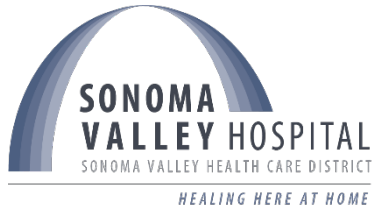


AGENDA ITEM In compliance with the Americans with Disabilities Act, if you require special accommodations to attend a District meeting, please contact the Board Clerk, Whitney Reese, at wreese@sonomavalleyhospital.org or 707.935.5005 at least 48 hours prior to the meeting.	RECOMMENDATION	
MISSION STATEMENT <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>Boerum</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>Boerum</i>	
3. CONSENT CALENDAR a. Finance Committee Minutes 04.23.24	<i>Boerum</i>	Action pg. 2 - 4
4. LINE OF CREDIT EXTENSION	<i>Armfield</i>	Action pg. 5 - 45
5. FINANCIAL REPORT FOR MONTH END APRIL. 2024	<i>Armfield</i>	Inform pg. 46 - 58
6. ADJOURN	<i>Boerum</i>	



SVHCD
FINANCE COMMITTEE MEETING
MINUTES
TUESDAY, APRIL 23, 2024
In Person at Sonoma Valley Hospital
347 Andrieux Street
and Via Zoom Teleconference

Present		Not Present/Excused	Staff/Public
Bill Boerum, in person Dennis Bloch, in person Wendy Myatt Lee, in person Ed Case, in person Subhash Mishra, MD, via zoom Catherine Donahue, via zoom		Robert Crane Graham Smith	Ben Armfield, CFO, in person Lois Fruzynski, Accounting Manager, in person Judith Bjorndal, MD, via zoom Dave Pier, ED of SVH Foundation, via zoom Dan Kittleson, via zoom Whitney Reese, Board Clerk, in person
MISSION & VISION STATEMENT <i>The mission of SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>			
AGENDA ITEM	DISCUSSION		ACTIONS
1. CALL TO ORDER/ANNOUNCEMENTS	<i>Bill Boerum</i>		
	1. Bob Crane and Graham Smith excused 2. An agreement with Anthem has been reached (John/Ben to further inform) 3. Addition to current agenda: review US Bank line of credit terms, as it was just received today and expires on the 30 th .		MOTION: by Myatt Lee to add #3 to current agenda, 2 nd by Bloch. All in favor
2. PUBLIC COMMENT SECTION	None		
3. CONSENT CALENDAR	<i>Bill Boerum</i>		Action
a. Finance Committee Minutes 03.27.24			MOTION: by Case to approve, 2 nd by Bloch. All in favor
*Added: US BANK LINE OF CREDIT TERMS	<i>Ben Armfield</i>		Inform
	Armfield detailed the terms of the new loan agreement presented by US Bank with only 7 days notice. The bank has assigned new portfolio managers multiple times, complicating negotiations. New terms reduce the line of credit from \$5.5M to \$2.5M and change interest rate structure. Motion:		MOTION: by Bloch/Boerum to approve, 2 nd by Case. All in favor

	<ol style="list-style-type: none"> 1. Finance Committee does not recommend accepting terms as purposed 2. Finance Committee recommends we extend our current agreement to Aug. 31 <p>Next Steps:</p> <ul style="list-style-type: none"> • Seek clarification on potential default implications for other agreements. • Consider alternative banking relationships for better terms and local management: <ul style="list-style-type: none"> ○ Summit Bank highly recommended by Catherine Donahue ○ Bank of Marin highly recommended by Dave Pier 	
4. FY 2025 BUDGET ASSUMPTIONS	<i>Ben Armfield</i>	Inform
	<p>No significant changes in assumptions since last review. Key Discussion Points:</p> <ul style="list-style-type: none"> • Focus on achieving more realistic and actionable financial goals. • Concerns about the lack of new initiatives in the long-range plan. • Emphasis on improving revenue growth and operational efficiency. • Agreement on the necessity to enhance cash flow and stabilize finances. <p>Motion to form an ad-hoc subcommittee to refine the budget with CFO, prior to May's joint meeting between the Finance Committee and the Board of Directors.</p> <p>Volunteer members of ad-hoc subcommittee:</p> <ol style="list-style-type: none"> 1. Wendy Myatt Lee 2. Ed Case 3. Dennis Bloch 	MOTION: by Bloch to approve ad-hoc committee, 2 nd by Myatt Lee. All in favor
5. IGT UPDATE	<i>Ben Armfield</i>	Inform
	<p>The discussion centered on the opportunity to increase the hospital's IGT (Intergovernmental Transfer) funds, particularly through the rate range IG program. Armfield highlighted that they have been working over the past two months to explore this potential. Currently, the net benefit from the program is about \$2.8 million annually, but there is an opportunity to increase it to approximately \$5.8 million. This increase is based on recent data and consultation with experts. However, to achieve this, the hospital would need to make a \$5.7 million matching payment by October. The board discussed the logistics, potential benefits, and the next steps required to finalize this increase, including preparing detailed cost reports and engaging with the partnership.</p>	
6. INSURANCE POLICY REVIEW (RISK MGMT)	<i>Ben Armfield</i>	Inform
<i>Verbal update on progress. Report will be presented May 2024</i>	<p>New renewal proposals are expected in 30 days, and the topic will be revisited then. The risk management review is scheduled for August, despite concerns about timing. It was clarified that the current discussion includes existing coverage information and is meant to inform future discussions once new details are received.</p>	

7. LONG RANGE FINANCIAL PLAN	<i>Ben Armfield</i>	Inform
	Armfield outlined the hospital's current financial status, revealing a significant monthly cash deficit and highlighting the impact of parcel taxes and IGT (Intergovernmental Transfer) monies. He presented projections showing a potential improvement in the financial position by fiscal year 2028, contingent on successful revenue enhancement initiatives and IGT funds. The discussion included suggestions for interim funding strategies and the importance of strategic financial planning post-budget approval. Future discussions will refine these plans, focusing on increasing volumes and securing necessary funding.	
8. FINANCIAL REPORT FOR MONTH END MAR. 20204	<i>Ben Armfield</i>	Inform
	<p>Armfield presented detailed financial report for March 2024. Emphasis was made on addressing occupancy issues and coordinating a CDPH survey despite scheduling conflicts. Expected rate increase and \$3 million distress loan by April 30th.</p> <ul style="list-style-type: none"> • Next time, restricted contributions will be shown separately to provide a clearer picture of net income. • Moss Adams will be the new auditors for the upcoming year. <p>Interim agreement with Anthem finalized: Year 1: Fixed 9.5% increase. Years 2 and 3: Fixed 7% increase, plus 1% for quality metrics. Year 4: Fixed 4% increase, plus 3% for quality metrics. Potential 35% total increase if all metrics are met.</p>	
9. ADJOURN	<i>Bill Boerum</i>	
	Meeting adjourned at 7:41p.m.	

AMENDED AND RESTATED SECURITY AGREEMENT

1. **BACKGROUND.** Reference is made to that certain Amended and Restated Loan Agreement dated as of ____ __, 2024, (as amended from time to time the “Loan Agreement”); capitalized terms used herein without definition shall have the same meaning as set forth in the Loan Agreement) between SONOMA VALLEY HEALTHCARE DISTRICT, a California health care district (the “Borrower”) and U.S. BANK NATIONAL ASSOCIATION, a national banking association (together with its successors and assigns, the “Lender”) relating to the Loan to the Borrower as described further therein. The Loan Agreement amends and restates the Prior Agreement between the Borrower and the Bank.

The Borrower requested that the Lender, as the successor of the Prior Lender, execute that certain Subordination Agreement (the “Subordination”), among the District, the Lender and the California Health Facilities Financing Authority (“CHFFA”), to subordinate its interest in 20% of all Medi-Cal checkwrite payments with respect to Medi-Cal reimbursements due to the District from the California Department of Health Care Services (“DHCS”) (the “20% DHCS Checkwrite Payments”), and the Bank has agreed to execute the Subordination upon the terms set forth there and herein which will result in a partial payment of the Prior Loan.

In order to permit the Subordination, the Security Agreement dated as of April 8, 2014 between the Borrower and the Prior Lender (as amended, the “Prior Security Agreement”), must be amended and restated pursuant to this Amended and Restated Security Agreement (this “Agreement”).

Now, therefore, in consideration of the premises and other good and valuable consideration, including the covenants, terms and conditions hereinafter or in the Loan Agreement appearing, the parties hereto agree as follows:

2. **THE SECURITY.** The Borrower hereby assigns and grants to the Lender a security interest in the following described property (“Collateral”): All of the following, whether now owned or hereafter acquired by Borrower: all present and hereafter acquired personal property, including, but not limited to all accounts, chattel paper, Swap contract rights, general intangibles, goods, equipment, inventory, documents, certificates of title, deposit accounts, returned or repossessed goods, fixtures, commercial tort claims, insurance claims, rights and policies, letter of credit rights, investment property, supporting obligations, and the proceeds, products, parts, accessories, attachments, accessions, replacements, substitutions, additions, and improvements of or to each of the foregoing; provided, however, that the Collateral shall not include any proceeds or other matters set forth in the foregoing that relate to or result from the 20% DHCS Checkwrite Payments and the accounts and payment intangibles relating to the 20% DHCS Checkwrite Payments and the proceeds thereof, now existing or hereafter arising and howsoever evidenced or acquired until Payment in Full of the CHFFA Loan Obligations (each as defined in the Subordination).

3. **THE INDEBTEDNESS.** The Collateral secures and will secure all Indebtedness of Borrower to the Lender arising under or related to the Loan Agreement. For the purposes of this Agreement, “Indebtedness” means all loans, advances and other extensions of credit made by the Lender to Borrower and all other obligations and liabilities of Borrower to the Lender arising under the Loan Agreement whether now existing or hereafter incurred or created, whether voluntary or

involuntary, whether due or not due, whether absolute or contingent, or whether incurred directly or acquired by the Lender by assignment or otherwise.

4. **BORROWER'S COVENANTS.** Borrower covenants and warrants that unless compliance is waived by the Lender in writing.

A. Borrower will properly preserve the Collateral; defend the Collateral against any adverse claims and demands; and keep accurate Books and Records.

B. Borrower has notified the Lender in writing of, and will notify the Lender in writing prior to any change in the locations of (i) Borrower's place of business or Borrower's chief executive office if Borrower has more than one place of business and (ii) any Collateral, including the Books and Records.

C. Borrower will notify the Lender in writing prior to any change in Borrower's name, identity or business structure.

D. Borrower has not granted and will not grant any security interest in any of the Collateral except to the Lender and except for Permitted Encumbrances, and will keep the Collateral free of all liens, claims, security interests and encumbrances of any kind or nature, except the security interest of the Lender and except for Permitted Encumbrances.

E. Borrower will promptly notify the Lender in writing of any event which affects the value of any Collateral, the ability of Borrower or the Lender to dispose of any Collateral, or the rights and remedies of the Lender in relation thereto, including, but not limited to, the levy of any legal process against any Collateral and the adoption of any marketing order, arrangement or procedure affecting the Collateral, whether governmental or otherwise.

F. Until the Lender exercises its rights to make collection, Borrower will diligently collect all Collateral.

5. **ADDITIONAL OPTIONAL REQUIREMENTS.** Borrower agrees that the Lender may at its option at any time, whether or not Borrower is in default:

A. Require Borrower to deliver to the Lender (i) copies of or extracts from the Books and Records, and (ii) information on any contracts or other matters affecting the Collateral.

B. Examine the Collateral, including the Books and Records, and make copies of or extracts from the Books and Records, and for such purposes enter at any reasonable time upon the property where any Collateral or any Books and Records are located.

C. Require Borrower to deliver to the Lender any instruments or chattel paper in excess of \$50,000.

6. **DEFAULTS.** Any one or more of the following shall be a default hereunder:

A. The occurrence of any Event of Default under this Agreement or the Loan Agreement.

B. Borrower breaches any term or provision under this Agreement.

7. LENDER REMEDIES AFTER DEFAULT. In the event of Event of Default, the Lender may do any one or more of the following:

A. Declare any Indebtedness immediately due and payable, without notice or demand.

B. Enforce the security interest given hereunder pursuant to the Uniform Commercial Code as in effect in the State of California and any other applicable law.

C. Require Borrower to segregate all collections and proceeds of the Collateral so that they are capable of identification and deliver daily such collections and proceeds to the Lender in kind.

D. Notify any account debtors, any buyers of the Collateral, or any other persons of the Lender's interest in the Collateral.

E. Require Borrower to direct all account debtors to forward all payments and proceeds of the Collateral to a post office box under the Lender's exclusive control.

F. Demand and collect any payments and proceeds of the Collateral. In connection therewith Borrower irrevocably authorizes the Lender to endorse or sign Borrower's name on all checks, drafts, collections, receipts and other documents, and to take possession of and open the mail addressed to Borrower and remove therefrom any payments and proceeds of the Collateral.

G. Enforce the security interest of the Lender in any deposit account of Borrower maintained with the Lender by applying such account to the Indebtedness.

H. Require Borrower to assemble the Collateral, including the Books and Records, and make them available to the Lender at a place designated by the Lender.

I. Enter upon the property where any Collateral, including any Books and Records are located and take possession of such Collateral and such Books and Records, and use such property (including any buildings and facilities) and any of Borrower's equipment, if the Lender deems such use necessary or advisable in order to take possession of, hold, preserve, process, assemble, prepare for sale or lease, market for sale or lease, sell or lease, or otherwise dispose of, any Collateral.

J. Grant extensions and compromise or settle claims with respect to the Collateral for less than face value, all without prior notice to Borrower.

K. Have a receiver appointed by any court of competent jurisdiction to take possession of the Collateral.

L. Take such measures as the Lender may deem necessary or advisable to take possession of, hold, preserve, process, assemble, insure, prepare for sale or lease, market for sale or lease, sell or lease, or otherwise dispose of, any Collateral, and Borrower hereby irrevocably

constitutes and appoints the Lender as Borrower's attorney in fact to perform all acts and execute all documents in connection therewith.

8. MISCELLANEOUS.

A. Any waiver, express or implied, of any provision hereunder and any delay or failure by the Lender to enforce any provision shall not preclude the Lender from enforcing any such provision thereafter.

B. Borrower shall, at the request of the Lender, execute such other agreements, documents, instruments, or financing statements in connection with this Agreement as the Lender may reasonably deem necessary in order to carry out or properly give effect to this Agreement.

C. This Agreement shall be governed by and construed according to the laws of the State of California, to the jurisdiction of which the parties hereto submit, as set forth in the Loan Agreement.

D. All rights and remedies herein provided are cumulative and not exclusive of any rights or remedies otherwise provided by law. Any single or partial exercise of any right or remedy shall not preclude the further exercise thereof or the exercise of any other right or remedy.

E. All terms not defined herein are used as set forth in the Uniform Commercial Code as in effect in the State of California.

F. In the event of any action by the Lender to enforce this Agreement or to protect the security interest of the Lender in the Collateral, or to take possession of, hold, preserve, process, assemble, insure, prepare for sale or lease, market for sale or lease, sell or lease, or otherwise dispose of, any Collateral, Borrower agrees to pay immediately the costs and expenses thereof, together with reasonable attorney's fees and allocated costs for in-house legal services.

G. THE PARTIES HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. IF AND TO THE EXTENT THAT THE FOREGOING WAIVER OF THE RIGHT TO A JURY TRIAL IS UNENFORCEABLE FOR ANY REASON IN SUCH FORUM, EACH OF THE PARTIES HERETO CONSENTS TO THE ADJUDICATION OF ALL CLAIMS PURSUANT TO JUDICIAL REFERENCE AS PROVIDED IN THE CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638, AND THE JUDICIAL REFEREE SHALL BE EMPOWERED TO HEAR AND DETERMINE ALL ISSUES IN SUCH REFERENCE, WHETHER FACT OR LAW. EACH OF THE PARTIES HERETO REPRESENTS THAT EACH HAS REVIEWED THIS WAIVER AND CONSENT AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS AND CONSENTS TO JUDICIAL REFERENCE FOLLOWING CONSULTATION WITH LEGAL COUNSEL ON SUCH MATTERS. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT OR TO JUDICIAL REFERENCE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638 AS PROVIDED HEREIN.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Borrower and the Lender have executed this Agreement as of the date first above written.

SONOMA VALLEY HEALTHCARE DISTRICT, a
California health care district

By: _____
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION, a
national banking association

By: _____
Name:
Title:

AMENDED AND RESTATED LOAN AGREEMENT

This AMENDED AND RESTATED LOAN AGREEMENT (as amended and effect from time to time, this “Agreement”), dated as of [_____], 2024, is by and between the SONOMA VALLEY HEALTHCARE DISTRICT, a California health care district (the “Borrower”) and U.S. BANK NATIONAL ASSOCIATION, a national banking association (together with its successors and assigns, the “Lender”).

