SONOMA VALLEY HEALTH CARE DISTRICT

BOARD OF DIRECTORS

AGENDA

THURSDAY, AUGUST 1, 2024

REGULAR SESSION 6:00 P.M.

Held in Person at
Council Chambers
177 First Street West, Sonoma
and via Zoom Videoconferencing

To participate via Zoom videoconferencing, use the link below:
Join Zoom Meeting
https://sonomavalleyhospital-org.zoom.us/j/98359610569

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In compliance with the Americans Disabilities Act, if you require special accommodations to participate in a District meeting, please contact Whitney Reese, Board Clerk at wreese@sonomavalleyhospital.org at least 48 hours prior to the meeting.	**RECOMMENDATION**		
AGENDA ITEM			
MISSION STATEMENT *The mission of SVHCD is to maintain, improve, and restore the health of everyone in our community.*			
1. CALL TO ORDER	*Judith Bjorndal, MD*		
2. PUBLIC COMMENT *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.*			
3. BOARD CHAIR COMMENTS	*Judith Bjorndal, MD*		
4. CONSENT CALENDAR a. BOD Minutes – 07.11.24 b. Joint BOD & Finance Committee Minutes – 05.28.24 c. Finance Committee Minutes – 05.28.24 d. Medical Staff Credentialing	*Judith Bjorndal, MD*	Action	Pages 3 - 8
5. SEISMIC UPDATE: Hospital Council – Northern and Central California	*Meghan Hardin, Regional Vice President* *Bryan Bucklew, President & CEO*	Inform	

6. CEO ASSESSMENT AND COMPENSATION	*Judith Bjorndal, MD*	Inform	
7. UCSF AFFILIATION	*John Hennelly*	Inform	
8. CEO REPORT	*John Hennelly*	Inform	Pages 9 - 12
9. BANKING PROPOSALS	*Ben Armfield*	Action	Pages 13 - 29
10. FINANCIALS FOR MONTH END JUNE 2024	*Ben Armfield*	Inform	Pages 30 - 43
11. COMMITTEE UPDATES • **Finance Committee Quarterly Update** • **Governance report** o Gift, Ticket, and Honoraria Policy o Committee Charters	*Judith Bjorndal, MD* *Bill Boerum* *Susan Kornblatt Idell*	Inform Action	Pages 44 - 51
12. BOARD COMMENTS	*Judith Bjorndal, MD*	Inform	
13. ADJOURN	*Judith Bjorndal, MD*	Inform	

Note: To view this meeting, you may visit http://sonomatv.org/ or YouTube.com.

SONOMA VALLEY HEALTH CARE DISTRICT
BOARD OF DIRECTORS' REGULAR MEETING

MINUTES

THURSDAY, JULY 11, 2024

HELD IN PERSON AT LA LUZ CENTER
(17560 GREGER ST., SONOMA, CA)
AND VIA ZOOM TELECONFERENCE

	RECOMMENDATION	
SONOMA VALLEY HOSPITAL BOARD MEMBERS 1. Judith Bjorndal, MD, Chair, Present 2. Susan Kornblatt Idell, Secretary, Present 3. Denise M. Kalos, Second Vice Chair, Present 4. Bill Boerum, Treasurer, Present 5. Wendy Lee Myatt, First Vice Chair, Present		
MISSION STATEMENT *The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.*		
CLOSED SESSION Calif. Government Code § 54957 Public Employment: Public Employee Performance Evaluation		
1. CALL TO ORDER	*Bjorndal*	
Meeting called to order at 6:00 p.m.		
2. REPORT ON CLOSED SESSION	*Bjorndal*	
The closed session was a discussion regarding a Public Employee Performance Evaluation.		
3. PUBLIC COMMENT		
None		
4. BOARD CHAIR COMMENTS	*Bjorndal*	
Thank you to La Luz for hosting us at their location.		
5. CONSENT CALENDAR	*Bjorndal*	Action
a. BOD Minutes – 06.06.24 b. BOD Minutes (Special Meeting) - 06.24.24 c. Quality Committee Minutes – 05.22.24 d. Medical Staff Credentialing e. Policies and Procedures	**MOTION:** by Boerum to approve, 2nd by Kornblatt Idell. All in favor.	
6. LA LUZ PRESENTATION	*Leonardo Lobato*	Inform
La Luz will celebrate its 40th anniversary next year. Vision: Sonoma Valley with equal opportunity for all. 95% clients are Latino but all are welcome. More than 100 programs and services with a staff of 22. Focus is on basic needs: health care access, mental health care access, food access, income stability, safety/legal, housing. Information, referral, and case management. La Luz is committed to partnering with other organizations in the community, including communicating clients' needs and understanding SVH's offerings.		

7. CEO REPORT		Inform
Presented in Agenda Packet – no verbal presentation.		
8. MEDICAL STAFF BYLAWS UPDATE	*Sabrina Kidd, MD*	Action
	MOTION: by Kornblatt Idell to approve, 2nd by Boerum. All in favor.	
9. CMO REPORT	*Sabrina Kidd, MD*	Inform
Lown Institute Hospitals Index – looks at equity and quality. SVH was ranked 2nd in California and in the top 10 in the nation for providing socially responsible acute care. Board members reiterated the need for this great honor to widely known in the community. Many marketing efforts have been made and are continuing. SVH quality is highlighted by the Board members.		
10. FINANCIALS FOR MONTH END MAY 2024	*Ben Armfield*	Inform
April was a standout month, but May saw a decline due to reduced volumes in key areas, particularly orthopedic surgery, influenced by one orthopedic surgeon's PTO. The hospital's inpatient side also slowed, which is typical in summer. Despite missing the budget on the operating margin, effective cost controls allowed the hospital to exceed budget in Operating EBDA. The hospital collected $3.3 million in May. Updates include the start of a new orthopedic surgeon, nearing completion of a temporary MRI project, and securing $3 million from the Distressed Hospital Loan Program.		
11. COMMITTEE UPDATES	*Bjorndal*	Inform
• **Quality Committee Update**	*Kornblatt Idell*	
Minutes and full data reports are available in the Committee Agenda Packets. Kornblatt Idell highly recommends to review the extremely thorough data and complimented the committee members for their exemplary contributions and participation.		
12. BOARD COMMENTS	*Board Members*	Inform
none		
13. ADJOURN	*Chair*	
Adjourned at 6:51 p.m.		

