Average Length of Stay:								
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
Average Daily Census:								
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
Other Utilization Statistics								
Emergency Room Statistics								
14	695	964	(269)	Total ER Visits	9,784	11,134	(1,350)	10,181
Outpatient Statistics:								
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
Labor Statistics								
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%
Non-Labor Statistics								
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
Other Indicators								
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>
Assets				
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
Liabilities & Fund Balances				
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	\$	%			
1	65	84	(19)	-23%	Volume Information					
2	238	319	(81)	-25%	Acute Discharges	862	1,008	(146)	-14%	1,023
3	16	-	16	0%	Patient Days	3,225	3,828	(603)	-16%	3,841
4	14,583	15,518	(935)	-6%	Observation Days	197	-	197	*	13
					Gross O/P Revenue (000's)	174,576	178,835	(4,261)	-2%	\$ 179,269
Financial Results										
Gross Patient Revenue										
5	\$ 5,115,406	\$ 6,772,457	(1,657,051)	-24%	Inpatient	\$ 64,076,827	\$ 80,635,223	(16,558,396)	-21%	\$ 92,767,382
6	8,338,890	9,239,145	(900,255)	-10%	Outpatient	97,942,850	106,289,888	(8,347,038)	-8%	103,234,884
7	6,244,548	6,278,946	(34,398)	-1%	Emergency	76,632,675	72,545,153	4,087,522	6%	76,095,407
8	\$ 19,698,844	\$ 22,290,548	(2,591,704)	-12%	Total Gross Patient Revenue	\$ 238,652,352	\$ 259,470,264	(20,817,912)	-8%	\$ 272,097,673
Deductions from Revenue										
9	(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)
10	(80,000)	(150,000)	70,000	47%	Bad Debt	(2,130,000)	(1,800,000)	(330,000)	-18%	(1,980,000)
11	(4,600)	(23,672)	19,072	81%	Charity Care Provision	(128,065)	(284,064)	155,999	55%	(299,536)
12	159,923	56,250	103,673	*	Prior Period Adj/Government Program Revenue	7,739,238	5,798,030	1,941,208	*	9,205,478
13	\$ (16,330,978)	\$ (18,521,462)	2,190,484	-12%	Total Deductions from Revenue	\$ (191,699,738)	\$ (210,523,411)	18,823,673	-9%	\$ (214,535,356)
Net Patient Service Revenue										
14	\$ 3,367,866	\$ 3,769,086	(401,220)	-11%		\$ 46,952,614	\$ 48,946,853	(1,994,239)	-4%	\$ 57,562,317
15	\$ 22,883	\$ 35,682	(12,799)	-36%	Risk contract revenue	\$ 287,390	\$ 428,184	(140,794)	-33%	\$ 755,801
16	\$ 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