RECITALS

WHEREAS, Union Bank, N.A. (the “Prior Lender”) and the Borrower previously executed an Amended and Restated Loan Agreement, dated as of April 8, 2014, as amended by a First Amendment to Amended and Restated Loan Agreement, dated January 22, 2016, a Second Amendment to Amended and Restated Loan Agreement, dated September 6, 2016, a Third Amendment to Amended and Restated Loan Agreement, dated May 30, 2017, a Fourth Amendment to Amended and Restated Loan Agreement, dated January 25, 2019, a Fifth Amendment to Amended and Restated Loan Agreement, dated March 30, 2020, and a sixth Amendment to Amended and Restated Loan Agreement, dated January 25, 2022 (collectively, the “Prior Agreement”), pursuant to which the Prior Lender agreed to provide loans to the Borrower to provide a source of funds for the purposes set forth in the Prior Agreement in an amount not-to-exceed five million five hundred thousand dollars (\$5,500,000), (the “Prior Commitment Amount”), of which \$4,973,734.30 is outstanding under the Prior Agreement as of the date hereof; and

WHEREAS, pursuant to that certain Security Agreement dated as of April 8, 2014 between the Borrower and the Prior Lender (as amended, the “Prior Security Agreement”), the District pledged and assigned to the Prior Lender, as security for the Prior Agreement, all present and thereafter acquired personal property, including, but not limited to all accounts, chattel paper, Swap Contract (as defined in the Security Agreement), instruments, contract rights, general intangibles, goods, equipment, inventory, documents, certificates of title, deposit accounts, returned or repossessed goods, fixtures, commercial tort claims, insurance claims, rights and policies, letter of credit rights, investment property, supporting obligations, and the proceeds, products, parts, accessories, attachments, accessions, replacements, substitutions, additions, and improvements of or to each of the foregoing (collectively, the “Prior Collateral”); and

WHEREAS, the Borrower has requested that the Lender, as the successor of the Prior Lender, execute that certain Subordination Agreement(the “Subordination”), among the District, the Lender and the California Health Facilities Financing Authority (“CHFFA”), to subordinate its interest in 20% of all Medi-Cal checkwrite payments with respect to Medi-Cal reimbursements due to the District from the California Department of Health Care Services, and the Bank has agreed to execute the Subordination upon the terms set forth there and herein; and

WHEREAS, the Lender, as the successor of the Prior Lender, and the Borrower have agreed to amend and restate the Prior Agreement to, among other reasons, (i) replace the Prior Lender with the Lender, (ii) decrease the Prior Commitment amount to two million five hundred thousand dollars (\$2,500,000) (the “New Commitment Amount”) after the Subordination

Agreement is executed and the Borrower will repay \$3,073,734.30 (the “Required Repayment Amount”) of the \$4,973,734.30 outstanding as of the date hereof, and one million nine hundred thousand dollars (\$1,900,000) will be outstanding after the Subordination Agreement is executed and the Borrower makes a payment to the Lender and (iii) make certain other changes to the Prior Agreement and execute a new security agreement to amend and restate the Prior Security Agreement; and

NOW, THEREFORE, in consideration of the foregoing Recitals and other consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce the Lender to make loans to the Borrower, the Borrower, the Lender hereby agree as follows:

ARTICLE I **DEFINITIONS**

1.1. Definitions. As used in this Agreement:

“Anti-Corruption Laws” means the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder, and any other anti-corruption law applicable to the Borrower and its Subsidiaries.

“Authorized Officer” means the Chief Financial Officer of the Borrower, acting singly.

“Board” means the Board of Governors of the Federal Reserve System.

“Borrowing Notice” means irrevocable notice in the form of Exhibit B or as permitted by Section 2.11.

“Business Day” means a day (other than a Saturday or Sunday) on which banks generally are open in California for the conduct of substantially all of their commercial lending activities and interbank wire transfers can be made on the Fedwire system.

“Capital Expenditures” means, without duplication, any expenditures for purchase or other acquisition of any Property that would be classified as a fixed or capital asset on a consolidated balance sheet of the Borrower [and its Subsidiaries] prepared in accordance with GAAP.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority, or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements, or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines, requirements, or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law,” regardless of the date enacted, adopted or issued.

“Closing Date” means the date of this Agreement.

“Code” means the Internal Revenue Code of 1986.

“Collateral” has the meaning set forth in the Security Agreement.

“Collateral Documents” means, collectively, the Security Agreement, all other agreements, instruments and documents now or hereafter executed that create, perfect or evidence Liens upon the Collateral as security for payment of the Obligations.

“Credit Extension” means the making of a Revolving Loan.

“Days Cash on Hand” means the ratio of cash plus marketable securities, unrestricted investments, board designated investments divided by daily cash operating expenses plus daily cash interest expense. Board designated investments includes level 1, 2,3 and net asset value.

“Default” means an event that with the lapse of time or the giving of notice, or both, would be an Event of Default.

“Default Rate” means, for any day, rate of interest per annum equal to the Prime Rate plus 5%.

“EBIDA” means, with respect to any fiscal period, for the Borrower and its Subsidiaries calculated on a consolidated basis, the sum of earnings before interest, depreciation and amortization, including one-time non-recurring expenses as approved by Lender.

“Event of Default” is defined in Article VII.

“Facility Termination Date” means August 31, 2024, or any earlier date on which the Revolving Commitment Amount is reduced to zero or the Revolving Commitment is otherwise terminated pursuant to the terms hereof.

“Fixed Charge Coverage Ratio” means, for any period of determination, the ratio of EBIDA, minus dividends, minus distributions, minus Maintenance Capital Expenditures divided by (b) the sum of all scheduled principal payments on short- and long-term debt and capital leases, plus interest expense, plus rental or lease expense. Adjustments for Medi-Cal Patient and GO Bond revenue along with associated principal and interest to be made at the Lender’s discretion.

“GAAP” means generally accepted accounting principles as in effect from time to time in the United States, applied in a manner consistent with that used in preparing the financial statements referred to in Section 5.4, subject to Section 1.2.

“Governmental Authority” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory

capital rules or standards (including the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

“Indebtedness” of a Person means, without duplication, such Person’s (a) obligations for borrowed money (including the Obligations under this Agreement and the other Loan Documents), (b) obligations representing the deferred purchase price of Property or services (other than accounts payable arising in the ordinary course of such Person’s business payable on terms customary in the trade), (c) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (d) obligations evidenced by notes, acceptances, or other instruments, (e) obligations to purchase securities or other Property arising out of or in connection with the sale of the same or substantially similar securities or Property, (f) capitalized lease obligations, (g) obligations as an account party with respect to standby and commercial letters of credit, (h) guaranties and other contingent obligations of such Person, (i) Swap Obligations, and (j) any other obligation for borrowed money or other financial accommodation that in accordance with GAAP would be shown as a liability on the consolidated balance sheet of such Person.

“Indemnatee” means the Lender, its affiliates, and each of their directors, officers, employees, agents, advisors, and representatives.

“Indemnified Taxes” means Taxes imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document, other than Excluded Taxes and Other Taxes.

“Investment” of a Person means (a) any loan, advance (other than commission, travel and similar advances to officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business on terms customary in the trade) or contribution of capital by such Person; (b) bonds, mutual funds, notes, debentures or other securities (including warrants or options to purchase securities) owned by such Person; (c) any deposit accounts and certificates of deposit owned by such Person; (d) structured notes, derivative financial instruments and other similar instruments or contracts owned by such Person; and (e) the acquisition, directly or indirectly, of any going-concern business or all or substantially all of the assets of any Person or division, whether through purchase of assets, merger or otherwise.

“Law” means, collectively, all international, foreign, federal, state, provincial, and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“Lien” means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including the interest of a vendor or lessor under any conditional sale, capitalized lease or other title retention agreement).

“Loans” means the loan that has been previously made under the Prior Agreement by the Prior Lender under the Prior Commitment of which of [one million nine hundred thousand dollars (\$1,900,000)] will continue to be being maintained by the Lender under the New Commitment and any subsequent Revolving Loan.

“Loan Documents” means this Agreement, the Collateral Documents, the Note[s], and any other document or agreement now or in the future executed by the Borrower for the benefit of the Lender in connection with this Agreement.

“Maintenance Capital Expenditures” means 50% of the Borrower’s depreciation expense for the period specified.

“Material Adverse Effect” means a material adverse effect on (a) the business, Property, liabilities (actual and contingent), operations or condition (financial or otherwise), results of operations, or prospects of the Borrower taken as a whole, (b) the ability of the Borrower to perform its obligations under the Loan Documents, or (c) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Lender under the Loan Documents.

“Modify” and “Modification” are defined in Section 2.13(a).

“New Commitment Amount” has the meaning set forth in the recitals hereto.

“Note” is defined in Section 2.10(a).

“Obligations” means (a) all unpaid principal of and accrued and unpaid interest on the Loans, (b) all obligations in connection with any banking services that are provided to the Borrower by the Lender, including credit cards, credit card processing services, debit cards, purchase cards, stored value cards, freight payable transactions, automated clearing house or wire transfer services, and treasury management, including controlled disbursement, consolidated account, lockbox, overdraft, return items, sweep and interstate depository network services, (c) all accrued and unpaid fees, and (d) all expenses, reimbursements, indemnities and other obligations of the Borrower to any Indemnitee arising under the Loan Documents (including interest and fees accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding).

“OFAC” means the U.S. Department of the Treasury’s Office of Foreign Assets Control, and any successor thereto.

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document.

“PATRIOT Act” means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

“Payment Date” means the last day of each month, or, if such day is not a Business Day, the immediately succeeding Business Day.

“Prime Rate” means, for any day, the fluctuating rate of interest per annum equal to the “Prime Rate” listed in the “Money Rates” section of The Wall Street Journal as of such day or, if The Wall Street Journal is not published on a particular day, then the “Prime Rate” listed in the “Money Rates” section of The Wall Street Journal for the immediately preceding Business Day. If The Wall Street Journal ceases to exist or to publish a prime rate from which the Prime Rate is then determined, then the Prime Rate shall be the rate determined by Lender as its prime commercial lending rate for such day for loans denominated in U.S. Dollars made in the United States. Lender may make loans to its customers at, below or above such prime commercial lending rate, and the prime commercial lending rate referred to herein is not intended to be the best rate offered to customers of Lender. Any change in the Prime Rate shall take effect on the date specified in the publication or announcement of such change. Each determination of the Prime Rate by the Lender will be conclusive and binding on the Borrower absent manifest error.

“Prior Agreement” has the meaning set forth in the recitals hereto.

“Prior Collateral” has the meaning set forth in the recitals to this Agreement.

“Prior Commitment Amount” has the meaning set forth in the recitals hereto.

“Prior Lender” has the meaning set forth in the recitals hereto.

“Prior Security Agreement” has the meaning set forth in the recitals hereto.

“Property” of a Person means all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

“Regulation U” means Regulation U of the Board and any other regulation or official interpretation of the Board relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

“Required Repayment Amount” has the meaning set forth in the recitals hereto.

“Revolving Commitment” means the obligation, if any, of the Lender to make [Revolving] Loans to the Borrower in an aggregate principal amount outstanding at any time not to exceed the Revolving Commitment Amount upon the terms and subject to the conditions and limitations of this Agreement.

“Revolving Commitment Amount” means \$2,500,000, of which one million nine hundred thousand dollars (\$1,900,000) will be outstanding after payment of the Required Payment Amount and as such amount may be modified (a) pursuant to Section 2.5 or (b) otherwise from time to time pursuant to the terms hereof.

“Revolving Exposure” means, at any time, the aggregate principal amount of the Loans outstanding.

“Revolving Loan” means a loan made pursuant to Section 2.1(a).

“Sanctions” means sanctions administered or enforced from time to time by the U.S. government, including those administered by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, His Majesty’s Treasury or other relevant sanctions authority.

“Security Agreement” means the Amended and Restated Security Agreement dated as of the Closing Date by and among the Borrower and the Lender, amended and restating the Prior Security Agreement.

“Subordination Agreement” has the meaning set forth in the recitals hereto.

[“Subordinated Indebtedness” means any Indebtedness (a) the payment of which is subordinated to payment of the Obligations, (b) that is unsecured or secured only by Liens that are subordinated in priority to the Liens of the Lender, and (c) none of the principal of which is payable until at least 180 days after the Facility Termination Date, in each case to the Lender’s written satisfaction.]

“Subsidiary” of a Person means any corporation, partnership, limited liability company, association, joint venture, or similar business organization more than 50% of the outstanding Equity Interests having ordinary voting power of which at the time is owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries. Unless otherwise expressly provided, “Subsidiary” means a Subsidiary of the Borrower.

“Swap” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, fixed-price physical delivery contracts, whether or not exchange traded, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, including any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act and (b) any and all transactions of any kind, and the related confirmations, that are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement or any other master agreement, including any such obligations or liabilities under any such master agreement.

“Swap Obligation” means, with respect to any Person, any and all obligations, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (a) any and all Swaps and (b) any and all cancellations, buy backs, reversals, terminations or assignments of any Swap.

“Tangible Net Worth” means Borrower’s net worth increased by indebtedness subordinated to Lender and decreased by patents, licenses, trademarks, trade names, goodwill and other similar intangible assets, organizational expenses, security deposits, prepaid costs and expenses and monies due from affiliates (including officers, shareholders and directors).

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“UCC” means the Uniform Commercial Code as in effect from time to time in California or any other state the laws of which are required to be applied in connection with the issue of perfection of security interests.

1.2. Interpretation. The foregoing definitions apply equally to the singular and plural forms of the defined terms. In this Agreement, in the computation of a period from a specified date to a later specified date, unless otherwise stated the word “from” means “from and including” and the words “to” and “until” mean “to but excluding.” The words “hereof,” “herein,” and “hereunder” refer to this Agreement as a whole and not to any particular provision. References to Sections, Articles, Exhibits, and Schedules are to this Agreement unless otherwise expressly provided. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” Unless the context otherwise clearly requires, “or” has the inclusive meaning represented by the phrase “and/or.” All covenants, terms, definitions or other provisions incorporated by reference into this Agreement are so incorporated as if fully set forth herein, and such incorporation includes all necessary definitions and related provisions but includes only amendments agreed to by the Lender and survives any termination of such other agreements until the Obligations are irrevocably paid in full and the Revolving Commitment is terminated. Any reference to any Law includes all statutory and regulatory provisions consolidating, amending, replacing or interpreting such Law and, unless otherwise specified, refers to such Law as amended, modified, supplemented, replaced, or succeeded from time to time. References to any document, instrument or agreement (a) include all exhibits, schedules and other attachments thereto, (b) include all documents, instruments or agreements issued or executed in replacement thereof, to the extent permitted hereby and (c) mean such document, instrument or agreement, or replacement or predecessor thereto, as amended, supplemented, restated or otherwise modified from time to time to the extent not otherwise stated herein or prohibited hereby and in effect at any given time. All accounting terms used herein must be interpreted and all accounting determinations hereunder must be made in accordance with GAAP in a manner consistent with that used in preparing the financial statements referred to in Section 5.4.

ARTICLE II **THE LOANS**

2.1. Prior Loans and Loans; Maturity Date. (a) The Lender and the Borrower hereby acknowledge that the Prior Commitment Amount is being reduced to the New Commitment Amount pursuant to the terms of this Agreement, and that after repayment of the Required Payment Amount, which the Borrower shall repay after the Subordination Agreement is executed, but no later than June 15, 2024, [one million nine hundred thousand dollars (\$1,900,000)] will be outstanding hereunder. . The Lender hereby also agrees that if any amount of the New

Commitment Amount is repaid prior to the Maturity Date, the Lender has agreed that, on the terms and conditions set forth in this Agreement, it will make from the Closing Date until the Facility Termination Date, revolving loans to the Borrower in U.S. Dollars upon the request of the Borrower, only if, after giving effect to the making of each such loan, the Revolving Exposure does not exceed the Revolving Commitment Amount. Subject to the terms of Section 4.2 of this Agreement, the Borrower may borrow, repay and reborrow the Revolving Loans at any time before the Facility Termination Date.

(b) The Lender and the Borrower agree that all Loans due hereunder shall be repaid on or before August 31, 2024 (the “Maturity Date”), unless such is hereby extended by the Lender in its sole and absolute discretion.

2.2. Required Payments; Termination. If at any time the Revolving Exposure exceeds the Revolving Commitment Amount, the Borrower must immediately make a payment on the Revolving Loans in an amount sufficient to eliminate such excess. The Borrower must pay all unpaid Obligations under the Loan Documents in full on the Facility Termination Date.