SVHCD
JOINT: BOARD OF DIRECTORS & FINANCE COMMITTEE MEETING

MINUTES

TUESDAY, MAY 28, 2024
In Person at Sonoma Valley Hospital
347 Andrieux Street
and Via Zoom Teleconference

Present	Not Present/Excused	Staff/Public
Judith Bjorndal, MD, via zoom (BOD) Bill Boerum, in person (BOD & FC) Wendy Myatt Lee, in person (BOD & FC) Denise Kalos, in person (BOD) Dennis Bloch, in person (FC) Ed Case, in person (FC) Subhash Mishra, MD, via zoom (FC) Catherine Donahue, in person (FC)	Susan Kornblatt Idell (BOD) Graham Smith (FC) Robert Crane (FC) Carl Gerlach (FC)	Ben Armfield, SVH CFO, in person John Hennelly, SVH CEO, in person Lois Fruzynski, SVH Accounting Manager, in person Dave Pier, ED of SVH Foundation, via zoom Dan Kittleson, in person Whitney Reese, SVH Board Clerk, in person Dawn Kuwahara, RN BSN, SVH Chief Ancillary Officer Lynn McKissock, SVH Chief Human Resources Officer Jessica Winkler, DNP, RN, NEA-BC, CCRN, SVH CNO, in person Sabrina Kidd, MD, SVH CMO, via zoom Kimberly Drummond, SVH Chief of Support Services, via zoom

MISSION & VISION STATEMENT
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AGENDA ITEM	DISCUSSION	ACTIONS
1. CALL TO ORDER/ANNOUNCEMENTS	*Judith Bjorndal, MD*	
2. PUBLIC COMMENT SECTION	None	
3. SONOMA VALLEY HOSPITAL FY BUDGET 2025	*Ben Armfield*	Inform
	Armfield presented the SVH 2025 fiscal year budget encouraging questions and discussion. The key focus was on ensuring that medical practices could operate effectively despite challenges. The Board of Directors, Finance Committee members, and SVH Staff discussed the financial difficulties of medical practices, the importance of retaining local surgeons, and the impact of expanding MRI and PT services. They also addressed the potential revenue from the IGT fund and the importance of conservative budgeting. The committee commended the detailed budget planning and emphasized the need for continuous monitoring and strategic adjustments to maintain financial health and service quality.	

	FY25 Financial Targets: • Aim to return to FY23 levels for operating EBDA and operating EBDA with parcel tax. • Projected improvement of nearly $2 million from current fiscal year end. **Other key discussions including:** • **Insurance Coverage:** Broad acceptance of insurance plans is crucial for community healthcare services. • **Financial Challenges:** Operating medical practices at a break-even point is challenging; absorbing revenue within clinics is essential. • **Surgeon Retention:** Keeping local surgeons is vital to maintain service volume and avoid losing key medical personnel. • **MRI Expansion:** The new 3T MRI is expected to significantly boost revenue, doubling current MRI scan volumes. • **PT Service Expansion:** Projected 25% volume increase post-expansion, with potential for further growth. • **IGT Fund Revenue:** Negotiations for increased IGT funding could significantly impact net revenue, with a conservative estimate of $1.5 million net increase.	
4. ADJOURN	*Judith Bjorndal, MD*	
	Meeting adjourned at 6:17pm	

SVHCD
FINANCE COMMITTEE MEETING

MINUTES

TUESDAY, MAY 28, 2024
In Person at Sonoma Valley Hospital
347 Andrieux Street
and Via Zoom Teleconference

Present	Not Present/Excused	Staff/Public
Bill Boerum, in person Wendy Myatt Lee, in person Dennis Bloch, in person Ed Case, in person Subhash Mishra, MD, via zoom Catherine Donahue, in person	Graham Smith Robert Crane Carl Gerlach	Ben Armfield, SVH CFO, in person John Hennelly, SVH CEO, in person Lois Fruzynski, SVH Accounting Manager, in person Dave Pier, ED of SVH Foundation, via zoom Dan Kittleson, in person Whitney Reese, SVH Board Clerk, in person Dawn Kuwahara, RN BSN, SVH Chief Ancillary Officer Jessica Winkler, DNP, RN, NEA-BC, CCRN, SVH CNO, in person Kimberly Drummond, SVH Chief of Support Services, via zoom

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AGENDA ITEM	DISCUSSION	ACTIONS
1. CALL TO ORDER/ANNOUNCEMENTS	*Bill Boerum*	
	Committee members excused absent: Graham Smith, Robert Crane, Carl Gerlach	Meeting called to order 6:17pm (immediately following joint BOD & Finance Committee adjournment)
2. PUBLIC COMMENT SECTION	None	
3. CONSENT CALENDAR	*Bill Boerum*	Action
Finance Committee Minutes 04.23.24		**MOTION:** by Bloch to approve as corrected, 2nd by Myatt Lee. All in favor
4. LINE OF CREDIT	*Ben Armfield*	Action
	Armfield presented extension of a revolving line of credit with U.S. Bank, initially misinterpreted as a renewal, from the end of April to the end of August. Key points include:	**MOTION:** by Bloch to approve, 2nd by Myatt Lee. All in favor

	• **Line of Credit Extension**: A reworked line of credit extension with updated terms was reviewed. • **Security Agreement**: This agreement ensures U.S. Bank provides security for a $3 million distressed hospital loan. • **Collateral**: U.S. Bank consents to CHFA using 20% of medical receivables as collateral. • **Terms and Covenants**: Updated terms and financial covenants based on revised fiscal forecasts. • **Alternatives**: Exploration of other banking options, including local banks and credit unions. • **Interest and Payment**: The extended agreement includes an updated interest rate and usage of funds to pay down existing debt.	
5. FINANCIAL REPORT FOR MONTH END APRIL 2024	*Ben Armfield*	Inform
	Armfield presented SVH's financial report for April – the best month of the fiscal year so far. $1.4 million in Operating EBDA for April cutting year-to-date budget deficit in half. A major contributor was the $1.8 million in incremental net revenue from the Rate Range IGT true-up. Surgical volumes, though below budget, were 30% higher than March and surpassed the prior six-month trend by over 10%. Emergency room volumes met budget expectations and exceeded last year's by 5%. Ancillary volumes increased by 10%, with physical therapy setting a new fiscal year high. Operating expenses were over 10% below budget, demonstrating effective cost management despite volume fluctuations. April saw $4.5 million in cash collections, greatly exceeding projections and improving the hospital's cash position to over 50 days on hand.	
6. ADJOURN	*Bill Boerum*	Meeting adjourned at 6:47pm

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
HEALING HERE AT HOME

To: SVHCD Board of Directors
From: John Hennelly
Date: 08.01.24
Subject: CEO Report

Strategic Plan

As related to our new **strategic plan**, our efforts in FY24 will focus on:

- *Campus Realignment*: discussions with UCSF regarding how they might participate, business plan development on SNF, Sub Acute, Memory Care service lines; working to engage a firm to assist with the development of a master facility plan.
- *Community Care*: market sizing for various community opportunities, urgent care, diagnostic center, specialty clinics, PT/OT
- *Sustainability*: business plan development on GI, cardiology, orthopedics, and UCSF clinical services
- *Seismic*: continued research on possible options. The hospital has engaged HED to assist in the assessment.

We are excited that the hospital was again recognized by the Lown Institute for its performance across various facets of outcomes, value and equity. The hospital ranked **2nd in the state** out of 258 and ranked **10th nationally** out of 2758 acute care hospitals.