17	\$ 54,417	\$ 58,792	(4,375)	-7%	Other Op Rev & Electronic Health Records	\$ 803,768	\$ 705,592	98,176	14%	\$ 499,083
18	\$ 3,445,166	\$ 3,863,560	(418,394)	-11%	Total Operating Revenue	\$ 48,043,772	\$ 50,080,629	(2,036,857)	-4%	\$ 58,817,201
Operating Expenses										
19	\$ 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
20	884,696	\$ 667,097	(217,599)	-33%	Employee Benefits	8,090,533	7,976,219	(114,314)	-1%	9,069,787
21	\$ 2,665,648	\$ 2,522,500	(143,148)	-6%	Total People Cost	\$ 29,320,572	\$ 29,993,886	673,314	2%	\$ 34,612,622
22	\$ 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
23	496,088	541,196	45,108	8%	Supplies	6,156,357	6,429,289	272,932	4%	6,928,535
24	376,246	363,217	(13,029)	-4%	Purchased Services	4,588,873	4,429,346	(159,527)	-4%	4,863,412
25	258,147	266,763	8,616	3%	Depreciation	3,108,252	3,201,156	92,904	3%	3,392,235
26	116,301	107,964	(8,337)	-8%	Utilities	1,187,112	1,224,735	37,623	3%	1,172,034
27	40,602	39,588	(1,014)	-3%	Insurance	466,478	474,990	8,512	2%	441,379
28	17,050	40,745	23,695	58%	Interest	342,151	548,874	206,723	38%	643,008
29	120,666	95,342	(25,324)	-27%	Other	1,214,407	1,180,751	(33,656)	-3%	1,296,235
30	62,198	-	(62,198)	*	Matching Fees (Government Programs)	2,827,534	1,561,029	(1,266,505)	-81%	2,796,223
31	\$ 4,552,468	\$ 4,414,484	(137,984)	-3%	Operating expenses	\$ 54,242,270	\$ 54,281,296	39,026	0%	\$ 61,814,944
32	\$ (1,107,302)	\$ (550,924)	\$ (556,378)	-101%	Operating Margin	\$ (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	\$	%			
33	\$	225,316	\$	(18,369)	243,685	-1327%	Non Operating Rev and Expense					
34		-		1,378	(1,378)	-100%	Miscellaneous Revenue/(Expenses)					\$
35		0		(13,416)	13,416	-100%	Donations					
36		316,667		316,667	-	0%	Physician Practice Support-Prima					
37		0		0	-	0%	Parcel Tax Assessment Rev					
38	\$	541,983	\$	286,260	255,723	89%	Extraordinary Items					
							Total Non-Operating Rev/Exp					
39	\$	(565,319)	\$	(264,664)	(300,655)	114%	Net Income / (Loss) prior to Restricted Contributions					\$
40	\$	-	\$	-	-	0%	Capital Campaign Contribution					\$
41	\$	211,791	\$	209,860	1,931	0%	Restricted Foundation Contributions					\$
42	\$	(353,528)	\$	(54,804)	(298,724)	545%	Net Income / (Loss) w/ Restricted Contributions					\$
43		163,301		163,301	-	0%	GO Bond Activity, Net					
44	\$	(190,227)	\$	108,497	(298,724)	-275%	Net Income/(Loss) w GO Bond Activity					\$
	\$	(307,172)	\$	2,099	(309,271)		EBDA - Not including Restricted Contributions					\$
		-8.9%		0.1%								