2.3. Fees and Expenses.

(a) Notwithstanding anything in the Loan Documents to the contrary, the Borrower shall reimburse the Lender within ten (10) days of delivery of invoice by the Lender for all attorneys’ fees and all other costs, fees and out-of-pocket disbursements incurred by the Lender in connection with the preparation, execution, delivery, administration, defense, and enforcement of this Agreement or any of the other Loan Documents.

(b) If the Borrower shall fail to pay any amount payable hereunder as and when due and payable, each such unpaid amount shall bear interest for each day from and including the date it was payable until paid in full at the Default Rate.

2.4. Minimum Amount of Each Loan. Each Loan must be in the minimum amount of \$100,000 and in integral multiples of \$100,000; *provided, however*, that any Revolving Loan may be in the amount of the excess of the Revolving Commitment Amount over the Revolving Exposure.

2.5. Voluntary Prepayments. The Borrower may prepay the Loans in whole or in part at any time without premium or penalty. Any prepayment of principal shall be accompanied by a payment of interest accrued to date thereon.

2.6. Borrowing Requests. The Borrower must give the Lender a Borrowing Notice no later than 11:00 a.m. (Pacific time) two Business Days before the borrowing date for a Loan specifying the date, which must be a Business Day, and the amount of such Loan.

2.7. Interest Rates. Interest on each Loan shall accrue at an annual rate equal to Prime Rate adjusted for any reserve requirement and any subsequent costs arising from a change in government regulation.

2.8. Rates Applicable After Event of Default. Notwithstanding anything to the contrary in Section 2.7, during the continuance of an Event of Default, at the option of the Lender (or, in

the case of an Event of Default under Section 7.1(b), (f), or (g), automatically), the Loan[s] shall bear interest at the rate otherwise applicable thereto plus 5% per annum.

2.9. Method of Payment.

(a) All payments of the Obligations under this Agreement and the other Loan Documents shall be made, without setoff, deduction, or counterclaim, in immediately available funds to the Lender at the Lender's address specified pursuant to Section 8.15 by noon (Pacific time) on the date when due. The Lender may charge the account of the Borrower with the Lender for each payment of Obligations as it becomes due.

(b) Principal of the Revolving Loans is payable on the Facility Termination Date.

2.10. Evidence of Indebtedness.

(a) The Loans shall be evidenced by a note (the "Note") payable to the Lender in a principal amount equal to the Revolving Commitment Amount originally in effect.

(b) The Lender will also maintain accounts in which it will record (i) the amount of each Loan, which shall initially be in the amount of \$4,973,734.30 as of the Closing Date, but shall be reduced to [one million nine hundred thousand dollars (\$1,900,000)] after payment of the Required Payment no later than June 15, 2024, (ii) the amount of any principal or interest due and payable or to become due and payable hereunder, and (iii) the amount of any sum received by the Lender hereunder. The entries maintained in such accounts shall be *prima facie* evidence of the existence and amounts of the Obligations therein recorded; provided that the failure of the Lender to maintain such accounts or any error therein shall not affect the obligation of the Borrower to pay the Obligations in accordance with their terms.

2.11. Reserved.

2.12. Interest Payment Dates; Interest and Fee Basis. Interest is payable beginning on May 31, 2024, and on the same date of each consecutive month thereafter (except that if a given month does not have such a date, the last day of such month), plus a final interest payment with the final payment of principal. Interest accrued pursuant to Section 2.8 is payable on demand. Interest and fees hereunder are calculated for actual days elapsed on the basis of a 360-day year. Interest is payable for the day a Loan is made but not for the day of any payment on the amount paid if payment is received before noon (Pacific time). Notwithstanding anything to the contrary in the Agreement, any interest or principal that is otherwise payable on a day that is not a Business Day shall be payable on the immediately succeeding Business Day unless such succeeding Business Day falls in a new calendar month, in which case such interest or principal shall be payable on the immediately preceding Business Day.

2.13. Limitation of Interest. Notwithstanding any provision in any Loan Document, the total liability of the Borrower for payment of interest pursuant hereto, including late charges, shall not at any time exceed the maximum non-usurious rate of interest permitted by applicable Law stated as a rate per annum, and if any payments by the Borrower include interest in excess of such

rate, the Lender will apply the excess first to reduce the unpaid balance of the Obligations, then to reduce the balance of any other Indebtedness of the Borrower to the Lender, then to the Borrower.

ARTICLE III

YIELD PROTECTION; TAXES

3.1. Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

- (i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, the Lender;
- (ii) subject the Lender to any Taxes (other than Indemnified Taxes and Other Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or
- (iii) impose on the Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans,

and the result of any of the foregoing shall be to increase the cost to the Lender of making, converting to, continuing or maintaining any Loan or of maintaining its obligation to make any Loan, or to reduce the amount of any sum received or receivable by the Lender hereunder (whether of principal, interest or any other amount), then, upon request of the Lender, the Borrower will pay to the Lender such additional amount or amounts as will compensate the Lender for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If the Lender determines that any Change in Law affecting the Lender or any lending office of the Lender or the Lender's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on the Lender's capital or on the capital of the Lender's holding company, if any, as a consequence of this Agreement, the Revolving Commitment, or the Loans to a level below that which the Lender or the Lender's holding company could have achieved but for such Change in Law (taking into consideration the Lender's policies and the policies of the Lender's holding company with respect to capital adequacy), then from time to time the Borrower must pay to the Lender such additional amount or amounts as will compensate the Lender or the Lender's holding company for any such reduction suffered.

3.2. Certificates for Reimbursement; Delay in Requests. A certificate of the Lender setting forth the amount or amounts necessary to compensate the Lender or its holding company, as the case may be, as specified in Section 3.1 and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay the Lender the amount shown as due on any such certificate within 10 days after receipt thereof. Failure or delay on the part of the Lender to demand compensation pursuant to Section 3.1 shall not constitute a waiver of the Lender's right to demand such compensation.

3.3. Taxes.

(a) All payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Law. If any applicable Law requires the deduction or withholding of any Tax from any such payment, then the Borrower may make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 3.3) the Lender receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable Law or at the option of the Lender timely reimburse it for the payment of any Other Taxes.

(c) The Borrower shall indemnify the Lender, within 10 days after demand, for the full amount of any Indemnified Taxes including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.3) payable or paid by the Lender or required to be withheld or deducted from a payment to the Lender and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by the Lender shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section 3.3, the Borrower shall deliver to the Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Lender.

(e) Each party's obligations under this Section 3.3 survive any assignment of rights by the Lender, the termination of the Revolving Commitment and the repayment, satisfaction or discharge of all Obligations.

ARTICLE IV

CONDITIONS PRECEDENT

4.1. Effectiveness of this Agreement. This Agreement will not become effective unless each of the following conditions is satisfied:

- (a) The Lender shall have received the following:
 - (i) Each Loan Document executed by the Borrower, together with such other instruments and documents as the Lender requests to obtain a perfected, first-priority Lien on the Collateral;

- (ii) Such title and lien searches, environmental reports, evidence of insurance, endorsements, surveys, appraisals, and other due diligence as the Lender requires with respect to the Collateral and Property of the Borrower;
- (iii) Such evidence as the Lender requires regarding the organization, power and authority, and authorization of the Borrower with respect to the Loan Documents.

(b) The Borrower shall have provided to the Lender the documentation and other information requested in connection with “know your customer” and anti-money-laundering Laws, in each case at least five days before the Closing Date.

(c) The Lender shall have received such other resolutions, consents, agreements, documents, opinions, instruments and certificates as the Lender requires.

4.2. Each Credit Extension. The Lender shall not be required to make any Credit Extension hereafter unless on the date thereof:

(a) (i) For any initial Revolving Loan hereunder, the Lender shall have received all fees and other amounts due and payable including, but not limited to, the Required Repayment Amount to be repaid from a loan from CHFFA pursuant to that certain Loan and Security Agreement, dated as of _____, 2024, between CHFFA and the Borrower.

(ii) An executed copy of the Subordination Agreement has been provided to the Lender.

(b) No Default or Event of Default exists or would result therefrom.

(c) The representations and warranties in Article V are true and correct.

(d) The Lender shall have received a Borrowing Notice, which constitutes a representation and warranty by the Borrower that the conditions in Section 4.2(a) and (b) have been satisfied.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lender that:

5.1. Existence and Standing. The Borrower is duly and properly incorporated or formed, validly existing and in good standing under the laws of California as hospital district and has all requisite authority to conduct its business in the State of California and the County of Sonoma.

5.2. Authorization and Validity. The Borrower has the power and authority and legal right to execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder. The execution, delivery, and performance by the Borrower of the Loan Documents to which it is a party have been duly authorized by proper proceedings and are legal, valid and binding obligations enforceable against the Borrower in accordance with their terms, except as

enforceability may be limited by bankruptcy, insolvency or similar Laws affecting the enforcement of creditors' rights generally.

5.3. No Conflict; Government Consents. Neither the execution and delivery by the Borrower of the Loan Documents to which it is a party, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate (a) any Law, order, writ, judgment, injunction, decree or award binding on the Borrower, (b) the Borrower's organizational documents, or (c) any agreement to which the Borrower is a party or subject, or by which it or its Property is bound, conflict with or be a default thereunder, or result in or require the creation or imposition of any Lien on the Property of the Borrower. No order, consent, adjudication, approval, license, authorization, or validation of, filing, recording or registration with, exemption by, or other action in respect of any Governmental Authority that has not been obtained is required in connection with the execution, delivery, and performance of the Loan Documents or the legality, validity, binding effect or enforceability of any of the Loan Documents.

5.4. Financial Statements. The audited consolidated financial statements of the Borrower and its Subsidiaries most recently delivered to the Lender, and their unaudited financial statements for the fiscal periods ending thereafter, were prepared in accordance with Section 1.2 and fairly present the consolidated financial condition and operations of the Borrower and its Subsidiaries at such date and the consolidated results of their operations for the period then ended.

5.5. Material Adverse Change. Other than as disclosed to the Lender, since February 2024 there has been no change in the business, Property, prospects, condition (financial or otherwise) or results of operations of the Borrower and its Subsidiaries that could reasonably be expected to have a Material Adverse Effect.

5.6. Taxes. The Borrower has filed all required Tax returns and have paid all Taxes due, if any, except any Taxes that are being contested in good faith as to which adequate reserves have been provided in accordance with GAAP. No Tax Liens have been filed and no claims are being asserted with respect to any such Taxes. The charges, accruals and reserves on the books of the Borrower in respect of any Taxes or other governmental charges are adequate.

5.7. Litigation and Contingent Obligations. There is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower that is material or seeks to prevent, enjoin or delay the making of any Credit Extensions. The Borrower has no material contingent obligations not provided for or disclosed in the financial statements referred to in Section 5.4.

5.8. Subsidiaries. Schedule 5.8 contains an accurate list of all Subsidiaries as of the Closing Date, setting forth their respective jurisdictions of organization and the percentage of their respective Equity Interests owned by the Borrower. All issued and outstanding Equity Interests of such Subsidiaries have been (to the extent such concepts are relevant with respect to such Equity Interests) duly authorized and issued and are fully paid and non-assessable.

5.9. Employee Benefits. The Borrower is compliance with all Laws with respect to any employee benefit plans applicable to it.

5.10. Accuracy of Information.

(a) No information, exhibit or report furnished by the Borrower to the Lender contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements therein not misleading.

5.11. Material Agreements. The Borrower is not subject to any material restriction. The Borrower is not in default of (a) any material agreement or (b) any Material Indebtedness Agreement.

5.12. Compliance with Laws. The Borrower is in compliance in all material respects with all applicable Laws.

5.13. Ownership of Properties. The Borrower has good title, free of all Liens other than Liens permitted hereunder, to all of the Property reflected in the Borrower's most recent consolidated financial statements provided to the Lender as owned by the Borrower (other than Property disposed of in a transaction permitted by Section 6.12(a)).

5.14. Reserved.

5.15. Investment Company Act. Neither the Borrower nor any Subsidiary is an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940.

5.16. Solvency. In each case with respect to the Borrower and its Subsidiaries on a consolidated basis, (a) the fair value of their assets will exceed their debts and liabilities, subordinated, contingent or otherwise; (ii) the present fair saleable value of their Property will exceed the amount required to pay their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) they will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (iv) they will not have unreasonably small capital with which to conduct their businesses as now conducted and proposed to be conducted after the Closing Date. The Borrower does not intend to, or believes that it will, incur debts beyond its ability to pay as they mature.

5.18. Anti-Corruption Laws; Sanctions; Anti-Terrorism Laws. The Borrower and its directors, officers, and employees and, to the knowledge of the Borrower, the agents of the Borrower are in compliance with Anti-Corruption Laws and all applicable Sanctions in all material respects. The Borrower has implemented and maintain in effect policies and procedures designed to ensure compliance with Anti-Corruption Laws and applicable Sanctions. Neither the Borrower nor any director, officer, employee, agent, or affiliate of the Borrower is an individual or entity that is, or is 50% or more owned (individually or in the aggregate, directly or indirectly) or controlled by individuals or entities (including any agency, political subdivision or instrumentality of any government) that are (a) the target of any Sanctions or (b) located, organized or resident in a country or territory that is the subject of Sanctions (at the time of this Agreement, Cuba, Iran,

North Korea, Syria, Crimea, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic, and the Kherson and Zaporizhzhia regions of Ukraine).

ARTICLE VI COVENANTS

Until (a) Obligations under the Loan Documents have been irrevocably paid full and (b) the Lender no longer has any commitment to provide any financial accommodations under any Loan Document:

6.1. Financial Reporting. The Borrower will maintain, for itself and each Subsidiary, a system of accounting in accordance with GAAP, and furnish to the Lender:

(a) within 120 days after the close of each of its fiscal years, an unqualified (except for qualifications relating to changes in accounting principles or practices reflecting changes in GAAP) audit report, with no going concern modifier, certified by independent certified public accountants acceptable to the Lender, prepared in accordance with GAAP on a consolidated basis for itself and its Subsidiaries, including balance sheets as of the end of such period, related profit and loss and reconciliation of surplus statements, and a statement of cash flows, accompanied by any management letter prepared by said accountants;

(b) within thirty (30) days after the close of each quarterly period, [for itself and its Subsidiaries], consolidated unaudited balance sheets as at the close of each such period and consolidated profit and loss and reconciliation of surplus statements (including sufficient detail for independent calculation of the financial covenants set forth in Section 6.20) and a statement of cash flows for the period from the beginning of such fiscal year to the end of such quarter, all certified by its chief financial officer;

(c) within sixty (60) days after the close of each fiscal year, projected monthly balance sheets, income statements, and cash flow statements of the Borrower for such fiscal year.

(d) within twenty-five (25) days after the end of each month, a compliance certificate showing financial covenant calculations and certified by an officer of the Borrower.

(e) within twenty-five (25) days after the end of each month, a monthly cash flow forecast in form and substance satisfactory to the Lender,

(f) within twenty-five (25) days after the end of each month, [for itself and its Subsidiaries], consolidated unaudited balance sheets as at the close of each such period and consolidated profit and loss and reconciliation of surplus statements (including sufficient detail for independent calculation of the financial covenants set forth in Section 6.20) and a statement of cash flows for the period from the beginning of such fiscal year to the end of such quarter, all certified by its chief financial officer;

(g) within twenty-five (25) days after the end of each month, a monthly break down of revenue sources which shall identify Medi Cal Payments.

(h) within thirty (30) days after the end of each quarter, a compliance certificate in substantially the form of Exhibit C.

(i) such other information as the Lender from time to time reasonably requests, including information and documentation reasonably requested by the Lender for purposes of compliance with applicable “know your customer” requirements under the PATRIOT Act, the Beneficial Ownership Regulation, or other anti-money laundering Laws.

6.2. Financial Covenants.

(a) Minimum EBIDA. For the periods ending April 30, 2024, May 31, 2024 and June 30, 2024, the Borrower shall maintain minimum monthly consolidated EBIDA of (i) \$1,300,00.00 for the 1-month ended April 30, 2024, (ii) \$1,100,000.00 for the 2-months ended May 31, 2024; (iii) \$800,000.00 for the 3-months ended June 30, 2024. Adjustments for nonrecurring or unusual items are at the Lender’s sole discretion.

(b) Fixed Charge Coverage Ratio. Not later than 30 days after the end of each fiscal quarter-end, together with the financial statements, Borrower shall provide to the Lender a certificate showing the calculation of the Fixed Charge Coverage Ratio for the then most-recently ended four quarters.

(c) Minimum Days Cash On Hand. Borrower shall maintain minimum Days Cash on Hand of 45 days as of May 31, 2024 and 20 days as of June 30, 2024 and 20 days as of July 31, 2024.