Sonoma Valley Health Care District - Lown Institute Hospital Index (lownhospitalsindex.org)

Operations

Outpatient services remained busy through June while inpatient and surgical services came in under budget. As in May, **June financials** were mixed. The operating margin missed budget yielding an end of year performance of ($8.7m) on a budget of ($5m). This gap can largely be attributed to the loss of a key orthopedic surgeon mid-year. The gap has been remedied as we begin FY25. When factoring in all special payments (IGT/Parcel Tax) the hospital's position actually improved by almost $2m as compared to the end of FY23. The organization continues to effectively manage expenses with operating expenses, excluding depreciation, coming in 4% under budget at $5m.

Recruitment for the next **Chief Medical Officer** by UCSF continues. With the pending departure of Dr Kidd, a renewed focus on surgical specialties has been infused into the process. A diverse committee of physicians and hospital leaders are interviewing candidates.

Capital

The temporary **MRI project** is nearing completion. The final inspection from the State is complete. We expect occupancy 8/1/24. The team has been trained on 80% of potential exams with special training scheduled for early October for the remaining areas.

The permanent MRI project is underway. The demolition phase was awarded to GMH and is scheduled to begin in September.

The **ICU renovation** plan is complete and has been reviewed by HCAI. They have provided comments and the hospital's responses will be submitted in early August. We continue to expect construction to begin in late Fall. The project is scheduled for completion in early 2025.

The **PT expansion** plan review is complete. We expect construction to be completed in late Fall. The Foundation has raised roughly 75% of the $2m needed to fund the project.

Seismic investigative work continues as we explore both compliance with existing regulations as well as campus redesign to avoid retrofitting work. The state senate passed SB1432 in May which would push the 2030 requirements out further. The bill continues to move through the legislature.

Scorecard Definitions for Quality Metrics

Central Line Associated Blood Stream Infection (CLABSI)
Blood stream infection found in a patient with a central line in place and has been >48 hours since admission.

Catheter Associated Urinary Tract Infection (CAUTI)
Urinary tract infection found in a patient who has a catheter in place and has been >48hrs since admission.

CDIFF (Clostridium Difficile)
Clostridium Difficile found from a stool sample in a patient that has been admitted >48hrs

Sepsis Early Management
Obtain Blood Cultures BEFORE antibiotics
Administer Antibiotics
Obtain Lactate Level
Lactate Level repeated (if elevated)

Severe Sepsis 3 hour bundle
All above included plus-
Administer 30ml/kg of crystalloid for hypotension or Lactate >4
Focused MD exam

Severe Sepsis 6 hour bundle (septic shock only)
Lactate greater than 4 or
If persistent hypotension with 1 hour of fluid administration add Vasopressor
Shock reassessment by physician

Mortality
Acute care mortality benchmark is derived from CMS 5-star rating benchmark which is 15.3%.
Our average mortality rate each month is around 2-6%, most of our deaths are expected and are related to palliative care/hospice patients.

PSI 90
Summarizes patient safety across multiple indicators including-
Pressure Ulcers
Falls with Hip Fracture
Perioperative (while in surgery) complications
Postoperative complications

Preventable Harm
Unintended physical injury resulting from or contributed to by medical care (including the absence of indicated medical treatment), that requires additional monitoring, treatment or hospitization, or that results in death.This is a percentage of risk events that have a significance level of minor-major harm.
Derived from the risk events entered into our risk reporting platform.
Examples of risk events are- patient falls, surgical complications, mis-diagnosis, repeat visits, code blue, AMA, transfers to other facilities, documentaiton issues.
Goal is 0. Alarm is set at 5.0 which is the benchmark set by UCSF and chosen by Dr Kidd

Readmissions
Percentage of patients that get readmitted to the hospital within 30 days of discharge.

SVH Performance Score Card

1. Quality and Safety

Objective	Target	MAY.24	JUN.24	Trend	Supporting detail
Infection Prevention					
Central Line Blood Stream Infection CLABSI per 10k pt days	<1	0.00	0.00	⇆	
Catheter Associated Urinary Tract Infection- CAUTI per 10k pt days	<1	0.00	0.00	⇆	
CDIFF Infection per 10k pt days	<0.9	0.00	0.00	⇆	
Patient Fall per 1000 pt days	<3.75	10.15	0.00	↑	
Patient fall with injury per 1000 pt days	<3.75	0.00	0.00	⇆	
Surgical Site Infections per 1000 Acute Care Admissions	0.00	0.00	0.00	⇆	
Core Measures					
Sepsis Early Management Bundle % compliant	>81%	50 (n=2)	80 (n=4)	↑	1 patient fallout no recheck lactate.
Severe Sepsis 3 hour Bundle % compliant	>94%	100 (n=1))	100 (n=5)	⇆	
Severe Sepsis 6 hr Bundle % compliant	100.00	100 N=1)	50 (n=2)	↓	
Core OP 23- Head CT within 45 mins % compliant	70.00	100 (n=2)	66.7 (n=3)	↓	
Mortality					
Acute Care Mortality Rate %	<15.3	0.00	3.40	↓	Lower is better
ED					
Core OP 18b Median Time ED arrival to ED Departure mins	<132	164 (n=29)	141 (n=30)	↑	Lower is better
Core Op 22 ED Left without being seen LWBS	<2%	0.7 (n=6)	0.1 (n=1)	↑	
PSI 90					
PSI 90 Composite Acute Care Admissions	0.00	0.00	0.00	⇆	
Preventable Harm					
Preventable Harm Events Rate % of risk events graded Minor-Major	0.00	0.00	0.10	↓	
Readmissions					
Readmissions to Acute Care within 30 days %	<15.3	5.2 (n=2)	7.69 (n=4)	↓	Lower is better

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
Healing Here at Home

2. Employees

Objective	Target	MAY.24	JUN.24	Trend	Supporting Detail
Turnover	<3%	0.9	0.1	↑	
Workplace Injuries	<20 Per Year	0 (QTR 2)	0 (QTR 2)	⇆	

3.Patient Experience

Objective	Target	APR.24	MAY.24	Trend	Supporting Detail
Outpatient Ambulatory Services					
Recommend Facility	>90%	82 (n=17)	88 (n=25)	↑	Top Box Scores. % of patients that ranked us 5/5
Communication	>90%	90 (n=17)	86 (n=25)	↓	
Discharge Instructions	>95%	96 (n=17)	91 (n=25)	↓	
HCAHPS					
Recommend the hospital	>90%	89 (n=9)	69 (n=13)	↓	Top Box Scores. % of patients that ranked us 5/5
Communication with Nurse	>90%	81 (n=9)	69 (n=13)	↓	
Communication with Doctor	>90%	78 (n=9)	69 (n=13)	↓	
Cleanliness of Hospital	>90%	89 (n=9)	61 (n=13)	↓	
Communicaiton about medicines	>90%	63 (n=9)	59 (n=13)	↓	
Discharge Information	>90%	100 (n=8)	95 (n=13)	↓	