* Operating Margin without Depreciation expense:

\$ (1,107,302)	\$ (550,924)	\$ (556,378)	-101%
258,147	266,763	8,616	3%
\$ (849,155)	\$ (284,161)	\$ (547,762)	-199%

Operating Margin
Add back Depreciation
Operating Margin without Depreciation expense

\$ (6,198,498)	\$ (4,200,667)	\$ (1,997,831)	-48%
3,108,252	3,201,156	92,904	3%
\$ (3,090,246)	\$ (999,511)	\$ (1,904,927)	-209%

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

ATTACHMENT E

Operating Expenses	YTD Variance	Month Variance	
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).
Total People Cost	673,314	(143,148)	
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.
Operating expenses	39,026	(137,984)	

Sonoma Valley Hospital
Cash Forecast
FY 2020

ATTACHMENT F

	Actual July	Actual Aug	Actual Sept	Actual Oct	Actual Nov	Actual Dec	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	TOTAL
Hospital Operating Sources													
1 Patient Payments Collected	4,267,579	3,747,119	3,783,981	3,724,440	3,674,833	4,402,798	4,285,824	3,729,401	4,098,798	2,787,408	2,443,885	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													-
Sub-Total Hospital Sources	4,375,074	3,929,990	3,871,668	3,967,650	3,815,852	4,554,869	4,442,921	3,909,763	4,241,285	2,930,267	2,581,755	2,929,022	45,550,117
Hospital Uses of Cash													
8 Operating Expenses	4,751,297	5,353,928	4,260,382	4,307,504	4,160,854	4,479,501	5,664,106	4,235,166	3,575,640	4,678,063	4,172,559	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
Total Hospital Uses	5,297,879	6,238,044	4,453,493	4,751,778	4,460,928	5,198,016	6,183,316	4,389,573	3,887,797	4,847,757	4,582,148	4,498,605	58,789,335
Net Hospital Sources/Uses of Cash	(922,805)	(2,308,055)	(581,825)	(784,129)	(645,076)	(643,147)	(1,740,395)	(479,810)	353,488	(1,917,490)	(2,000,393)	(1,569,583)	(13,239,218)
Non-Hospital Sources													
12 Restricted Cash/Money Market	(1,056,509)	725,000	1,500,000			(500,000)	200,000		1,100,000	(6,000,000)	(4,000,000)	1,000,000	(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
Sub-Total Non-Hospital Sources	342,251	730,000	1,712,154	36,918	219,255	1,802,825	647,224	146,675	3,848,859	2,399,851	1,106,406	1,624,786	14,617,206
Non-Hospital Uses of Cash													
20 Matching Fees					67,500		451,221		2,314,115	114,750	62,198		3,009,784
Sub-Total Non-Hospital Uses of Cash	-	-	-	-	67,500	-	451,221	-	2,314,115	114,750	62,198	-	3,009,784
Net Non-Hospital Sources/Uses of Cash	342,251	730,000	1,712,154	36,918	151,755	1,802,825	196,003	146,675	1,534,744	2,285,101	1,044,208	1,624,786	11,607,422
Net Sources/Uses													
Net Sources/Uses	(580,553)	(1,578,055)	1,130,329	(747,211)	(493,321)	1,159,679	(1,544,392)	(333,135)	1,888,232	367,612	(956,185)	55,204	
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	
Operating Cash at End of Period	2,869,461	1,291,406	2,421,736	1,674,525	1,181,204	2,340,883	796,491	463,356	2,351,588	2,719,200	1,763,015	1,818,218	
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	
Total Cash at End of Period	6,128,012	3,825,331	3,455,935	2,708,855	2,216,658	3,875,483	2,131,284	1,798,302	2,586,639	8,954,414	11,998,601	11,054,230	
Average Days of Cash on Hand	38.82	36.60	28.00	22.51	16.89	17.85	20.38	15.67	15.61	53.90	87.11	81.00	

Foundation Support:

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

Equipment:

Dept #	Department	DESCRIPTION	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
7630	Medical Imaging	Dual Tower Imaging Table	6,296				
7670	Ultrasound	GE Ultrasound - Interface Software	14,681				
6171	OB	Epidural pumps	7,962				
9552	Timeshare	X-ray Machine	42,800				
8340	Dietary	Water & Ice dispenser	5,052				
8340	Dietary	Steamer Table with Stand	8,146				
7420	Surgery	Reconditioned Microscope	7,138				
7420	Surgery	High Flow Insufflator		7,642			
7420	Surgery	Rhizo Radio Freq Ablator		21,616			
7430	Ambulatory Care	Transport Gurney 30"		4,170			
7430	Ambulatory Care	Eye Surgery Stretcher		6,801			
7420	Surgery	Signia XL Bariatric Stapler		39,655			
7630	Medical Imaging	Empower CTA injector system			22,480		
7420	Surgery	Trimano Adapter/Support Arm			17,923		
8340	Dietary	Double Oven			7,586		
7420	Surgery	Amsco Steris Table			12,500		
8700	Medical Records	Misc Furniture/ reclassified CIP			6,550		
7420	Surgery	G6 Cyclo System Optical laser			21,432		
8340	Dietary	Mobile shelving - Uline				6,909	
8480	Information Systems	GHA Technologies UCSF Telemedicine Cart				8,265	
7420	Surgery	Stryker Medical - Refurbished PI drive/attachments				15,415	
7420	Surgery	Olympus - EVIS EXERA III				29,716	
8450	Engineering/Plant Ops	UCSF signage - multiple sites				8,182	
7420	Surgery	Stryker Medical - System 8 Drill/saws				107,487	
Various		Celtic Lease payoff - various equipment					421,904
7420	Surgery	Zimmer Biomet Intellcart System w/Evac Station					22,034
7420	Surgery	Alcon Centurian Phaco Machine					65,250
7420	Surgery	Olympus America - Urology equipment					62,118
8340	Dietary	Commercial Blenders - 2					4,838