(d) Maximum Debt to Tangible Net Worth. The Borrower shall maintain a ratio of total liabilities to Tangible Net Worth of not greater than 2.50:1, to be measured on a quarterly basis.

6.3 Use of Proceeds. The Borrower will[, and will cause each Subsidiary to,] use the proceeds of the Credit Extensions for general corporate purposes. The Borrower will not, and will not permit any Subsidiary to, use any of the proceeds of the Loans to purchase or carry any “margin stock” (as defined in Regulation U). The Borrower will not, directly or indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (a) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or (b)(i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions, or (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Loans, whether as Lender, underwriter, advisor, investor, or otherwise).

6.4. Notice of Material Events. The Borrower will, and will cause each Subsidiary to, give notice to the Lender, promptly and in any event within [five][fifteen] days after an officer of the Borrower obtains knowledge thereof, of:

(a) any Default or Event of Default;

(b) the commencement of any action or proceeding by or before any arbitrator or Governmental Authority affecting the Borrower or affiliate thereof that seeks to prevent, enjoin, or delay a Credit Extension or is otherwise material;

(c) any other development, financial or otherwise, that would reasonably be expected to have a Material Adverse Effect, and

(d) any change in Borrower's officers and other senior management, Borrower's name or state of organization, and the location of Borrower's assets.

Each notice delivered under this Section 6.3 must be accompanied by a statement of an officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

6.5. Conduct of Business. The Borrower will, and will cause each Subsidiary to, carry on and conduct its business in substantially the same manner and fields of enterprise as it is conducted in on the Closing Date, do all things necessary to remain duly incorporated or organized, validly existing and in good standing in its jurisdiction of incorporation or organization, maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted, and keep in full force and effect all rights, contracts, intellectual property, permits, licenses, franchises, and other authorizations material to the conduct of its business.

6.6. Insurance. The Borrower will, and will cause each Subsidiary to, maintain with financially sound and reputable insurance companies insurance on all their Property, liability insurance and environmental insurance in such amounts, subject to such deductibles and self-insurance retentions and covering such Properties and risks as is consistent with sound business practice, and the Borrower will furnish to the Lender upon request full information as to the insurance carried. The Lender shall be named as lender loss payee and additional insured with respect to any such insurance, and each provider of any such insurance must agree to give the Lender 30 days' prior written notice before such policy is cancelled.

6.7. Compliance with Laws and Material Contractual Obligations. The Borrower will, and will cause each Subsidiary to, (a) comply in all material respects with all Laws and (b) perform in all material respects its obligations under material agreements to which it is a party. The Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions. The Borrower will not, and will not permit any Subsidiary to, use or allow any tenants or subtenants to use its Property for any business activity that violates any Law or that supports a business that violates any Law.

6.8. Maintenance of Properties. The Borrower will, and will cause each Subsidiary to, do all things necessary to maintain, preserve, protect and keep its Property in good repair, working order and condition, ordinary wear and tear excepted, and make all repairs, renewals and replacements necessary to properly conduct its business at all times.

6.9. Books and Records; Inspection. The Borrower will, and will cause each Subsidiary to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions related to its business and activities. The Borrower will[, and will cause

each Subsidiary to,] permit the Lender, by its representatives and agents, at the Borrower's expense, to inspect the Property, books and financial records of the Borrower, to examine and make copies of the books of accounts and other financial records of the Borrower, and to discuss the affairs, finances and accounts of the Borrower with, and to be advised as to the foregoing by, their officers at such reasonable times and intervals as the Lender designates.

6.10. Acquisitions. The Borrower shall not, without the prior written consent of the Lender, make any acquisitions.

6.11. Further Assurances. As promptly as possible but in any event within 30 days after a Subsidiary is organized or acquired, the Borrower must provide the Lender with notice thereof describing in reasonable detail the material Property of such Subsidiary and must cause each such Subsidiary to deliver to the Lender (i) an updated Schedule 5.8, and (ii) such other resolutions, documentation and legal opinions as the Lender may request. The Borrower must promptly correct any ambiguity, omission, defect, inconsistency or error in any Loan Document or in the execution, acknowledgment or recordation thereof.

6.12. Indebtedness. The Borrower shall not, without the prior written consent of the Lender, lend or otherwise extend credit to any of its partners, owners, employees, any entity which directly or indirectly owns any interest in the Borrower, any entity which Borrower indirectly owns any interest, or any third-party.

6.13. Merger. The Borrower will not, and will not permit any Subsidiary to, merge or consolidate with or into any other Person, divide, or liquidate or dissolve.

6.14. Sale of Property. The Borrower will not, and will not permit any Subsidiary to, lease, sell, transfer, or otherwise dispose of its Property to any other Person, except for:

(a) sales of inventory, or used, worn-out or surplus equipment, all in the ordinary course of business;

6.15. Investments. The Borrower will not, and will not permit any Subsidiary to, make or suffer to exist any Investments, or commitments therefor, or create any Subsidiary or become or remain a partner in any partnership or joint venture, except:

(a) Cash and cash equivalents;

(b) Investments in any Subsidiary organized under the laws of any of the United States of America or the District of Columbia (subject to Section 6.11); and

6.16. Liens. The Borrower will not, and will not permit any Subsidiary to, create, incur, or suffer to exist any Lien in, of, or on the Property of the Borrower, except (a) Liens securing Indebtedness permitted under Section 6.10(b);

6.17. Reserved.

6.19. Subordinated Indebtedness. The Borrower will not, and will not permit any Subsidiary to, make any amendment or modification to any agreement evidencing or governing

any Subordinated Indebtedness, or directly or indirectly voluntarily repay, prepay, defease or in substance defease, purchase, redeem, retire or otherwise acquire, any Subordinated Indebtedness other than as permitted under the applicable subordination agreement.

6.20. Accounting Changes, Etc. The Borrower shall not, and must not permit any Subsidiary to, (a) make any material change in accounting treatment or reporting practices or change its fiscal year or (b) amend any of its organizational documents.

ARTICLE VII

DEFAULTS AND REMEDIES

7.1. Events of Default. Each of the following events is an “Event of Default”:

(a) any representation or warranty made or deemed made by or on behalf of the Borrower in connection with any Loan Document is materially false on the date made;

(b) nonpayment of principal, interest, Reimbursement Obligations, fees, or any other Obligation when due;

(c) the breach of any of Sections 6.1 through 6.7, and 6.12 through 6.20;

(d) the breach of any of the other terms of this Agreement or any other Loan Document that is not remedied within 30 days after the earlier of (i) the Borrower becoming aware of such breach and (ii) the Lender notifying the Borrower of such breach;

(e) any default in respect of any Material Indebtedness;

(f) the Borrower (i) has an order for relief entered with respect to it under the federal bankruptcy Laws, (ii) makes an assignment for the benefit of creditors, (iii) applies for, seeks, consents to, or acquiesces in the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any of its Property, (iv) institutes any proceeding seeking an order for relief under the federal bankruptcy Laws or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any Law relating to bankruptcy, insolvency or reorganization or relief of debtors or fails to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (v) takes any action to authorize or effect any of the foregoing actions set forth in this Section 7.1(f), (vi) fails to contest in good faith any appointment or proceeding described in this Section 7.1(f), or (vii) fails to pay, or admits in writing its inability to pay, its debts generally as they become due;

(g) without the application, approval or consent of the Borrower, a receiver, trustee, examiner, liquidator or similar official is appointed for the Borrower or any of its Property, or a proceeding described in Section 7.1(f) is instituted against the Borrower, and such appointment continues undischarged or such proceeding continues undismissed or unstayed for 30 days;

(h) any Governmental Authority condemns, seizes or otherwise appropriates, or takes custody or control of, all or any portion of the Property of the Borrower;

(i) the Borrower fails within 30 days to pay, obtain a stay with respect to, or otherwise discharge one or more (i) judgments or orders for the payment of money more than \$1,000,000 in the aggregate or (ii) nonmonetary judgments or orders that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect;

(j) (i) any Loan Document fails to remain in full force or effect or any action is taken to discontinue or to assert the invalidity or unenforceability of any Loan Document; (ii) any Guarantor repudiates or purports to revoke the Guaranty, denies that it has any further liability under the Guaranty, or dies; or (iii) any Collateral Document fails to create a valid and perfected first-priority security interest in any Collateral, except as permitted by the Loan Documents, or fails to remain in full force and effect, or any action is taken to discontinue or to assert the invalidity or unenforceability of any Collateral Document; or

(k) any occurrence or event that has a Material Adverse Effect.

7.2. Acceleration; Remedies.

(a) If any Event of Default described in Section 7.1(f) or (g) occurs, the Revolving Commitment shall automatically terminate and the Obligations under this Agreement and the other Loan Documents shall immediately become due and payable without any action by the Lender. If any other Event of Default occurs, the Lender may terminate the Revolving Commitment or declare the Obligations under this Agreement and the other Loan Documents to be due and payable, or both, whereupon such Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower hereby waives.

(b) Upon the occurrence and during the continuation of any Event of Default, the Lender may exercise all rights and remedies under the Loan Documents and enforce all other rights and remedies under applicable Law, including, but not limited to, exercising all of its remedies under the Collateral Documents. The Lender may apply any amounts it receives on account of the Obligations in its sole discretion.

(c) Additionally, from and after the occurrence and during the continuance of an Event of Default, all amounts owing to the Lender hereunder shall bear interest at the Default Rate.

7.3. Preservation of Rights. No delay or omission of the Lender to exercise any right under the Loan Documents will impair such right or be construed to be a waiver of any Event of Default or an acquiescence therein, and any Credit Extension notwithstanding an Event of Default or the inability of the Borrower to satisfy the conditions precedent to such Credit Extension shall not constitute a waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right. All remedies in the Loan Documents or under applicable Law afforded are cumulative and available to the Lender until (a) the Obligations have been irrevocably paid and performed in full and (b) the Revolving Commitment has terminated.

ARTICLE VIII GENERAL PROVISIONS

8.1. Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein must be in writing and must be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows: (a) if to the Borrower, at 347 Andrieux Street, Sonoma, CA 95475, Attention: Benjamin Armfield, Chief Financial Officer, email: barmfield@sonomavalleyhospital.org; and (b) if to the Lender, at 9467 Milliken Ave, Rancho Cucamonga, CA 91730, Attention and email: sagwest.la@usbank.com. Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (or, if not sent during normal business hours for the recipient, at the opening of business on the next business day for the recipient), except that notices to the Lender under Article II shall not be effective until actually received. Notwithstanding the foregoing, the Lender or the Borrower may, in its discretion, agree to accept electronic communications pursuant to procedures approved by it or as it otherwise determines. Email communications are deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgement), or if not sent during the normal business hours of the recipient, at the opening of business on the next business day for the recipient. Any party hereto may change its address or facsimile number above by notice to the other party hereto as provided in this Section 8.1. Modifications. Notwithstanding any provision to the contrary herein, no amendment, modification, or waiver of any provision of any Loan Document or consent to any departure therefrom is effective unless in writing and signed by the Lender, and then such amendment, modification, waiver, or consent is effective only in the specific instance and for the purpose for which given.

8.2. Expenses; Indemnity; Damage Waiver.

(a) The Borrower shall pay all out-of-pocket expenses incurred by the Lender and its affiliates (including the reasonable fees, charges and disbursements of counsel) in connection with due diligence, preparation, administration, negotiation, execution, delivery, amendment, administration, enforcement, and collection of the Loan Documents.

(b) The Borrower shall indemnify each Indemnitee against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of counsel for any Indemnitee), incurred by or asserted against any Indemnitee by any Person arising out of, in connection with, or as a result of (i) the execution, delivery, or performance of any Loan Document, (ii) the use of the proceeds of any Credit Extension, (iii) any environmental liability related in any way to the Borrower, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of the applicable Indemnitee.

(c) To the fullest extent permitted by applicable Law, the Borrower hereby waives any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, the transactions contemplated by the Loan Documents.

(d) All amounts due under this Section 8.3 are payable promptly after demand therefor. The obligations under this Section 8.3 shall survive the termination of this Agreement.

8.3. Successors and Assigns. The Loan Documents are binding upon and inure to the benefit of the Borrower and the Lender and their respective successors and assigns, except that the Borrower may not assign its rights or obligations under the Loan Documents without the prior written consent of the Lender. The Lender may at any time sell, assign, transfer, grant participations in, or otherwise dispose of any portion of its rights and obligations under the Loan Documents to any other Person. This Agreement confers no right or benefit upon any Person other than the parties to this Agreement and their permitted successors and assigns.

8.4. Setoff. The Borrower grants the Lender a security interest in all deposits, credits and deposit accounts (including all account balances, whether provisional or final and whether or not collected or available) of the Borrower with the Lender or any affiliate of the Lender to secure the Obligations. In addition to, and without limitation of, any rights of the Lender under applicable Law, if any Event of Default occurs, the Borrower authorizes the Lender to offset and apply all such deposits and other amounts toward the payment of the Obligations, whether or not the Obligations, or any part thereof, are then due and regardless of the existence or adequacy of any collateral, guaranty or any other security, right or remedy available to the Lender.

8.5. Payments Set Aside. If any payment by or on behalf of the Borrower to the Lender, or the Lender's exercise of its right of setoff, is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Lender in its discretion) to be repaid to a trustee, receiver or any other party, the obligation originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred.

8.6. Survival. All covenants, agreements, representations and warranties made by the Borrower in any Loan Document or pursuant thereto shall be considered to have been relied upon by the Lender and shall survive the execution and delivery thereof and the Credit Extensions, regardless of any investigation made by or on behalf of the Lender and notwithstanding that the Lender may have had notice of any default at the time of any Credit Extension, and shall continue in full force and effect as long as any Obligation or the Revolving Commitment remains outstanding. Sections 3.1, 3.2, 3.4, 9.3, and 9.7 shall survive and remain in full force and effect regardless of the consummation of the Credit Extensions, the payment of the Obligations, the expiration or termination of the Revolving Commitment or the termination of any Loan Document.

8.7. Governmental Regulation. Anything in this Agreement to the contrary notwithstanding, the Lender need not extend credit to the Borrower in violation of any Law.

8.8. Headings. Section headings are for convenience of reference only and shall not govern the interpretation of any of the provisions of the Loan Documents.

8.9. Entire Agreement. The Loan Documents embody the entire agreement and understanding between the Borrower and the Lender and supersede all prior agreements and understandings between the Borrower and the Lender relating to the subject matter thereof.

8.10. Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are severable.

8.11. No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby, (a)(i) no fiduciary, advisory, or agency relationship is intended to be or has been created, irrespective of whether the Lender has advised or is advising the Borrower on other matters, (ii) any services regarding this Agreement provided by the Lender are arm's-length commercial transactions between the Borrower and affiliates, on the one hand, and the Lender, on the other hand, (iii) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iv) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated by the Loan Documents; and (b)(i) the Lender is acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower or any of its affiliates, or any other Person and (B) the Lender has no obligation to the Borrower or any of its affiliates with respect to the transactions contemplated hereby except as expressly set forth in the Loan Documents; and (iii) the Lender and its affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its affiliates, and the Lender has no obligation to disclose any of such interests to the Borrower or its affiliates. To the fullest extent permitted by Law, the Borrower waives and releases any claims that it may have against the Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

8.12. USA PATRIOT Act. The Lender hereby notifies the Borrower that pursuant to the requirements of the PATRIOT Act, it may be required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Lender to identify the Borrower in accordance with the PATRIOT Act.

8.13. Counterparts; Effectiveness. This Agreement may be executed in counterparts (and by different parties in different counterparts), each of which is an original, but all of which when taken together are a single contract.

8.14. Document Imaging; Telecopy and PDF Signatures; Electronic Signatures. Without notice to or consent of the Borrower, the Lender may create electronic images of any Loan Documents and destroy paper originals of any such imaged documents. Such images have the same legal force and effect as the paper originals and are enforceable against the Borrower and any other parties thereto. The Lender may convert any Loan Document into a "transferrable record" as such term is defined under, and to the extent permitted by, applicable law, with the image of such instrument in the Lender's possession constituting an "authoritative copy." If the Lender agrees,

in its sole discretion, to accept delivery by telecopy or PDF of an executed counterpart of a signature page of any Loan Document or other document required to be delivered under the Loan Documents, such delivery will be valid and effective as delivery of an original manually executed counterpart of such document for all purposes. If the Lender agrees, in its sole discretion, to accept any electronic signatures of any Loan Document or other document required to be delivered under the Loan Documents, the words "execution," "signed," and "signature," and words of like import, in or referring to any document so signed will be deemed to include electronic signatures and/or the keeping of records in electronic form, which will be of the same legal effect, validity and enforceability as a manually executed signature and/or the use of a paper-based recordkeeping system, to the extent and as provided for in any applicable law. The Lender may rely on any such electronic signatures without further inquiry.