4. Volume

Objective	Target	MAY.24	JUN.24	Trend	Supporting Detail
Patient Visits					
Emergency Visits	>855	938.0	994.0	↑	
Surgical Volume Outpatient	>140	164.0	128.0	↓	
Surgical Volume Inpatient	>13	9.0	7.0	↓	
Inpatient Discharges	>70	63.0	58.0	↓	

5. Financial

Objective	Target	MAY.24	JUN.24	Trend	Supporting Detail
Operating EBDA in %	>-4.0%	-12.1%	-15.0%	↓	
Days Cash on Hand month end	>42	21.4	22.7	↑	
Net Revenue ($M) (annualized)	>$58	$ 58.0	$ 58.0	⇆	

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
HEALING HERE AT HOME

To: SVHCD Board of Directors
From: Ben Armfield, Chief Financial Officer
Date: August 1, 2024
Subject: Banking Proposals

As has been discussed over the last number of months, we have been in discussions with multiple prospective banks in the hopes of landing in a more stable situation for the long-term. We currently bank with US Bank and have a line of credit that now matures at the end of August. This memo goes into detail about the banks that have been engaged, the proposals we have received, and our recommendation on how we would like to move forward.

We engaged multiple banks throughout this process and have received bids from two banks – Poppy Bank and Summit State Bank. There is a potential 3rd bid to be received from US Bank as those discussions continue, but up until this point we have yet to receive anything tangible. We also engaged Wells Fargo, Bank of Marin, and Exchange Bank – all three respectfully declined to submit a bid.

This memo intends to summarize and compare the critical elements of the two offers and ultimately offer up our recommendation for who we would like to move forward with.

I. BANK OVERVIEW

General Overview

BANK	Poppy Bank	Summit Bank
Headquartered	Santa Rosa, CA	Santa Rosa, CA
Number of Employees	Approximately 100	Approximately 60
Founded	2005 (under First Community Bank)	1982
Closest Branch	Santa Rosa, CA	Santa Rosa, CA
Industry Specialization	Both banks specialize in providing financial services to individuals, businesses, and local communities in Sonoma County and surrounding areas. Both banks are community-focused.	

Both banks are headquartered out of Santa Rosa and both seem pretty comparable in terms of size. Summit State Bank isn't as big as Poppy Bank but it does have a longer history compared. Neither bank has a branch in Sonoma which is not ideal, but both offer mobile banking services that includes mobile deposit banking which mitigates the concerns of location.

II. PROPOSAL OVERVIEW – COMPARATIVE ANALYSIS

In addition to including the actual bid proposals that were received, we have attempted to summarize and compare the key terms of each of the two offers:

New Line of Credit Terms

BANK	Poppy Bank	Summit Bank
Loan Amount	$ 5,000,000	$ 5,500,000
Guarantor	n/a	n/a ($4.5M financed and guaranteed through NorCal Guarantee Program)
Secured/Unsecured	Secured	Unsecured
Collateral	Hospital Property	n/a
Interest Rate	WSJ Prime (7.75% floor)	WSJ Prime + spread
Term	5 Years	1 Year
Prepayment Penalty	None	None
Loan Fee	1% or $50,000	1%
Total Estimated Fees	$ 65,000	$ 175,000

Existing $1.9M Line of Credit

Structure	Refinanced into new LOC	5-year separate term loan
Interest Rate	n/a (see above)	7%-8% fixed for 5-years

Other

Deposit Banking	Must transition to Poppy	Must transition to Summit

High Level Comparison

Poppy Bank

- $5 Million Line of Credit
- Significantly cheaper (loan fees approximately $100,000 less)
- Provides a 5-year term with no prepayment penalty
- No financial covenants due to loan being secured. However, it is significantly more risky as this requires the hospital building to be used as collateral.
    - There are concerns about using hospital building as collateral. We are legally able to enter into this arrangement, but there are questions and concerns on whether or not the lien would be enforceable.
- They are proposing that the existing $1.9 million line of credit get refinanced into new $5 million line. This would leave $3.1 million for SVH to utilize.

Summit State Bank:

- $5.5 Million Line of Credit
- Would require $4.5 million to be financed through NorCal Guarantee Program (see details on program below)
- Does not require hospital property as collateral
- No floor interest rate
- It is more costly, about $100,000 more than Poppy Bank, and their initial proposal only provides a 1-year term with associated uncertainties and potential additional costs.

- They are proposing to carve out the existing $1.9 million line of credit into a separate 5-year fixed term loan. This would result in monthly $30K-$35K payments until the loan is fully paid or refinanced. This would leave the full $5.5 million LOC for SVH to utilize.

Loan Amount and Security:

Poppy Bank has offered a line of credit up to $5 million. The loan is secured, with the hospital property being used as collateral. **Summit Bank**'s offer includes a line of credit up to $5.5 million. This loan is unsecured, with $4.5 million back by NorCal Guarantee. Both proposals will carry the WSJ Prime interest rate. Poppy Bank has an interest rate floor of 7.75%, while Summit Bank's offer includes a floating 2-3% spread on top of the WSJ Prime Rate.

Secured Loan vs. Unsecured Loan:

Poppy Bank's offer is a secured loan by using the hospital's property as collateral. We have consulted with our debt consultants as well as our legal counsel, and we have verified that we are legally allowed to use hospital property as collateral to secure line of credit financing. However, this could become problematic as while the act of placing the deed is not unlawful, the act of enforcing the lien would most likely be challenging. As such, the District would not be able to receive an opinion that would indicate this deed would be enforceable, which is most likely what underwriters would ask for during the close process. Given this concern, this option would be, at best, a risky one for the District to pursue.

Summit State Bank has offered an unsecured loan, which does not require hospital property to be used as collateral but relies on a guarantee through the NorCal Guarantee Program. $4.5 of the $5.5 million loan would be financed through the NorCal Guarantee Program. This program, backed by the State, is designed to assist businesses in securing loans by providing guarantees to lenders. This typically comes at a higher cost due to the fees involved, but it enables the hospital to access credit without requiring to use its property or other assets as collateral. In the context of Summit Bank's offer, this option is indeed more expensive, as the fee to participate in this program would be north of $100,000 (2.25%-2.50% of guarantee amount).

NorCal Guarantee Program Details

The NorCal Guarantee Program is a state-backed initiative aimed at supporting businesses and organizations in obtaining loans by providing financial guarantees to lenders. This reduces the lender's risk and enhances facilitates access to credit. The program can guarantee up to 80% of the loan amount, which in this case includes the $4.5 million required for the unsecured line of credit with Summit Bank. By reducing the risk to lenders, the program enables district hospitals to access necessary funding without relying on substantial collateral, thereby preserving their assets for other strategic uses.