8720	Med-Surg/ICU	27 PLUM A IV pumps					56,994
8610	Administration	SVH History Wall Display					15,916

Equipment Sub-total	\$	92,075	\$	79,884	\$	88,471	\$	175,974	\$	649,054
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Information Systems/Electronic Health Records:							
Dept #	Department	DESCRIPTION	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
8480	Information Systems	Wyse D90D7 Thin Clients	9,000				
8480	Information Systems	Single Sign On System		81,506			
8480	Information Systems	Computrition - Hospitality Suite Menu Plnr		93,897			
8480	Information Systems	E H R Phase III: E-RX & ECQM - Closed CIP			38,637		
8480	Information Systems	E H R Phase IV: Purge PHI/Host One Content - Closed CIP			53,268		
8480	Information Systems	E H R Phase V: Paragon 14 Upgrade - Closed CIP			55,920		
8480	Information Systems	E H R Phase VI: Eligibility of Insurance Module - Closed CIP			7,964		
8480	Information Systems	E H R Phase VII: HUB - Closed CIP			98,449		
8480	Information Systems	9 HP Elite Notebooks			11,728		
8480	Information Systems	Citrix Platinum Netscaler Upgrade			255,639		
8480	Information Systems	Dell Computers - 20					17,252
8480	Information Systems	Dragon One Speech Recognition - Physician dictation					11,300

Equipment Sub-total	\$	9,000	\$	175,403	\$	521,605	\$	-	\$	28,552
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Building/Leasehold Improvements							
Dept #	Department	DESCRIPTION	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
8450	Engineering/Plant Ops	Nurse Call System - Closed CIP	249,567				
8450	Engineering/Plant Ops	Carpet - Hallway	66,282				
8450	Engineering/Plant Ops	Otto Construction - Site Bench	16,661				
8450	Engineering/Plant Ops	Automatic doors - Lobby	13,163				
9553	Timeshare - 462 W. Napa	462 W. Napa Timeshare - Closed CIP	50,740				
8450	Engineering/Plant Ops	Spring pumps - 2 (basement)	9,100				
8450	Engineering/Plant Ops	NPC2 - Closed CIP	14,412				
8450	Engineering/Plant Ops	ER Communications - Closed CIP	10,853				
8450	Engineering/Plant Ops	Rewire 3rd Floor TV Cable		9,406			
8450	Engineering/Plant Ops	Metro Electric - 3rd Floor Cabling			30,160		
8450	Engineering/Plant Ops	Fire Alarm 2nd floor Replacement - Closed CIP	55,649	101,458			
8450	Engineering/Plant Ops	SNF Nurse Call - Closed CIP		174,625	21,135		
8450	Engineering/Plant Ops	SNF Pipes - Closed CIP		109,509			
8450	Engineering/Plant Ops	Lobby Upgrade - Closed CIP	135,710	46,665			
8450	Engineering/Plant Ops	Additional 3rd Floor Cabling			13,460		
7073	SFP Clinic - Perkins	Conklin Bros Flooring				16,859	
8450	Engineering/Plant Ops	215-217 Room Conversion - (Closed CIP in 2020)			20,576	83,528	3,361

Infrastructure Sub-total	622,137	441,663	85,330	100,387	3,361
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Total Capital Assets	\$	786,074	\$	1,275,706	\$	1,826,312	\$	356,790	\$	771,063
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Recap:										
Capital Spend - Hospital	723,212	696,950	695,406	276,361	680,967					
Capital Spend - Foundation	62,862	578,756	1,130,906	80,429	90,096					
Total Capital Assets	\$	786,074	\$	1,275,706	\$	1,826,312	\$	356,790	\$	771,063

Account #	Construction In Progress (CIP)	CIP Budget	Spent to Date	CIP Balance at 6/30/2019	Spending Fiscal YTD 2020	CIP Balance Fiscal YTD 2020	
1258-0050	ODC - Project 1	11,500,000	4,215,788	2,010,758	2,205,030	4,215,788	Foundation
1258-0440	EHR Implementation	6,315,356	5,110,075	107,882	(62,927)	44,955	MedOne Leases/operations
1258-0820	CIP - 3rd Floor Acute Care Move	230,000	253,006	250,729	2,277	253,006	Foundation
1258-0830	Wound Care Expansion	74,350	43,176	-	43,176	43,176	Foundation/Operations
CIP Balance		\$ 18,119,706	\$ 9,622,045	\$ 2,369,369	\$ 2,187,556	\$ 4,556,925	

Capital Financing/Leasing:

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