8.15. Governing Law. This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of California.

8.16. Jurisdiction. The Borrower irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Lender or any other Indemnitee in any way relating to any Loan Document in any forum other than the courts of the State of California sitting in Los Angeles, and of the United States District Court for the Central District, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such state court or, to the fullest extent permitted by Applicable Law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right of the Lender to bring any action or proceeding against the Borrower or its properties in the courts of any jurisdiction.

8.17. Waiver of Venue. The Borrower irrevocably and unconditionally waives, to the fullest extent permitted by applicable Law, any objection to the laying of venue of any action or proceeding arising out of or relating to any Loan Document in any court referred to in Section 8.18. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum in any such action or proceeding.

8.18. Service of Process. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 8.1. Nothing in this Agreement shall affect the right of any party hereto to serve process in any other manner permitted by applicable Law.

8.19. GENERAL RELEASE IN FAVOR OF BANK. AS OF THE CLOSING DATE, THE BORROWER, FOR ITSELF AND ITS PAST, AND PRESENT, EMPLOYEES, AGENTS, MANAGERS, MEMBERS, ATTORNEYS, REPRESENTATIVES, SUCCESSORS, ASSIGNS, AND ALL PERSONS OR ENTITIES CLAIMING BY, THROUGH OR UNDER ANY OF

THEM (AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, COLLECTIVELY, THE "RELEASING PARTIES") HEREBY:

- I. ACKNOWLEDGES, AGREES, AND AFFIRMS THAT, TO ITS KNOWLEDGE AFTER COMMERCIALY REASONABLE INQUIRY AND INVESTIGATION, IT DOES NOT HAVE ANY, DEFENSES, CLAIMS, COUNTERCLAIMS OR RIGHTS RECOUPMENT OR RIGHTS OF SET-OFF, LEGAL OR EQUITABLE, ARISING OUT OF OR IN CONNECTION WITH THE LOANS, THE LOAN AGREEMENTS OR THE LOAN DOCUMENTS, OR ANY KNOWLEDGE OF ANY FACTS OR CIRCUMSTANCES THAT MIGHT GIVE RISE TO OR BE THE BASIS OF ANY SUCH CLAIMS, DEFENSES, OFFSETS, RIGHTS OF RECOUPMENT, OR COUNTERCLAIMS;
- II. WAIVES, RELEASES, ACQUITS, SATISFIES AND FOREVER DISCHARGES THE LENDER AND ITS DIRECT AND INDIRECT AFFILIATES, SUBSIDIARIES, PARENTS, CONTROLLING PERSONS, AGENTS, REPRESENTATIVES, ATTORNEYS AND SUCCESSORS AND ASSIGNS (THE "LENDER RELEASED PARTIES") FROM ANY AND ALL MANNER OF DEBTS, ACCOUNTS, BONDS, WARRANTIES, REPRESENTATIONS, COVENANTS, PROMISES, CONTRACTS, CONTROVERSIES, AGREEMENTS, LIABILITIES, OBLIGATIONS, EXPENSES, DAMAGES, JUDGMENTS, EXECUTIONS, ACTIONS, CLAIMS (INCLUDING, WITHOUT LIMITATION, CROSSCLAIMS, COUNTERCLAIMS, RIGHTS OF SET-OFF AND RECOUPMENT), DEMANDS, AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER, WHETHER AT LAW OR IN EQUITY, WHETHER KNOWN OR UNKNOWN, THAT ANY OF THE RELEASING PARTIES NOW HAS OR MAY HEREAFTER HAVE BY REASON OF ANY ACT, OMISSION, MATTER, CAUSE OR THING, FROM THE BEGINNING OF THE WORLD TO AND INCLUDING THE FORBEARANCE EFFECTIVE DATE, INCLUDING MATTERS ARISING OUT OF OR RELATING TO THE LOAN AND THE LOAN DOCUMENTS, INCLUDING THE ORIGINATION, FUNDING, SERVICING, OR ADMINISTRATION THEREOF AND ANY OTHER AGREEMENT OR TRANSACTION BETWEEN ANY OF THE RELEASING PARTIES AND THE LENDER RELEASED PARTIES CONCERNING THE LOAN (ALL OF THE FOREGOING RELEASED CLAIMS ARE SOMETIMES REFERRED TO AS THE "RELEASED CLAIMS"); PROVIDED, HOWEVER, THAT THE FOREGOING RELEASE SHALL NOT APPLY TO ANY FUTURE BREACH OF ANY OF THE OBLIGATIONS, COVENANTS OR AGREEMENTS OF THE LENDER RELEASED PARTIES THAT ARE EXPRESSLY SET FORTH IN THIS AMENDED LOAN AGREEMENT OR

TO ANY OTHER MATTERS ARISING AFTER THE EFFECTIVE DATE AND THE SAME SHALL NOT BE DEEMED RELEASED CLAIMS;

- III. AGREES THAT IT IS THE INTENTION OF EACH OF THE RELEASING PARTIES THAT THE FOREGOING RELEASE SHALL BE EFFECTIVE WITH RESPECT TO ALL MATTERS, PAST AND PRESENT, KNOWN AND UNKNOWN, SUSPECTED AND UNSUSPECTED;
- IV. ACKNOWLEDGES THAT THE LENDER IS SPECIFICALLY RELYING UPON EACH OF THE RELEASING PARTIES' ACKNOWLEDGEMENTS AND AGREEMENTS IN THIS SECTION IN EXECUTING THIS AMENDED LOAN AGREEMENT, AND THAT IN THE ABSENCE OF SUCH AGREEMENTS THE LENDER WOULD BE UNWILLING TO AGREE TO THE TERMS PROVIDED FOR IN THIS AMENDED LOAN AGREEMENT;
- V. AGREES THAT ALL RELEASES AND DISCHARGES BY EACH OF THE RELEASING PARTIES IN THIS AMENDED LOAN AGREEMENT SHALL HAVE THE SAME EFFECT AS IF EACH RELEASED OR DISCHARGED MATTER HAD BEEN THE SUBJECT OF A LEGAL PROCEEDING, ADJUDICATED TO FINAL JUDGMENT FROM WHICH NO APPEAL COULD BE TAKEN AND THEREIN DISMISSED WITH PREJUDICE;
- VI. AGREES THAT THE PROVISIONS OF THIS SECTION 8.21 SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT, THE OTHER LOAN DOCUMENTS AND PAYMENT IN FULL OF THE OBLIGATIONS AND SHALL BE IN ADDITION TO ANY INDEMNITIES SET FORTH IN ANY OF THE LOAN DOCUMENTS; AND
- VII. EXPRESSLY, KNOWINGLY, AND INTENTIONALLY WAIVES ALL RIGHTS AND PROTECTIONS UNDER THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE OF THE STATE OF CALIFORNIA, WHICH PROVIDES:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

_____ INITIALS ON BEHALF OF BORROWER

THE PROVISIONS OF THIS SECTION 8.21 SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

8.20. WAIVER OF JURY TRIAL. THE PARTIES HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED

HEREBY. IF AND TO THE EXTENT THAT THE FOREGOING WAIVER OF THE RIGHT TO A JURY TRIAL IS UNENFORCEABLE FOR ANY REASON IN SUCH FORUM, EACH OF THE PARTIES HERETO CONSENTS TO THE ADJUDICATION OF ALL CLAIMS PURSUANT TO JUDICIAL REFERENCE AS PROVIDED IN THE CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638, AND THE JUDICIAL REFEREE SHALL BE EMPOWERED TO HEAR AND DETERMINE ALL ISSUES IN SUCH REFERENCE, WHETHER FACT OR LAW. EACH OF THE PARTIES HERETO REPRESENTS THAT EACH HAS REVIEWED THIS WAIVER AND CONSENT AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS AND CONSENTS TO JUDICIAL REFERENCE FOLLOWING CONSULTATION WITH LEGAL COUNSEL ON SUCH MATTERS. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT OR TO JUDICIAL REFERENCE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638 AS PROVIDED HEREIN.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Borrower and the Lender have executed this Agreement as of the date first above written.

SONOMA VALLEY HEALTHCARE DISTRICT, a
California health care district

By: _____
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION, a
national banking association

By: _____
Name:
Title:

EXHIBIT A

FORM OF NOTE

[_____], 2024

Sonoma Valley Healthcare District, a California health care district (the “Borrower”), promises to pay to the order of U.S. Bank National Association (the “Lender”) the maximum principal amount of \$4,973.734.30, which such amount shall be reduced to TWO MILLION FIVE HUNDRED THOUSAND DOLLARS (\$2,500,000) after payment of the Required Repayment Amount as described in the hereinafter defined Agreement, or, if less, the aggregate unpaid principal amount of all Revolving Loans, in immediately available funds, together with interest on the unpaid principal amount hereof, at the rates and on the dates set forth in the Agreement. The Borrower hereby acknowledges that as of the date hereof, (\$4,973.734.30 is currently outstanding under the Agreement (as defined below) and as described further therein, and that it is required to repay the Required Payment Amount no later than June 15, 2024. The Borrower shall pay the remaining principal of and accrued and unpaid interest on the Revolving Loans in full on the Facility Termination Date.

This Note is the Note issued pursuant to, and is entitled to the benefits of, the Amended and Restated Loan Agreement, dated as of [_____], 2024 (as amended, restated, supplemented, or otherwise modified from time to time, the “Agreement”), by and between the Borrower and the Lender. Reference is made to the Agreement for a statement of the terms and conditions governing this Note, including the terms and conditions under which this Revolving Note may be prepaid or its maturity date accelerated. This Note is secured pursuant to the Collateral Documents as more specifically described in the Loan Documents. Capitalized terms used and not otherwise defined herein are used with the meanings attributed to them in the Agreement.

In the event of default hereunder, the undersigned agrees to pay all costs and expenses of collection, including reasonable attorneys’ fees. The undersigned waives demand, presentment, notice of nonpayment, protest, notice of protest and notice of dishonor.

This Note shall be governed by, and construed in accordance with, the law of the State of California.

SONOMA VALLEY HEALTHCARE DISTRICT, a
California health care district

By: _____
Name:
Title:]

EXHIBIT B

FORM OF BORROWING NOTICE

TO: U.S. Bank National Association (the “Lender”)

Capitalized terms used herein have the meanings ascribed to such terms in the Amended and Restated Loan Agreement (as amended, restated, supplemented or otherwise modified from time to time, the “Agreement”), dated as of [____], 2024, by and between the Sonoma Valley Healthcare District (the “Borrower”) and the Lender. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Agreement.

The Borrower hereby gives to the Lender a request for borrowing pursuant to Section 2.6 of the Agreement, and the Borrower hereby requests to borrow on [____], 20[____], an amount of \$[____] in Revolving Loans.

The Borrower hereby certifies to the Lender that:

WITH RESPECT TO THE INITIAL BORROWING REQUEST ONLY: (i) Borrower has paid the Lender all fees and other amounts due and payable including, but not limited to, the Required Repayment Amount to be repaid from a loan from CHFFA pursuant to that certain Loan and Security Agreement, dated as of _____, 2024, between CHFFA and the Borrower; (ii) An executed copy of the Subordination Agreement has been provided to the Lender.]

[ii][i]the representations and warranties in Article V of the Agreement are true and correct as of the date hereof;

[iii][ii]at the time of and immediately after giving effect to such Loan, no Default or Event of Default has occurred and is continuing;

and [iv][iii] all other relevant conditions set forth in Section 4.2 of the Agreement have been satisfied.

IN WITNESS WHEREOF, the undersigned has caused this Borrowing Notice to be executed by its authorized officer as of the date set forth below.

Dated: [____], 20[____]

SONOMA VALLEY HEALTHCARE DISTRICT, a
California health care district

By: _____
Name:
Title:]

EXHIBIT C

FORM OF COMPLIANCE CERTIFICATE

To: U.S. Bank National Association

This Compliance Certificate is furnished pursuant to the Amended and Restated Loan Agreement, dated as of [_____], 2024 (as amended, restated, supplement, or otherwise modified from time to time, the “Agreement”), by and between the Sonoma Valley Healthcare District (the “Borrower”) and U.S. Bank National Association. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected _____ of the Borrower.
2. I have reviewed the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the Borrower and its Subsidiaries during the accounting period covered by the attached financial statements.
3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, any Default or Event of Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth below.
4. Schedule I hereto sets forth financial data and computations evidencing the Borrower’s compliance with certain covenants of the Agreement, all of which data and computations are true, complete and correct.

Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action the Borrower has taken, is taking, or proposes to take with respect to each such condition or event:

The foregoing certifications, together with the computations set forth in Schedule I hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this [_____] day of [_____] 20[___].

SONOMA VALLEY HEALTHCARE DISTRICT, a
California health care district

By: _____

Name:

Title:

SCHEDULE I TO COMPLIANCE CERTIFICATE

Compliance as of [_____], 2024 with Section [6.1] [6.24] of the Agreement

[insert relevant [calculations][financial information]]



To: SVHCD Finance Committee
 From: Ben Armfield, Chief Financial Officer
 Date: May 28, 2024
 Subject: Financial Report for April 2024

1. OVERALL PERFORMANCE | MONTH

Table 1 | Overall Performance - April 2024

	Current Year Month		Variance		Current Year YTD		Variance		Prior Year YTD		Variance	
	Actual	Budget	\$	%	Actual	Budget	\$	%	Actual	\$	%	
Operating Margin	\$ 959,271	\$ 372,721	\$ 586,550	157%	\$ (6,489,713)	\$ (3,332,015)	\$ (3,157,698)	-95%	\$ (4,076,445)	\$ (2,413,268)	-59%	
Operating EBDA	\$ 1,382,090	\$ 645,688	\$ 736,402	114%	\$ (2,139,029)	\$ (632,345)	\$ (1,506,685)	-238%	\$ (1,588,078)	\$ (550,951)	-35%	
Operating EBDA w Parcel	\$ 1,698,757	\$ 962,355	\$ 736,402	77%	\$ 1,027,641	\$ 2,534,325	\$ (1,506,685)	-59%	\$ 1,578,592	\$ (550,951)	-35%	
Net Income (Loss)	\$ 2,693,757	\$ 1,091,491	\$ 1,602,266	147%	\$ 3,536,929	\$ 3,855,630	\$ (318,701)	-8%	\$ 3,102,224	\$ 434,706	14%	

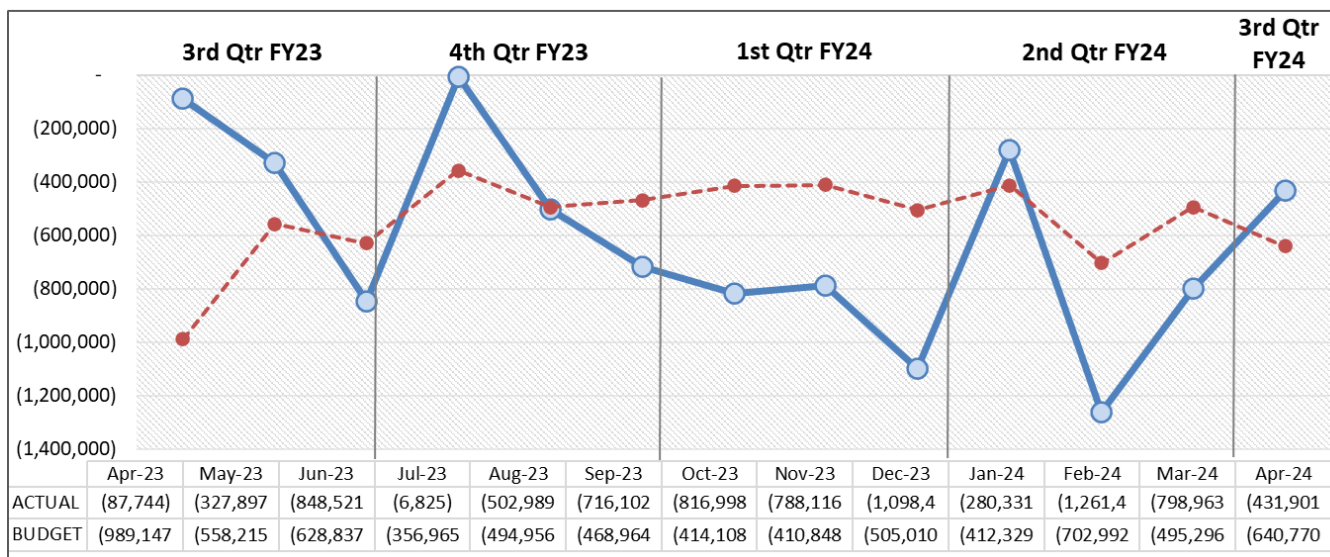
Table 1b | IGT Amounts in Income Statement - April 2024

	Current Year Month		Current Year YTD		Prior Year YTD
	Actual	Budget	Actual	Budget	Actual
IGT Revenue	\$ 1,861,463	\$ 1,286,458	\$ 7,673,908	\$ 6,489,754	\$ 6,065,998
IGT Expense	\$ (47,472)	\$ -	\$ (3,111,009)	\$ (2,219,860)	\$ (2,583,495)
IGT Net Income	\$ 1,813,991	\$ 1,286,458	\$ 4,562,899	\$ 4,269,894	\$ 3,482,503

April was a very positive month for the hospital – marking the second consecutive month where our financial results exceeded the 'rebased' expectations given this transition period. The hospital posted a whopping \$1.4 million in Operating EBDA in April – which cuts our YTD budget deficit in half, and now brings the hospital's Operating EBDA up to a net positive YTD when including our parcel taxes.