Existing $1.9 Million Line of Credit:

It is important to address the existing $1.9 million line of credit that would transition from our current banking relationship. **Poppy Bank**'s offer reflects refinancing our existing $1.9 million into the overall $5 million line of credit. This option would leave the hospital with just over $3 million in available credit, but would offer greater flexibility in how that refinanced amount gets paid down. On the other hand, **Summit Bank** proposes converting the $1.9 million into a term loan with a 5-year repayment

period. This approach would separate the existing debt from the new credit line, providing structured repayment terms. This option would allow the hospital to tap into the full $5.5 million of credit, but would also reduce our liquidity flexibility, requiring monthly payments in excess of $30,000 over a 5-year period.

Deposit Banking:

Both banks would require the hospital to transition all banking activities to their respective banks.

III. BID COMPARISON - ASSESSMENT OF OFFERS

In evaluating the proposals from Poppy Bank and Summit State Bank for our new banking partner, it is crucial to consider the distinct advantages and potential drawbacks of each option. Both offers are comparable in terms of the amount of credit available on the line of credit. To better understand the differences and determine the best fit for our hospital's financial strategy and operational needs, management conducted a detailed pros and cons analysis. Below is a comprehensive comparison of the most critical aspects, including cost efficiency, term length, collateral requirements, and flexibility in fund usage.

	Poppy Bank	Summit State Bank
PROS:	+ Secured Loan + Significantly Cheaper ($100K) + 5-Year Term with no prepayment penalty + No financial covenants + No stipulations on how the line could be used	+ Credit Line $500K higher than Poppy + Does not require hospital collateral + Able to fully fund any incremental IGT + No floor interest rate

	Poppy Bank	Summit State Bank
CONS:	**- Requires hospital building for collateral** - Available line $500K less than Summit - Floor interest rate of 7.75% - No physical branch in Sonoma	- 1-Year Term - More costly than Poppy (+$100K) - Unsecured Loan (Requires NorCal Guaranty of $4.5 million) - More financial/debt covenants and operational reporting - Specific controls over how line is used - No physical branch in Sonoma

Poppy Bank

Most Critical Pros:

- **Cost Efficiency:** Saving approximately $100,000 is a significant financial advantage. This cost saving can be redirected to other essential hospital services or investments.
- **Long-Term Stability:** The 5-year term with no prepayment penalty provides financial predictability and flexibility, reducing the need for frequent refinancing and re-engaging on renewal discussions.

Most Critical Cons:

- **Collateral Requirement:** The most critical issue is the collateral requirement. Using the hospital building as collateral is a major consideration and potential concern. We are unsure at this point if this would ultimately pass the underwriting process with Poppy Bank. Even if so, this poses a risk to the hospital's assets and could limit future financial flexibility.

- **Interest Rate Floor:** The 7.75% floor interest rate could be disadvantageous if market rates fall below this threshold, potentially leading to higher-than-market borrowing costs.

Summit State Bank

Most Critical Pros:

- **Higher Credit Line:** Offering a $500,000 higher credit line can provide the hospital with more immediate access to funds, which is crucial for urgent capital projects or operational needs.
- **No Collateral Needed:** Not requiring hospital property as collateral
- **Funding Available:** With carving out the existing LOC liability into a separate term loan, SVH would have access to $5.5 million in credit. This offers quite a bit more flexibility in making the specific matching fee requirements that have been discussed at length with the committee over these past months.

Most Critical Cons

- **Higher Cost:** $100,000 more costly than Poppy Bank.
- **Short-Term Loan:** The 1-year term introduces some uncertainty. The need to renegotiate or refinance after one year could result in higher costs and administrative complexity, disrupting financial planning and stability.

Summary

- **Poppy Bank** offers a cheaper option, but it comes with the significant risk of using hospital property as collateral and a relatively high interest rate floor.
- **Summit State Bank** provides a higher credit line without collateral requirements, offering more immediate funding and asset protection, but at a much higher cost and with a short-term loan that introduces uncertainty and potential additional costs.

Recommendation

After a detailed analysis of the pros and cons of both Poppy Bank and Summit State Bank, our recommendation is to partner with **Summit State Bank**. Here's a summary of the key reasons:

Key Factors for Recommendation

1. **Easiest Option:** The requirement to use the hospital building as collateral with Poppy Bank introduces significant complexities and risks. There are concerns about the feasibility of meeting underwriting requirements given this arrangement, which might hinder final approval. Summit Bank's offer, while more costly, does not come with the complexity of tying any collateral to hospital property, and thus provides a much smoother and less risky option than Poppy Bank.
2. **Access to Working Capital and IGT Matching Fee Funding:** By restructuring the existing $1.9 million line into a term loan, Summit Bank's proposal would allow the hospital to allocate a full $5.5 million credit line for working capital. This flexibility would provide enough working capital for management to navigate the time period of any Intergovernmental Transfer (IGT) funding process effectively, without the need to seek additional funding sources. This includes the anticipated increase in our Rate Range IGT fund. By going with Summit Bank, there would be no need to seek any additional funding from outside sources in order to fund any incremental IGT.

3. **Provides a Landing Spot:** Choosing Summit Bank gives Sonoma Valley Hospital a strategic advantage by providing a secure financial platform and additional time to assess long-term banking options. SVH would still have the ability to evaluate alternative partners that may be better suited to meet our needs long term, but in the short-term, Summit is the only landing spot that provides a pathway for the hospital to fully fund it's IGT matching fee obligations this next year – including any potential increase that has been discussed.

Mitigating the Cons:

- **Higher Cost:** Although Summit Bank's offer is indeed more costly, this reflects the price of transitioning from our current relationship without encumbering hospital assets. The one-year term with the NorCal guarantee is specifically designed to limit this higher cost to the first year, providing a strategic financial bridge during this critical transitional period.
- **$1.9M Term Loan:** The refinancing of the $1.9 million of our existing line of credit into a fixed, 5-year term loan would result in monthly payments exceeding $30,000. While that is not insignificant, this is manageable. It also gets the hospital on a path to rid itself of long-term debt that has been sitting idle for years. It also frees up the necessary room to pull any additional credit needed to support any working capital needs specific to IGT funding this upcoming fiscal year, as we would be able to tap into the full $5.5 million in new line of credit funding.

Finance Committee – July 23rd

Both proposals were presented and discussed with the SVHCD Finance Committee on July 23rd, and the committee concurred with management's recommendation to proceed with Summit State Bank due to the strategic advantages their proposal offers. However, concerns were raised regarding the initial 1-year term of the agreement, which was seen as too short to fully ensure financial stability in the coming year.

Finance Committee Recommendation

As such, the Finance Committee endorsed moving forward with Summit State Bank during the July 23rd meeting, contingent upon extending the term of the line of credit agreement to a minimum of 3-years.

Conclusion

Summit State Bank's proposal, while presenting initial higher costs, aligns with our long-term financial strategy by providing flexibility and the ability to secure funding crucial for fully funding our IGT matching fee. Extending the term to at least three years will also address any uncertainties and concerns related to timing and the frequency of any respective renewal(s).

It is with this backdrop that management respectfully requests the Board's approval to proceed with finalizing the banking agreement with Summit State Bank, subject to the modification of the credit agreement to extend the term to at least three years.

Attachments:

Attachment A – Summit State Bank Proposal

Attachment B – Poppy Bank Proposal

ATTACHMENT A

Quote

Date: July 8, 2024

To: Benjamin Armfield, CFO, MBA and Lois Fruzynski, MBA, CPA

From: Janet Connors

Subject: Proposed $5.5MM RLOC plus $1.9MM Term Loan

Quote Terms and Structure RLOC with NorCal Guaranty

- Loan Amount: $5,500,000
- NorCal Guaranty Amt: $4,400,000
- Borrower: Sonoma Valley Hospital
- Guarantor: N/A
- Collateral: Unsecured
- Interest Rate: Floating tied to WSJ Prime plus a spread
- Term: Annually renewable
- Loan Fee: 1.00%
- NorCal Guaranty Fee: $105,250 (2.5% x $2.5MM plus 2.25% x $1.9MM)
- Min Global DSCR: 1.25X As-is
- Miscellaneous: Deposits plus operating account with auto pay. SSB to be primary bank relationship.
- Controls around release of funds to be used for IGT payments

Quote Terms and Structure Term Loan with NorCal Guaranty

- Loan Amount: $1,900,000
- NorCal Guaranty Amt: $ 600,000
- Borrower: Sonoma Valley Hospital
- Guarantor: N/A
- Collateral: 1st secured by non-MediCal receivables
- Interest Rate: 7% - 8% range fixed for 5 years
- Amortization: 5 years
- Prepayment Penalty: Yes if refinanced and waived if paid off from cash proceeds
- Loan Fee: 1.00%
- NorCal Guaranty Fee: $15,000 (2.5% x $600,000)
- Min Global DSCR: 1.25X As-is
- Miscellaneous: Deposits plus operating account with auto pay. SSB to be primary bank relationship.

POPPY BANK

438 First Street, Suite 200 - Santa Rosa CA 95401

ATTACHMENT B

July 2, 2024

Sonoma Valley Health Care District Benjamin Armfield, CFO

Re: Revolving Line of Credit

In response to your inquiry regarding a loan on the above referenced applicant, Poppy Bank ("Bank") is pleased to issue this Letter of Interest (LOI). Your loan request was presented to Poppy Bank's Loan Committee and was approved to proceed to application. Barring any material changes discovered in the underwriting process from what was previously represented to the Bank, or changes to the Bank's lending policies, below are the likely terms and conditions that would be included in your final Commitment Letter. However, this letter is not a Commitment to lend and does not contain all of the terms or provisions that will be contained in the final loan approval.

Borrower:	Sonoma Valley Health Care District
Guarantor:	NA
Collateral:	1st Deed of Trust on hospital property located at 347 Andrieux Street, Sonoma, CA UCC-1 on all business assets
Loan Amount:	$5,000,000 - Maximum 25% loan to value based on third-party appraisal.
Interest Rate:	WSJ Prime + 0.00%
Floor Interest Rate:	7.75%
Term:	5 years
Repayment Schedule:	Interest only payments due monthly; principal at maturity
Prepayment Penalty:	None
Bank Loan Fee:	1% or $50,000
Documentation Fee:	$2,000.00
Legal Fee:	All legal fees plus any other out of pocket expenses related to this transaction are to be paid by Borrower.
Payments:	Automatic monthly payments shall be made at time of loan origination through a Poppy Bank checking account, Poppy Bank online banking, or ACH. In the event borrower chooses not to have automatic payments, the interest rate, as noted above, shall increase by 10 basis points.
Other Fees:	Tax Service $55.00 - $105.00 per APN Flood Certification $30.00 per APN Environmental Report: $595.00 (estimated) 3rd Party Appraisal $10,000 (estimated) 3rd Party Appraisal Review $2,000.00 (estimated)
Appraisal:	An Appraisal of the subject property is to be commissioned by Bank, with an appraiser reviewer acceptable to Bank, using assumptions and value approaches reasonably

	acceptable to the Bank. Borrower agrees to pay for the cost of the appraisal review upon request of Bank.
Environmental:	Borrower to complete a Bank provided Environmental Questionnaire, which must be acceptable to the bank in form and substance. In addition, the bank may order an Environmental Radius Report which is a desktop review report that screens the property for possible environmental issues. The borrower is responsible for paying for this report. Upon the Bank's review of the questionnaire and the environmental desktop review report, the Bank will make a reasonable determination as to whether further environmental due diligence is warranted. Any subsequent environmental surveys required by the Bank shall require the borrower's written consent to commissioning said report. All costs of environmental reports and surveys required by the bank will be paid for by the borrower.
Title and Escrow:	Borrower to provide ALTA title insurance with various endorsements for the full amount of the loan, containing no exceptions other than those approved by Bank which are usual and customary to such properties and be in form and include endorsements as required by Bank. The cost of title insurance, escrow services, and costs relating to the closing of the proposed loan shall be paid for by Borrower.
Security:	A first position deed of trust on the leasehold interest of the subject property. Borrower's interest in the property shall be free and clear of all encumbrances except those that Bank shall have consented to in writing. No subordinate mortgage shall be permitted to Borrower unless approved by Bank in writing.
Guaranty:	NA – non-profit entity
Deposits:	Borrower to establish primary banking relationship and deposit accounts with Treasury Management department. Estimated average balances of $3,000,000.
Indemnification:	Borrower will indemnify Bank against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses (including fees of counsel) of whatever kind or nature which may be imposed on, incurred by or asserted at any time against Bank in any way relating to or arising in connection with, its financing of the property, the offer or sale and/or use, occupation or operation of any of the property to be encumbered by the construction deed of trust. Said indemnification shall also cover damages arising from existing or future hazardous wastes and/or substances located on the property, including the cost to cleanup or detoxify the property.
Confidentiality:	This letter has been issued for the express use and benefit of Borrowers as they evaluate establishing a business banking relationship with the Bank and should not be shared with third parties for any reason whatsoever, except for the borrower's advisors, brokers, legal counsel, employees, partners, or other related entities.
Other Conditions:	Appropriate loan covenants to be set as part of the Bank's underwriting process.

Any conditions required after full underwriting.

A complete list of legal and financial documents will be required. Said request letter to be issued upon the LOI signing and remittance of good faith deposit.

While I intended that this letter be as complete as possible, it is possible that we may require additional information from you in order to complete our underwriting of your loan request. Again, this letter is not intended as, and should not be construed as, a commitment on the part of Poppy Bank to make the Loan referred to herein. Such a commitment

can only come at such time as we have completed our underwriting of your proposed loan request, and the Loan has been formally approved, in writing, by Bank's Loan Committee.