An IGT true-up was a big piece of this, but even when excluding the IGT revenue, April delivered one of the better financial months the hospital has experienced this fiscal year. Volume growth in key areas certainly helped, as did continued cost control – expenses (excl depr) ran +10% under budget for the month.

Graph 1.1 | SVH Trended Operating EBDA (excluding IGT funding)



Key Drivers in Month's Performance:

Rate Range IGT True-Up

The biggest contributor to this was a true-up to our Rate Range IGT. We booked \$1.8 million in incremental net revenue (*and also net income*) to true up to the \$5.3 million of IGT funding we received at the end of April (*we booked \$3.4 million in net revenue upon making the matching fee payment in February*). We also booked \$198,000 of net revenue (\$151,000 net income) for one of our 'smaller' IGTs.

Surgical Volumes

Surgical volumes, while missing budget, ran 30% higher than March volumes and also exceeded the prior 6-month trend by over 10%. This is notable, especially given the departure of Dr. Brown just over one month ago. Our general surgeons, who also provide GI services, were particularly busy, as their volumes in April were up +20% compared to the last 6 months. Our ortho volumes also experienced a significant uptick from March due to our existing orthopods doing more work here in April.

Surgical Volumes Top 4 Service Lines – April 2024 vs Prior Month & 6-Month Trend

Service Line	Current Month vs. Previous Month				6 Month Trend						Current Month vs. 6 Month Trend		
	Apr24	Mar24	Var	% Var	Oct23	Nov23	Dec23	Jan24	Feb24	Mar24	6 Month Trend	Var	% Var
Orthopedics	46	33	13	39%	70	51	49	67	40	33	52	(6)	-11%
Gastroenterology	73	62	11	18%	47	62	47	67	59	62	57	16	27%
Ophthalmology	18	18	-	0%	17	21	11	22	20	18	18	(0)	-1%
General	17	15	2	13%	15	17	10	18	11	15	14	3	19%
SubTotal	154	128	26	20%	149	151	117	174	130	128	142	13	9%
Other	15	5	10	200%	4	13	10	18	12	5	10	5	45%
Grand Total	169	133	36	27%	153	164	127	192	142	133	152	17	11%

Emergency Room & Ancillary Volumes

Emergency room volumes continue to keep pace with budget and are now outpace the prior year by 5%. Ancillary volumes were also up as well (+10% compared to budget), which was led by physical therapy where volumes in April set a new fiscal year high for the second consecutive month. This growth is encouraging, especially with the planned expansion on the horizon.

Operating Expenses

What continues to be a significant driver in mitigating the recent volume fluctuations has been our ability to manage costs. Our team continues to do an outstanding job managing resources and expenses - April's operating costs came in over 10% below budget (excluding depreciation). Cost control during times of volume pullbacks can be very difficult for a hospital like Sonoma Valley, as we do not have the ability to "flex down to volumes", or reduce staffing levels, like larger hospitals and health systems. The fact that we operated at more than 10% below budget speaks volumes about the work our team continues to do to manage costs.

Cash Collections

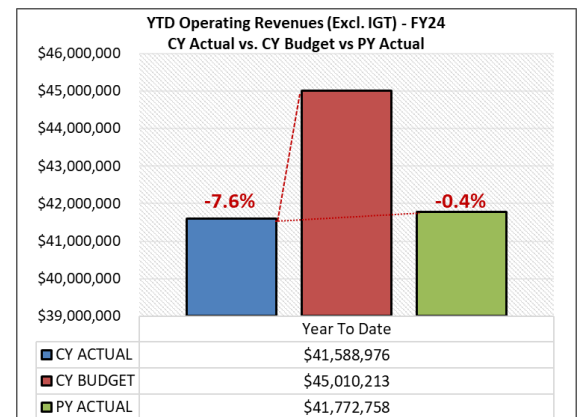
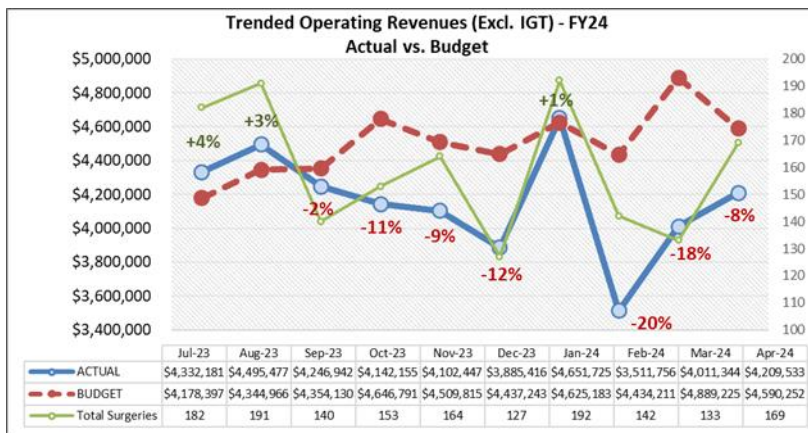
April proved to be a banner month for cash, driven by \$5.3 million received for our Rate Range IGT, our remaining Parcel Tax payment of \$1.5 million, and a great month in cash collections. April's collections totaled \$4.5 million – which far surpassed the \$3.6 million that had been projected. This significantly changed our cash position from March, as we ended April with over 50 days cash on hand. Important to note that we still project to end the year close to 25 days cash on hand.

2. NET REVENUE AND VOLUME SUMMARY:

Table 2 | Net Patient Revenue – Actual vs. Budget - April 2024 (Excluding IGT)

	Current Year Month		Variance		Current Year YTD		Variance		Prior Year YTD		Variance	
	Actual	Budget	Var	%	Actual	Budget	\$	%	Actual	\$	%	
Gross Revenue	\$ 27,914,053	\$ 29,881,544	\$(1,967,491)	-7%	\$ 278,705,540	\$ 291,990,028	\$(13,284,488)	-5%	\$ 269,037,409	\$ 9,668,130	4%	
Net Patient Revenue	\$ 4,107,233	\$ 4,497,446	\$(390,214)	-9%	\$ 40,658,026	\$ 44,082,154	\$(3,424,128)	-8%	\$ 40,610,421	\$ 47,605	0%	
NPR as a % of Gross	14.7%	15.1%	-2.2%		14.6%	15.1%	-3.4%		15.1%	-3.4%		
Tot Operating Revenue	\$ 4,209,533	\$ 4,590,252	\$(380,719)	-8%	\$ 41,588,976	\$ 45,010,213	\$(3,421,237)	-8%	\$ 41,772,758	\$(183,783)	0%	

Graph 2.1 | SVH Trended Operating Revenue FY24 (excluding IGT funding)



Graph 2.2 | SVH Trended Surgeries (Total) | FY23 – FY24 YTD

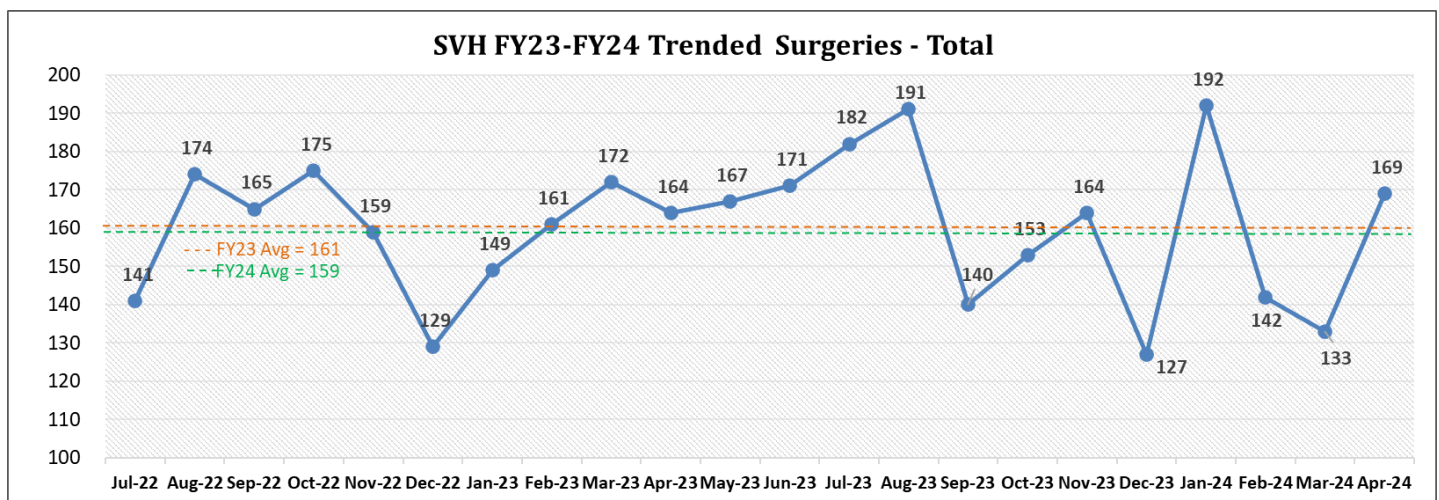


Table 2.3 | Patient Volumes – April 2024

	Current Year Month		Variance		Current Year YTD		Variance		PY YTD	Variance	
	Actual	Budget	Var	%	Actual	Budget	Var	%	Actual	Var	%
Acute Patient Days	230	273	(43)	-16%	2,544	2,737	(193)	-7%	2,736	(192)	-7%
Average Daily Census	7.7	9.1	(1.4)	-16%	8.3	9.0	(0.6)	-7%	9.0	(0.6)	-7%
Acute Discharges	70	58	12	20%	699	600	99	17%	679	20	3%
IP Surgeries	16	13	3	23%	135	133	2	2%	155	(20)	-13%
OP Surgeries/Spec Proc	153	190	(37)	-19%	1,458	1,641	(183)	-11%	1,434	24	2%
Total Surgeries / Procedures	169	203	(34)	-17%	1,593	1,774	(181)	-10%	1,589	4	0%
Total Outpatient Visits	5,186	4,632	554	12%	51,732	45,484	6,248	14%	45,670	6,062	13%
Emergency Room Visits	862	855	7	1%	8,486	8,552	(66)	-1%	8,071	415	5%

Table 2.4 | Outpatient Volumes Trended – Last 6 Months

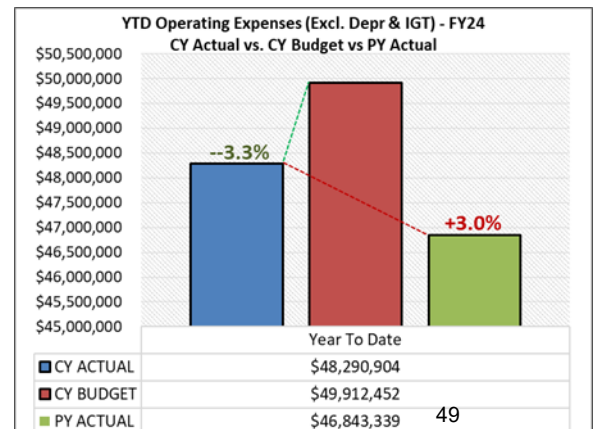
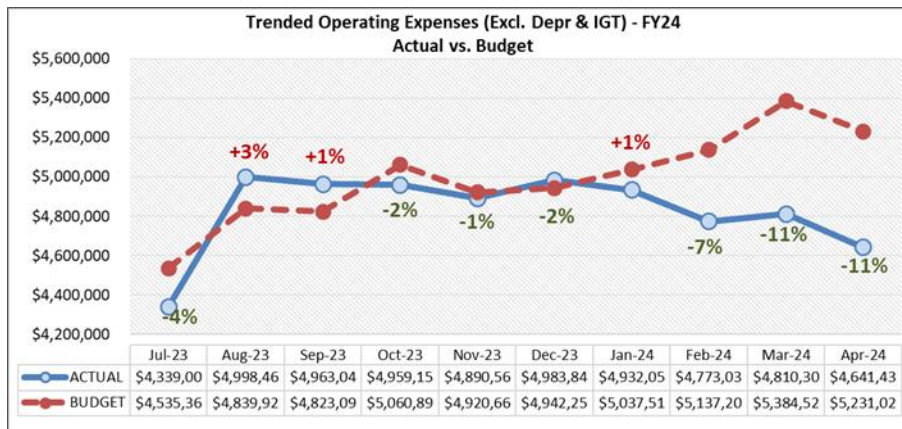
Department	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	Last 6 Months
Lab	1,284	1,181	1,337	1,261	1,271	1,407	
Medical Imaging	997	945	949	896	858	857	
Physical Therapy	1,195	1,151	1,238	1,238	1,351	1,365	
CT Scanner	370	358	409	355	368	387	
Occ. Health	280	273	291	230	209	300	
Mammography	271	241	222	233	232	241	
Occupational Therapy	211	126	194	202	317	224	
Ultrasound	220	206	244	242	220	198	
Wound Care	129	136	174	166	175	201	
MRI	114	136	140	167	123	127	
ECHO	117	104	113	135	110	104	
Speech Therapy	51	38	45	49	45	53	
Other	12	26	24	30	14	22	
TOTAL	5,251	4,921	5,380	5,204	5,293	5,486	
Emergency Room	780	890	868	779	875	862	

3. OPERATING EXPENSE SUMMARY:

Table 3 | Operating Expenses – Actual vs. Budget – April 2024 (Excluding IGT)

	Current Year Month		Variance		Current Year YTD		Variance		Prior Year YTD	Variance	
	Actual	Budget	Var	%	Actual	Budget	\$	%	Actual	\$	%
Operating Expenses	\$ 5,064,253	\$ 5,503,989	\$ 439,736	8%	\$ 52,641,587	\$ 52,612,122	\$ (29,466)	0%	\$ 49,331,707	\$ (3,309,881)	-7%
Operating Exp. Excl. Depr.	\$ 4,641,434	\$ 5,231,022	\$ 589,588	11%	\$ 48,290,904	\$ 49,912,452	\$ 1,621,548	3%	\$ 46,843,339	\$ (1,447,565)	-3%
Worked FTEs	215.0	222.4	7.4	3%	214.3	218.9	4.6	2%	212.8	(1.5)	-1%

Graph 3.1 | SVH Trended Operating Expenses (excluding Depreciation & IGT funding) – FY24



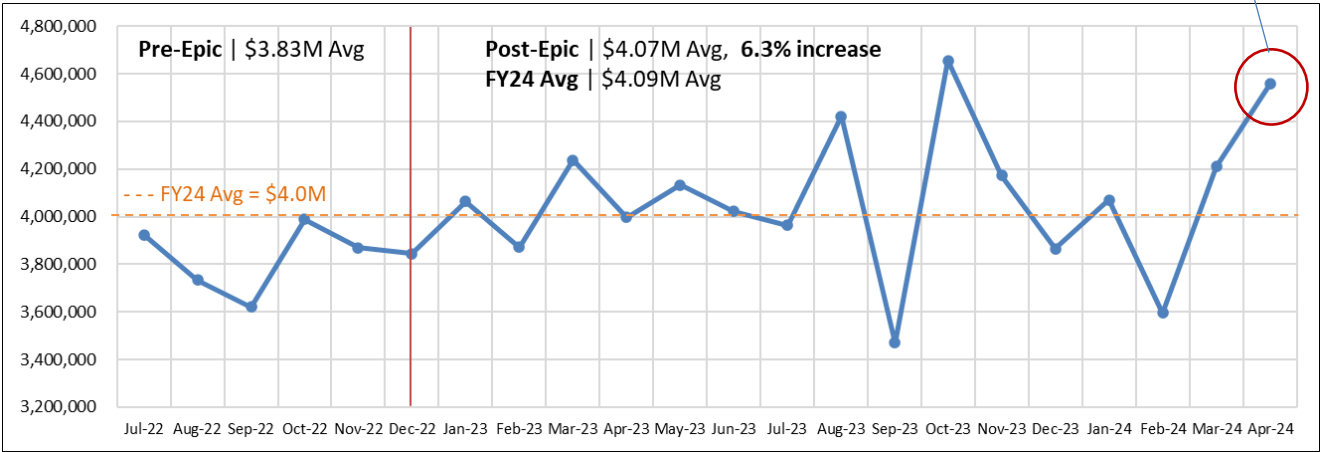
4. CASH ACTIVITY SUMMARY:

Table 4 | Cash / Revenue Cycle Indicators - April 2024

	Apr-24	Mar-24	Var	%
Days Cash on Hand	51.6	16.3	35.3	217%
A/R Days	55.5	56.5	(1.0)	-2%
A/P Days	57.6	64.0	(6.4)	-10%

Second highest cash collection month since the start of last fiscal year

Graph 4.1 | Cash Collections Trended FY22 – Present | Pre-Epic v. Post-Epic



ATTACHMENTS:

- Attachment A is the Payer Mix Analysis
- Attachment B is the Operating Indicators Report
- Attachment C is the Balance Sheet
- Attachment D is the Balance Sheet Variance Analysis
- Attachment E (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 F is the Trended Income Statement
- Attachment G is the Cash Projection

Sonoma Valley Hospital
Payer Mix for the month of April, 2024

ATTACHMENT A

	MONTH			
Gross Revenue	Actual	Budget	Variance	% Variance
Medicare	9,363,166	10,888,182	-1,525,017	-5.1%
Medicare Managed Care	5,033,625	5,170,402	-136,777	-0.5%
Medi-Cal	4,729,241	5,781,117	-1,051,875	-3.5%
Self Pay	160,407	165,214	-4,807	0.0%
Commercial & Other Governn	8,051,467	6,990,841	1,060,626	3.5%
Worker's Comp.	553,941	1,110,025	-556,085	-1.8%
Total	27,891,847	30,105,781	-2,213,934	-7.4%

	YEAR TO DATE			
	Actual	Budget	Variance	% Variance
Medicare	103,821,622	105,461,682	-1,640,060	-0.6%
Medicare Managed Care	49,932,603	50,075,287	-142,684	0.0%
Medi-Cal	44,874,596	55,900,475	-11,025,878	-3.8%
Self Pay	3,943,752	1,584,720	2,359,032	0.8%
Commercial & Other Governn	68,739,183	67,520,997	1,218,186	0.4%
Worker's Comp.	7,197,655	10,701,236	-3,503,582	-1.2%
Total	278,509,411	291,244,397	-12,734,987	-4.4%

	MONTH		
Payor Mix	Actual	Budget	Variance
Medicare	33.6%	36.2%	-2.6%
Medicare Managed Care	18.0%	17.2%	0.9%
Medi-Cal	17.0%	19.2%	-2.2%
Self Pay	0.6%	0.5%	0.0%
Commercial & Other Governn	28.9%	23.2%	5.6%
Worker's Comp.	2.0%	3.7%	-1.7%
Total	100.0%	100.0%	

	YEAR TO DATE		
	Actual	Budget	Variance
Medicare	37.3%	36.2%	1.1%
Medicare Managed Care	17.9%	17.2%	0.7%
Medi-Cal	16.1%	19.2%	-3.1%
Self Pay	1.4%	0.5%	0.9%
Commercial & Other Governn	24.7%	23.2%	1.5%
Worker's Comp.	2.6%	3.7%	-1.1%
Total	100.0%	100.0%	

SONOMA VALLEY HOSPITAL
OPERATING INDICATORS
For the Period Ended April 30, 2024

ATTACHMENT B

CURRENT MONTH				YEAR-TO-DATE			YTD
	Actual	Budget	Favorable		Actual	Budget	Favorable
	04/30/24	04/30/24	(Unfavorable)		04/30/24	04/30/24	(Unfavorable)
			Variance				Variance
							Prior
							Year
							04/30/23
				Inpatient Utilization			
				Discharges			
1	49	46	3	Med/Surg	516	479	37
2	21	12	9	ICU	183	121	62
3	70	58	12	Total Discharges	699	600	99
				Patient Days:			
4	157	175	(18)	Med/Surg	1,687	1,769	(82)
5	73	98	(25)	ICU	857	968	(111)
6	230	273	(43)	Total Patient Days	2,544	2,737	(193)
7	19	-	19	Observation days	207	-	207
				Average Length of Stay:			
8	3.2	3.8	(0.6)	Med/Surg	3.27	3.69	(0.43)
9	3.5	8.2	(4.8)	ICU	4.68	8.02	(3.34)
10	3.3	4.7	(1.4)	Avg. Length of Stay	3.64	4.57	(0.93)
				Average Daily Census:			
11	5.2	5.8	(0.6)	Med/Surg	5.5	5.8	(0.3)
12	2.4	3.3	(0.8)	ICU	2.8	3.2	(0.4)
13	7.7	9.1	(1.4)	Avg. Daily Census	8.3	9.0	(0.6)
				Other Utilization Statistics			
				Emergency Room Statistics			
14	862	855	7	Total ER Visits	8,486	8,552	(66)
				Outpatient Statistics:			
15	5,486	4,632	854	Total Outpatients Visits	52,032	45,484	6,548
16	16	13	3	IP Surgeries	135	133	2
17	153	175	(22)	OP Surgeries / Special Procedures	1,458	1,626	(168)
18	325	252	73	Adjusted Discharges	3,233	2,563	671
19	1,069	1,180	(111)	Adjusted Patient Days	11,766	11,705	60
20	35.6	39.3	(3.7)	Adj. Avg. Daily Census	38.6	38.4	0.2
21	1.3462	1.4000	(0.054)	Case Mix Index - Medicare	1.3856	1.4000	(0.014)
22	1.3355	1.4000	(0.065)	Case Mix Index - All payers	1.3748	1.4000	(0.025)
				Labor Statistics			
23	215	222	7	FTE's - Worked	214	219	4.6
24	241	245	4	FTE's - Paid	237	241	4.1
25	49.97	53.27	3.30	Average Hourly Rate	49.14	51.83	2.69
26	6.75	6.23	(0.52)	FTE / Adj. Pat Day	6.14	6.28	0.14
27	38.5	35.5	(3.0)	Manhours / Adj. Pat Day	35.0	35.8	0.8
28	126.4	166.1	39.7	Manhours / Adj. Discharge	127.4	163.5	36.1
29	29.4%	23.3%	-6.0%	Benefits % of Salaries	25.9%	24.0%	-2.0%
				Non-Labor Statistics			
30	6.1%	11.6%	5.5%	Supply Expense % Net Revenue	13.2%	12.9%	-0.3%
31	1,112	2,663	1,551	Supply Exp. / Adj. Discharge	1,968	2,544	577
32	15,844	22,028	6,183	Total Expense / Adj. Discharge	17,378	21,586	4,208
				Other Indicators			
33	51.6			Days Cash - Operating Funds			
34	55.5	50.0	5.5	Days in Net AR	61.0	50.0	11.0
35	114%			Collections % of Cash Goal	103%		
36	57.6	55.0	2.6	Days in Accounts Payable	57.6	55.0	2.6
37	21.4%	19.4%	2.0%	% Net revenue to Gross revenue	17.4%	17.3%	0.0%
38	32.3%			% Net AR to Gross AR	32.3%		

521.7%

Sonoma Valley Health Care District

ATTACHMENT C

Balance Sheet
As of April 30, 2024
UNAUDITED

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Assets			
Current Assets:			
1 Cash	8,218,030	2,309,441	10,224,577
3 Net Patient Receivables	10,469,927	10,622,423	9,295,766
4 Allow Uncollect Accts	(3,497,552)	(3,394,622)	(1,581,837)
5 Net A/R	6,972,374	7,227,802	7,713,929
6 Other Accts/Notes Rec	1,606,260	2,722,866	1,578,759
7 Parcel Tax Receivable	240,316	1,740,944	203,861
8 GO Bond Tax Receivable	947,285	947,285	906,105
9 3rd Party Receivables, Net	(1,580,158)	1,957,223	402,417
10 Inventory	1,026,376	1,034,630	1,088,633
11 Prepaid Expenses	830,070	913,915	810,133
12 Total Current Assets	\$ 18,260,554	\$ 18,854,105	\$ 22,928,415
13 Property, Plant & Equip, Net	\$ 59,396,074	\$ 58,393,550	\$ 56,679,223
14 Trustee Funds - GO Bonds	4,791,498	4,772,376	4,666,114
15 Designated Funds - Board Approved	-	-	-
16 Total Assets	<u>\$ 82,448,126</u>	<u>\$ 82,020,031</u>	<u>\$ 84,273,752</u>
Liabilities & Fund Balances			
Current Liabilities:			
17 Accounts Payable	\$ 6,424,599	\$ 7,725,921	\$ 6,680,915
18 Accrued Compensation	4,397,707	4,267,173	4,169,775
19 Interest Payable - GO Bonds	89,766	45,029	99,460
20 Accrued Expenses	532,976	583,639	1,339,706
21 Advances From 3rd Parties	-	-	-
22 Deferred Parcel Tax Revenue	633,330	949,997	633,330
23 Deferred GO Bond Tax Revenue	436,245	654,367	414,182
24 Current Maturities-LTD	217,475	217,475	217,475
25 Line of Credit - Union Bank	4,973,734	4,973,734	5,473,734
26 Other Liabilities	92,742	93,916	57,511
27 Total Current Liabilities	\$ 17,798,574	\$ 19,511,251	\$ 19,086,089
28 Long Term Debt, net current portion	\$ 25,072,978	\$ 25,625,963	\$ 27,111,937
Fund Balances:			
30 Unrestricted	\$ 21,187,377	\$ 21,287,378	\$ 19,657,211
31 Restricted	18,389,197	15,595,440	18,418,515
32 Total Fund Balances	\$ 39,576,574	\$ 36,882,818	\$ 38,075,726
33 Total Liabilities & Fund Balances	<u>\$ 82,448,126</u>	<u>\$ 82,020,032</u>	<u>\$ 84,273,752</u>

Sonoma Valley Health Care District
Balance Sheet Variance Analysis
As of April 30, 2024

ATTACHMENT D

Assets	Monthly Change	Current Month	Prior Month	Prior Year	Variance Commentary
CURRENT ASSETS					
Cash	5,908,589	8,218,030	2,309,441	10,224,577	Cash increased by \$5.9 million in April. Majority due to receipt of Rate Range IGT of \$5,287,665 and a Parcel Tax payment of \$1,500,627. Cash collections \$4.5 million beat re-forecasted \$3.6 million estimate for the month.
Net A/R	(255,427)	6,972,374	7,227,802	7,713,929	Net A/R decreased with increased focus on reducing hospital's Open A/R.
Other Receivables	(6,154,615)	1,213,703	7,368,318	3,091,142	Other Receivables decreased due to Rate Range IGT and Parcel Tax payments.
Inventory	(8,254)	1,026,376	1,034,630	1,088,633	
Prepaid Expenses	(83,845)	830,070	913,915	810,133	Monthly amortization and reversal of prior month accruals.
TOTAL CURRENT ASSETS	(593,552)	18,260,554	18,854,105	22,928,415	
NON-CURRENT ASSETS					
Net Fixed Assets	1,002,525	59,396,074	58,393,550	56,679,223	\$1.15M add to Outpatient Diagnostic Center project.
Trustee Funds - GO Bonds	19,122	4,791,498	4,772,376	4,666,114	
TOTAL ASSETS	428,095	82,448,126	82,020,031	84,273,752	
Liabilities / Fund Balance	Monthly Change	Current Month	Prior Month	Prior Year	Variance Commentary
CURRENT LIABILITIES					
Accounts Payable	(1,301,322)	6,424,599	7,725,921	6,680,915	A/P decreased due to continued efforts to paydown vendor invoices and eliminate payables aged greater than 90 days.
Accrued Expenses	79,871	4,930,683	4,850,812	5,509,481	
Interest Payable	44,737	89,766	45,029	99,460	
Deferred Revenues	(534,789)	1,069,575	1,604,364	1,047,512	Deferred revenue decreased due to the monthly revenue recognition of our parcel taxes (\$316,667/month) and GO bond proceeds (\$218,122/month).
Line of Credit	-	4,973,734	4,973,734	5,473,734	
Other Liabilities	(1,174)	310,217	311,391	274,986	
TOTAL CURRENT LIABILITIES	(1,712,677)	17,798,574	19,511,251	19,086,089	
NON-CURRENT LIABILITIES					
Long Term Debt	(552,985)	25,072,978	25,625,963	27,111,937	
TOTAL LIABILITIES	(2,265,661)	42,871,552	45,137,214	46,198,026	
FUND BALANCES					
Fund Balance	2,693,756	39,576,574	36,882,818	38,075,726	Net income of \$2,693,757
TOTAL LIABILITIES & FUND BALANCES	428,095	82,448,126	82,020,032	84,273,752	

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
For the Period Ended April 30, 2024**

ATTACHMENT E

Month						Year-To- Date						YTD
This Year			Variance			This Year			Variance			Prior Year
Actual	Budget		\$	%	Actual	Budget	\$	%				
						Volume Information						
1	70	58	12	20%	Acute Discharges	699	603	96	16%	666		
2	230	273	(43)	-16%	Patient Days	2,544	2,714	(170)	-6%	2,798		
3	19	-	19	0%	Observation Days	210	-	210	*	152		
4	\$ 21,913	\$ 22,973	\$ (1,059)	-5%	Gross O/P Revenue (000's)	\$ 218,271	\$ 223,786	\$ (5,515)	-2%	\$ 204,624		
						Financial Results						
						Gross Patient Revenue						
5	\$ 6,001,401	\$ 6,908,913	\$ (907,512)	-13%	Inpatient	\$ 60,434,369	\$ 68,204,118	(7,769,750)	-11%	\$ 64,180,506		
6	12,349,015	13,559,974	(1,210,959)	-9%	Outpatient	131,724,233	133,287,427	(1,563,194)	-1%	123,072,241		
7	9,563,637	9,412,657	150,980	2%	Emergency	86,546,937	90,498,483	(3,951,545)	-4%	81,784,662		
8	\$ 27,914,053	\$ 29,881,544	(1,967,491)	-7%	Total Gross Patient Revenue	\$ 278,705,540	\$ 291,990,028	(13,284,488)	-5%	\$ 269,037,409		
						Deductions from Revenue						
9	(21,690,696)	(25,203,141)	3,512,445	14%	Contractual Discounts	\$ (234,969,565)	\$ (246,162,667)	11,193,102	5%	\$ (220,400,488)		
10	(2,013,340)	(150,260)	(1,863,080)	-1240%	Bad Debt	(3,067,002)	(1,464,208)	(1,602,794)	-109%	(7,690,037)		
11	(102,784)	(30,697)	(72,087)	-235%	Charity Care Provision	(10,946)	(280,999)	270,053	96%	(336,463)		
12	1,861,463	1,286,458	575,005	45%	Prior Period Adj/Government Program Revenue	7,673,908	6,489,754	1,184,154	18%	6,065,998		
13	\$ (21,945,357)	\$ (24,097,639)	2,152,282	-9%	Total Deductions from Revenue	\$ (230,373,605)	\$ (241,418,120)	11,044,514	-5%	\$ (222,360,990)		
						Net Patient Service Revenue						
14	\$ 5,968,696	\$ 5,783,904	184,792	3%	Other Op Rev & Electronic Health Records	\$ 930,950	\$ 928,059	2,890	0%	\$ 1,162,337		
15	\$ 102,300	\$ 92,806	9,494	10%	Total Operating Revenue	\$ 49,262,884	\$ 51,499,967	\$ (2,237,084)	-4%	\$ 47,838,756		
16	\$ 6,070,996	\$ 5,876,710	194,286	3%								
						Operating Expenses						
17	\$ 2,054,463	\$ 2,230,337	175,874	8%	Salary and Wages and Agency Fees	\$ 20,237,368	\$ 21,140,103	902,736	4%	\$ 20,338,331		
18	856,322	754,157	(102,165)	-14%	Employee Benefits	7,775,898	7,356,259	(419,639)	-6%	7,111,370		
19	\$ 2,910,785	\$ 2,984,494	73,709	2%	Total People Cost	\$ 28,013,266	\$ 28,496,362	483,097	2%	\$ 27,449,701		
20	\$ 579,135	\$ 669,542	90,407	14%	Med and Prof Fees (excl'd Agency)	\$ 5,887,338	\$ 6,360,716	473,378	7%	\$ 5,629,584		
21	361,713	671,186	309,473	46%	Supplies	6,361,532	6,520,166	158,634	2%	6,516,825		
22	403,065	542,479	139,414	26%	Purchased Services	4,186,497	4,632,550	446,053	10%	4,170,362		
23	422,819	272,967	(149,852)	-55%	Depreciation	4,350,683	2,699,670	(1,651,013)	-61%	2,488,367		
24	151,806	159,120	7,314	5%	Utilities	1,581,998	1,721,194	139,196	8%	1,611,529		
25	98,995	66,758	(32,237)	-48%	Insurance	716,799	677,578	(39,221)	-6%	551,723		
26	20,453	48,094	27,641	57%	Interest	540,395	448,940	(91,455)	-20%	383,198		
27	115,482	89,351	(26,131)	-29%	Other	1,003,078	1,054,945	51,867	5%	530,416		
28	47,472	-	(47,472)	*	Matching Fees (Government Programs)	3,111,009	2,219,860	(891,149)	40%	2,583,495		
29	\$ 5,111,725	\$ 5,503,989	392,264	7%	Operating Expenses	\$ 55,752,596	\$ 54,831,982	(920,614)	-1.7%	\$ 51,915,202		