If the foregoing terms meet with your approval, please signify by signing and returning the enclosed copy of this letter to my attention not later than **August 2, 2024** accompanied with a check for **$15,000** as a good faith deposit. The estimated terms and provisions of this offer letter shall expire, and be of no further force or effect, if our offer has not been accepted by **August 2, 2024** or if the Loan contemplated herein has not been documented, funded, and closed by **September 30, 2024**.

Please feel free to call me at (707) 974-1664 should you have any questions or further needs regarding this matter. Many thanks in advance for your assistance, and for allowing us to entertain this financing request.

Best regards,

Greg Hancock

Greg Hancock
Vice President
Commercial Loan Officer

POPPY BANK DEPOSIT RECEIPT, DEPOSIT REFUND ABILITY DISCLOSURE AND THIRD-PARTY REPORT AUTHORIZATION

The undersigned, ("Applicant") hereby acknowledges that in conjunction with any proposed financing opportunity by Poppy Bank (hereafter "Bank") to Applicant, Applicant delivered a Fee Deposit to Bank, receipt of which is hereby acknowledged by Bank. The Applicant acknowledges that it has been advised and agrees that the Fee Deposit may be used by Bank, in its discretion, to pay any third-party service provider fees or expenses as they are incurred. Third party fees, include, but are not limited to the following: appraisal, environmental assessment, site inspection, structural inspection reports, fees for reports and verifications (e.g., credit, IRS, flood certification); title, lien and legal entity searches; recording fees; and taxes. The Fee Deposit does not cover title and closing costs, which will be the Applicant's direct responsibility should the proposed loan be approved and a conditional commitment letter be issued. It is not anticipated that the Fee Deposit will be adequate to cover all expenses to be incurred in this transaction. If the Fee Deposit is insufficient to meet the actual third-party fees or expense, Bank may require Applicant to deposit additional funds or pay such expenses prior to the closing of the proposed loan. If the Fee Deposit exceeds actual third-party fees or expenses incurred, the excess will be refunded at closing unless, otherwise required by law, or within a reasonable amount of time following other actions taken.

In order to qualify for the proposed loan, an appraisal, and/or any other third-party report deemed necessary by Bank, ("Report") is necessary. Applicant authorizes Bank to select a third-party service provider and order the Report, and agrees to be responsible for the cost of the Report. If the initial funding of the proposed loan does not occur within six months from the date Bank receives the Report, or if there are material changes to the Collateral, or other circumstances occur which could materially affect the value of the Collateral, Applicant may be required to incur additional Report costs. Such additional costs may be necessary to assist Bank in confirming, through analysis of updated information that the value and/or condition of the Collateral has not materially changed since the Report was prepared. If additional real or personal property is required to secure the proposed loan, additional Reports may be necessary to evaluate the value of the additional property pledged. If such additional valuations become necessary, Applicant agrees to be responsible for any costs incurred to obtain such Reports.

Appraisal Notice – Secured by Residential (SFR 1-4), 1st Lien

The following Appraisal Notice is required to be delivered to you in connection with your loan application.

We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close.

You can pay for an additional appraisal for your own use at your own cost.

If you have any questions about the notice or have any specific instruction on the delivery of your copy of the appraisal, please contact your loan officer.

Disclosure of Right to receive a copy of an Appraisal – Commercial Real Estate and SFR 1-4 subordinate liens.

You have the right to a copy of the appraisal report used in connection with your application for credit. If you wish to have a copy, please write to us at the following mailing address: 438 First Street, Santa Rosa, CA 95404. We must hear from you no later than ninety (90) days after we notify you about the action taken on your credit application or no later than ninety (90) days after you withdraw your application. In your letter, please tell us when you applied for the loan, the type of loan applied for, the address of the property which was to secure or secures the loan, and to where you would like us to mail the copy of the report.

Disclosure of Right to Request specific Reasons for Credit Denial

If your application for business credit is denied, you have the right to a written statement of the specific reasons for the denial. To obtain the statement, please contact: Loan Operations Department, Poppy Bank, 438 First Street, Santa Rosa, CA 95401 within 60 days from the date you are notified of our decision. We will send you a written statement of reasons for the denial within 30 days of receiving your request for the statement.

Notice: The Federal Equal Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Protection Act. The federal agency

that administers compliance with this law concerning this creditor is: Federal Deposit Insurance Corporation, 1100 Walnut Street, Box #11, Kansas City, MO 64106. (877) 275-3342.

Questions, Comments, Complaints: Address any questions, comments or complaints to: Lending Department, Poppy Bank, 438 First Street, Santa Rosa, CA 95401.

Authorization
I/We are applying for credit from Poppy Bank ("Lender"). As part of the application process, Lender, any insurer of the loan and any collateral title insurer may verify information contained in our loan application and in other documents required in connection the loan, either before or after the loan is closed.

We authorize you to provide Lender, to any investor to whom Lender may sell our loan, and to any insurer of the loan any and all information and documentation that they may request. Such information may include, but is not limited to, employment history, and income, bank, money market, and similar account balances, credit history, copies of income tax returns.

Lender, any investor that purchase the loan, and any insurer of the loan may address and send this authorization to any person or company names in the application.

A copy of this authorization may be accepted as an original.

Authorization to File Financing Statement
I/We hereby authorize Lender to file the appropriate Financing Statements for the following collateral prior to executing a security agreement, pledge or control agreement: All Inventory, Chattel Paper, Accounts, Equipment and Fixtures.

Authorization to Obtain Credit Reports
I/we authorize Poppy Bank to obtain credit reports, to check the individual and/or business credit rating of both the business applicant as well as the individual owner(s) signing below. If applicable, each person certifies that he/she is authorized to sign on behalf of the business applicant in the capacity listed on this application and that such a signor is authorized to execute this credit application on behalf of the business applicant. Applicant also authorizes Poppy Bank to obtain copies of tax returns and information from the IRS and other taxing authorities and agrees to execute any forms requested by Poppy Bank to obtain such information.

Important Information about Opening a Legal Entity Account
Effective May 11, 2018, new rules under the Bank Secrecy Act will aid the government in the fight against crimes to evade financial measures designed to combat terrorism and other national security threats.

Each time an account is opened for a covered Legal Entity, we are required to ask you for identifying information (name, address, date of birth, social security number as well as identification documents) for:

- Each individual that has beneficial ownership (25% or more); and,
- One individual that has significant managerial control, of the Legal Entity.

If you are opening an account on behalf of a Legal Entity, you will be required to provide the appropriate documentation and to certify that this information is true and accurate to the best of your knowledge.

The terms/conditions and authorizations of this terms letter are hereby acknowledged and agreed to:

Borrower:

_____ _____
Date

POPPY BANK

Consumer Privacy Act (CCPA) Online Privacy Policy

Effective: January 1, 2020

Last Updated: December 31, 2019

This notice is provided pursuant to the CCPA and explains how Poppy Bank collects, uses and discloses the Personal Information (PI) of California residents.