ATTACHMENT E

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
For the Period Ended April 30, 2024**

Month							Year-To- Date				YTD
This Year			Variance				This Year		Variance		
	Actual	Budget	\$		%		Actual	Budget	\$	%	Prior Year
30	\$ 959,271	\$ 372,721	\$ 586,550		-157%	Operating Margin	\$ (6,489,713)	\$ (3,332,015)	(3,157,698)	-95%	\$ (4,076,445)
						Non Operating Rev and Expense					
31	\$ 40,512	\$ 4,744	35,768		*	Miscellaneous Revenue/(Expenses)	\$ 230,195	\$ 47,385	182,810	*	\$ 53,725
32	67	-	67		0%	Donations	(12,062)	-	(12,062)	0%	-
33	-	-	-		*	Physician Practice Support-Prima	-	-	-	*	-
34	316,667	316,667	-		0%	Parcel Tax Assessment Rev	3,166,670	3,166,670	-	0%	3,166,670
35	-	-	-		0%	Extraordinary Items	-	-	-	0%	-
36	\$ 357,246	\$ 321,411	35,835		11%	Total Non-Operating Rev/Exp	\$ 3,384,803	\$ 3,214,055	170,748	5%	\$ 3,220,395
37	\$ 1,316,517	\$ 694,132	622,385		90%	Net Income / (Loss) prior to Restricted Contributions	\$ (3,104,910)	\$ (117,960)	(2,986,950)	-2532%	\$ (856,050)
38	\$ -	\$ -	-		0%	Capital Campaign Contribution	\$ -	\$ -	-	0%	\$ -
39	\$ 1,202,053	\$ 238,530	963,523		0%	Restricted Foundation Contributions	\$ 4,894,737	\$ 2,385,301	2,509,436	100%	\$ 2,368,336
40	\$ 2,518,570	\$ 932,663	1,585,907		170%	Net Income / (Loss) w/ Restricted Contributions	\$ 1,789,827	\$ 2,267,341	(477,513)	-21%	\$ 1,512,286
41	175,187	158,829	16,358		10%	GO Bond Activity, Net	1,747,102	1,588,290	158,813	10%	1,589,938
42	\$ 2,693,757	\$ 1,091,491	1,602,266		147%	Net Income/(Loss) w GO Bond Activity	\$ 3,536,929	\$ 3,855,630	(318,701)	-8%	\$ 3,102,224
	\$ 1,739,336	\$ 967,099	772,237			EBDA - Not including Restricted Contributions	\$ 1,245,773	\$ 2,581,710	(1,335,937)		\$ 1,632,317
	\$ 1,382,090	\$ 645,688	736,402		-114%	Operating EBDA - Not including Restricted Contributions	\$ (2,139,029)	\$ (632,345)	(1,506,685)	-238%	\$ (1,588,078)

Sonoma Valley Health Care District
FY24 Trended Income Statement | Last 6 Months
For the Period Ended April 30, 2024

ATTACHMENT F

								FY24 YTD Month	
								FY24 YTD	Avg
	November	December	January	February	March	April			
1 Acute Discharges	73	83	75	63	59	70		699	70
2 Patient Days	278	251	300	229	192	230		2,544	254
3 Observation Days	28	31	26	15	17	19		210	21
4 Gross O/P Revenue (000's)	\$ 21,941	\$ 20,765	\$ 23,302	\$ 19,700	\$ 21,438	\$ 21,913	\$	218,271	\$ 21,827
Financial Results									
Gross Patient Revenue									
5 Inpatient	\$ 6,215,214	\$ 6,065,731	\$ 6,699,890	\$ 5,561,483	\$ 4,451,229	\$ 6,001,401	\$	60,434,369	\$ 6,043,437
6 Outpatient	14,065,738	12,406,069	14,442,618	11,809,432	12,014,729	12,349,015		131,724,233	13,172,423
7 Emergency	7,875,077	8,359,376	8,859,696	7,890,643	9,423,709	9,563,637		86,546,937	8,654,694
8 Total Gross Patient Revenue	\$ 28,156,029	\$ 26,831,176	\$ 30,002,204	\$ 25,261,558	\$ 25,889,667	\$ 27,914,053	\$	278,705,540	\$ 27,870,554
Deductions from Revenue									
9 Contractual Discounts	(24,259,529)	(23,383,497)	(25,246,761)	(21,395,686)	(21,920,503)	(21,690,696)		(234,969,565)	(23,496,957)
10 Bad Debt	(106,666)	111,925	(90,000)	(202,507)	(216,128)	(2,013,340)		(3,067,002)	(306,700)
11 Charity Care Provision	209,720	231,540	(122,013)	(240,123)	165,606	(102,784)		(10,946)	(1,095)
12 IGT Revenue	-	-	888,369	3,420,534	780,000	1,861,463		7,673,908	767,391
13 Total Deductions from Revenue	\$ (24,156,475)	\$ (23,040,032)	\$ (24,570,405)	\$ (18,417,782)	\$ (21,191,025)	\$ (21,945,357)	\$	(230,373,605)	\$ (23,037,361)
14 Net Patient Service Revenue	\$ 3,999,554	\$ 3,791,144	\$ 5,431,799	\$ 6,843,776	\$ 4,698,642	\$ 5,968,696	\$	48,331,934	\$ 4,833,193
15 Other Operating Revenue	\$ 102,893	\$ 94,272	\$ 108,295	\$ 88,514	\$ 92,702	\$ 102,300	\$	930,950	\$ 93,095
16 Total Operating Revenue	\$ 4,102,447	\$ 3,885,416	\$ 5,540,094	\$ 6,932,290	\$ 4,791,344	\$ 6,070,996	\$	49,262,884	\$ 4,926,288
Operating Expenses									
17 Salary and Wages and Agency Fees	\$ 1,959,289	\$ 2,088,632	\$ 1,915,551	\$ 2,025,982	\$ 2,056,165	\$ 2,054,463	\$	20,237,368	\$ 2,023,737
18 Employee Benefits	771,746	754,958	810,879	729,229	925,525	856,322		7,775,898	777,590
19 Total People Cost	\$ 2,731,035	\$ 2,843,590	\$ 2,726,430	\$ 2,755,211	\$ 2,981,690	\$ 2,910,785		28,013,266	2,801,327
20 Med and Prof Fees (excl Agency)	\$ 567,236	\$ 551,402	\$ 659,636	\$ 621,045	\$ 639,293	\$ 579,135	\$	5,887,338	\$ 588,734
21 Supplies	683,130	656,453	761,387	552,783	473,260	361,713		6,361,532	636,153
22 Purchased Services	563,672	550,338	396,842	379,540	372,201	403,065		4,186,497	418,650
23 Depreciation	539,719	431,329	456,946	395,082	427,561	422,819		4,350,683	435,068
24 Utilities	136,391	134,835	165,776	256,678	119,082	151,806		1,581,998	158,200
25 Insurance	66,583	68,544	66,583	66,583	66,583	98,995		716,799	71,680
26 Interest	49,503	46,487	71,737	84,472	54,108	20,453		540,395	54,040
27 Other	93,013	132,195	83,665	56,720	104,090	115,482		1,003,078	100,308
28 Matching Fees (IGT)	-	-	293,000	2,265,305	293,539	47,472		3,111,009	311,101
29 Operating expenses	\$ 5,430,282	\$ 5,415,173	\$ 5,682,002	\$ 7,433,419	\$ 5,531,407	\$ 5,111,725	\$	55,752,596	\$ 5,575,260
30 Operating Margin	\$ (1,327,835)	\$ (1,529,757)	\$ (141,908)	\$ (501,129)	\$ (740,063)	\$ 959,271	\$	(6,489,713)	\$ (648,971)
Non Operating Rev and Expense									
31 Miscellaneous Revenue/(Expenses)	\$ 3,662	\$ 16,366	\$ 19,303	\$ 14,540	\$ 37,899	\$ 40,512	\$	230,195	\$ 23,019
32 Donations	-	(4,287)	(2,797)	(3,586)	(1,459)	67		(12,062)	(1,206)
33 Physician Practice Support-Prima	-	-	-	-	-	-		-	-
34 Parcel Tax Assessment Rev	316,667	316,667	316,667	316,667	316,667	316,667		3,166,670	316,667
35 Extraordinary Items	-	-	-	-	-	-		-	-
36 Total Non-Operating Rev/Exp	\$ 320,329	\$ 328,746	\$ 333,173	\$ 327,621	\$ 353,107	\$ 357,246	\$	3,384,803	\$ 338,480
37 Net Income / (Loss) prior to Rest. Cont.	\$ (1,007,506)	\$ (1,201,011)	\$ 191,265	\$ (173,508)	\$ (386,956)	\$ 1,316,517	\$	(3,104,910)	\$ (310,491)
38 Capital Campaign Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-	\$ -
39 Restricted Foundation Contributions	\$ 78,280	\$ 330,142	\$ 7,169	\$ 516,187	\$ 2,442,308	\$ 1,202,053	\$	4,894,737	\$ 489,474
40 Net Income / (Loss) w/ Rest. Cont.	\$ (929,226)	\$ (870,869)	\$ 198,434	\$ 342,679	\$ 2,055,352	\$ 2,518,570	\$	1,789,827	\$ 178,983
41 GO Bond Activity, Net	175,187	175,187	175,187	175,187	175,187	175,187		1,747,102	174,710
42 Net Income/(Loss) w GO Bond Activity	\$ (754,039)	\$ (695,682)	\$ 373,621	\$ 517,866	\$ 2,230,539	\$ 2,693,757	\$	3,536,929	\$ 353,693
EBDA - Not including Rest. Cont.	\$ (467,787)	\$ (769,682)	\$ 648,211	\$ 221,574	\$ 40,605	\$ 1,739,336	\$	1,245,773	\$ 124,577
Operating EBDA	\$ (788,116)	\$ (1,098,428)	\$ 315,038	\$ (106,047)	\$ (312,502)	\$ 1,382,090	\$	(2,139,029)	\$ (213,903)
Operating EBDA excl IGT	\$ (788,116)	\$ (1,098,428)	\$ (280,331)	\$ (1,261,276)	\$ (798,963)	\$ (431,901)	\$	(6,701,929)	\$ (670,193)

Sonoma Valley Hospital
Cash Forecast
FY 2024

ATTACHMENT G

	Actual July	Actual Aug	Actual Sept	Actual Oct	Actual Nov	Actual Dec	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Forecast May	Forecast Jun	TOTAL
Hospital Operating Sources													
1 Patient Payments Collected	3,964,672	4,421,352	3,469,614	4,656,688	4,173,049	3,866,074	4,070,379	3,595,869	4,209,602	4,556,724	3,600,000	3,600,000	48,184,024
2 Other Operating Revenue	26,197	172,302	37,453	95,192	283,068	93,447	117,466	153,075	20,376	116,256	228,646	115,291	1,458,768
3 Other Non-Operating Revenue	42,960	4,386	10,108	43,877	12,352	11,224	17,442	5,578	11,180	17,993	7,800	7,800	192,701
4 Unrestricted Contributions		1,250	861	2,651	7,716	380	7,169	3,420	309	628			24,384
5 Line of Credit													-
Sub-Total Hospital Sources	4,033,829	4,600,406	3,517,792	4,798,212	4,476,030	3,971,076	4,212,456	3,758,139	4,241,467	4,691,601	3,836,446	3,723,091	49,860,544
Hospital Uses of Cash													
6 Operating Expenses / AP Payments	5,152,114	5,121,241	4,128,841	4,998,884	5,056,542	5,222,290	4,196,863	5,323,592	4,549,822	4,976,215	5,034,948	5,014,191	58,775,543
7 Add Capital Lease Payments	64,932	65,051	389,160	194,558	370,013	69,578	270,605	88,998		332,689			1,845,583
8 Add: Bridge Loan Paybacks									308,000		300,487		608,487
9 Add: CHFFA Help II Loan Repayments	30,833	30,833	30,833	30,833	30,833	31,987	35,056	35,056	35,056	35,056	35,056	35,056	396,488
10 Line of Credit Paydown							-					3,100,000	3,100,000
11 Capital Expenditures	157,689	152,213	177,157	27,616	116,996	421,333	330,101	530,867	2,294,905	1,233,345	600,125	423,577	6,465,923
SVH Capital	156,051	50,387	(35,866)	27,616	31,724	94,223	296,795	4,000	5,375	31,920	100,000	165,000	927,225
Foundation Capital	1,638	101,825	213,023		85,272	327,110	33,306	526,867	2,289,530	1,201,425	500,125	258,577	5,538,697
Total Hospital Uses	5,405,567	5,369,338	4,725,991	5,251,892	5,574,384	5,745,188	4,832,623	5,978,513	7,187,782	6,718,664	5,970,616	8,572,824	71,192,024
Net Hospital Sources/Uses of Cash	(1,371,738)	(768,932)	(1,208,199)	(453,679)	(1,098,354)	(1,774,112)	(620,167)	(2,220,374)	(2,946,316)	(2,027,063)	(2,134,171)	(4,849,733)	(21,331,479)
Non-Hospital Sources													
12 Restricted Cash/Money Market													-
12 Restricted Capital Donations	1,638	101,826	213,023	6,249	85,272	327,110	26,137	516,187	2,442,308	1,201,425	500,125	258,577	5,679,877
13 Parcel Tax Revenue	179,984					2,059,056				1,500,627			3,739,668
14 Other Payments								861,768					861,768
15 Other:													
16 IGT - HQAF VII (CY22)				39,262	684,280								723,542
17 IGT - QIP (PY 5/CY22)									1,099,230				1,099,230
18 IGT - Rate Range								2,500,000		5,281,071			7,781,071
19 IGT - HQAF VIII (CY23)											780,000		780,000
20 IGT - NDPH (SFY22-23)												151,000	151,000
21 IGT - NDPH (SFY23-24)												160,613	160,613
22 Distressed Hospital Loan Program												3,100,000	3,100,000
Sub-Total Non-Hospital Sources	181,622	101,826	213,023	45,511	769,552	2,386,167	26,137	3,877,955	3,555,307	7,983,123	1,280,125	3,670,190	24,090,537
Non-Hospital Uses of Cash													
23 Matching Fees	-	-	-	211,693	-	-	-	2,458,305	293,539	47,472	86,484	-	3,097,493
24 IGT Rate Range Advance Repayment											2,500,000		2,500,000
Sub-Total Non-Hospital Uses of Cash	-	-	-	211,693	-	-	-	2,458,305	293,539	47,472	2,586,484	-	5,597,493
Net Non-Hospital Sources/Uses of Cash	181,622	101,826	213,023	(166,182)	769,552	2,386,167	26,137	1,419,650	3,261,768	7,935,651	(1,306,359)	3,670,190	18,493,045
Net Sources/Uses	(1,190,116)	(667,106)	(995,176)	(619,862)	(328,803)	612,054	(594,030)	(800,724)	315,452	5,908,589	(3,440,530)	(1,179,543)	(2,838,435)
Total Cash at beginning of period	6,574,099	5,383,983	4,717,993	3,723,688	3,104,501	2,776,218	3,388,743	2,794,713	1,993,989	2,309,441	8,218,030	4,777,500	
Total Cash at End of Period	5,383,983	4,716,877	3,722,817	3,103,826	2,775,698	3,388,272	2,794,713	1,993,989	2,309,441	8,218,030	4,777,500	3,597,957	
Average Days of Cash on Hand	40.1	35.8	26.3	25.5	20.5	22.4	20.3	14.5	15.7	21.4			
Days of Cash on Hand at End of Month	39.7	33.3	25.6	21.9	20.9	21.5	19.8	14.1	16.3	51.6	33.8	25.4	