Information collected that is subject to the Gramm Leach Bliley Act (GLBA) does not apply to personal information under the requirements of the CCPA. In addition, personal information collected for business-to-business communication is currently exempt.

Introduction

A consumer has the right to request from a business that collects personal information about the consumer the following:

- The categories of personal information it has collected about that consumer.
- The categories of sources from which the personal information is collected.
- The business or commercial purpose for collecting or selling personal information.
- The categories of third parties with whom the business shares personal information.
- The specific pieces of personal information it has collected about that consumer.

A business that collects personal information about a consumer must disclose to the consumer the information specified above upon receipt of a verifiable consumer request from the consumer. Additionally, the business must associate the information provided by the consumer in the verifiable consumer request to any personal information previously collected by the business about the consumer and identify by category or categories the personal information collected about the consumer in the preceding 12 months by reference to categories enumerated in California Civil Code Section 1798.130(c) that most closely describes the personal information collected.

A consumer has the right to request that a business that sells the consumer's personal information, or that discloses it for a business purpose, disclose to that consumer:

- The categories of personal information that the business collected about the consumer.
- The categories of personal information that the business sold about the consumer and the categories of third parties to whom the personal information was sold, by category or categories of personal information for each third party to whom the personal information was sold.
- The categories of personal information that the business disclosed about the consumer for a business purpose.

A business that sells personal information about a consumer, or that discloses a consumer's personal information for a business purpose, must disclose the information specified above to the consumer upon receipt of a verifiable consumer request from the consumer. Additionally, the business must identify the consumer and associate the information provided by the consumer in the verifiable consumer request to any personal information previously collected by the business about the consumer and identify by category or categories the personal information of the consumer that the business sold in the preceding 12 months by reference to the categories enumerated in California Civil Code Section 1798.130(c) that most closely describe the personal information, and provide the categories of third parties to whom the consumer's personal information was sold in the preceding 12 months by reference to the same enumerated categories. The business shall disclose the information in a list that is separate from a list generated for the purposes of California Civil Code Section 1798.130(c).

Poppy Bank Collection and Disclosure of Personal Information

Poppy Bank has not sold PI collected in the preceding 12 months to any third party.

Poppy Bank collects and discloses the following categories of information for business purposes:

Name, address, tax ID number, driver license, passport or ID card number, date of birth, telephone number, email address, bank account number, other financial information, dependent/beneficiary PI, benefit elections, internet or other electronic network activity including IP address, geolocation, browsing history and website interaction.

Poppy Bank collects PI from a variety of sources including: directly form you in credit applications, deposit applications, employment applications and from your devices when you visit Poppy. Bank or our social media webpages.

Poppy Bank collects PI for a range of purposes including: validating identification, communication with you, processing payroll, processing financial transactions, offering employment benefits, tracking benefit eligibility, target marketing and personalizing advertising that may be of interest to you.

Poppy Bank shares PI collected with our processors and vendors who provide services on our behalf.

CCPA Rights

California residents have the right to request that Poppy Bank disclose the PI we have collected, used and disclosed to our service providers.

California residents also have the right to request that their personnel information be deleted. Note: We may deny a request to delete if an exception applies or if we are unable to determine or confirm the identity of the person making the request. Poppy will advise you in our response if we are unable to honor your request.

To make a request for information collected and disclosed or to make a request to delete PI please call: 888.636.9994 or write to us at:

Poppy Bank
438 First Street
Santa Rosa CA 95401
Attn: Compliance Department

Please identify which privacy right(s) you would like to exercise, include your name, address and a detailed description of your current or previous relationship with Poppy Bank. **Poppy will process requests within 30 days.**

Non-Discrimination

Poppy Bank shall not discriminate against a consumer because the consumer exercised any of the consumer's rights under the California Consumer Privacy Act (California Civil Code Section1798.100 et seq.), including, but not limited to, by:

- Denying goods or services to the consumer.
- Charging different prices or rates for goods or services, including through the use of discounts or other benefits or imposing penalties.
- Providing a different level or quality of goods or services to the consumer.
- Suggesting that the consumer will receive a different price or rate for goods or services or a different level or quality of goods or services.

Nothing in California Civil Code Section 1798.125(a) prohibits a business from charging a consumer a different price or rate, or from providing a different level or quality of goods or services to the consumer, if that difference is reasonably related to the value provided to the consumer by the consumer's data.

Changes to the CCPA Privacy Policy

Changes to this policy may be made at any time. When changes are made, the revised Policy will be posted to poppy.bank and will include a new "Effective" date. If you have questions regarding your rights under the CCPA, please call us at: 888.636.9994.

POPPY BANK

FACTS **WHAT DOES POPPY BANK DO WITH YOUR PERSONAL INFORMATION?**

Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- **Social Security number and income**
- **Account balances and payment history**
- **Transaction history and overdraft history**

When you are no longer our customer, we continue to share your information as described in this notice.

How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Poppy Bank chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Poppy Bank share?	Can you limit this sharing?
For our everyday business purposes— such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes— to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes— information about your transactions and experiences	No	No
For our affiliates' everyday business purposes— information about your creditworthiness	No	We don't share
For nonaffiliates to market to you	No	We don't share

Questions? Call 1-888-636-9994 or go to www.poppy.bank

POPPY BANK

Who we are	
Who is providing this notice?	Poppy Bank

What we do	
How does Poppy Bank protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. We restrict access to personal information about you to those employees who need to know that information to provide products or services to you.
How does Poppy Bank collect my personal information?	We collect your personal information, for example, when you ■ Open an account or deposit money ■ Pay your bills or apply for a loan ■ Provide account information ■ Give us your contact information We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only ■ Sharing for affiliates' everyday business purposes—information about your creditworthiness ■ Affiliates from using your information to market to you ■ Sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing

Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. ■ Poppy Bank does not share with our affiliates
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. ■ Poppy Bank does not share with nonaffiliates so they can market to you
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. ■ Poppy Bank doesn't jointly market

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
HEALING HERE AT HOME

To: SVHCD Board of Directors
From: Ben Armfield, Chief Financial Officer
Date: August 1, 2024
Subject: Financial Report for June 2024

June's financial performance was largely consistent with May's results, with both positive and negative trends observed. The hospital continues to navigate through ongoing transitions, and similar to previous months, the main driver for missing the budget in terms of overall operating margin has been volume - particularly in surgery. This plus a couple other declines across some key areas caused the hospital to fall short of budget expectations in June. Despite these challenges, we did see a surge in emergency room visits as June delivered a fiscal year high in emergency room volumes, which helped offset some of the volume declines observed in other areas. Operating expenses also ran under budget by 4%, which continues to be a significant factor in mitigating some of the volume shortfall that has been observed this year.

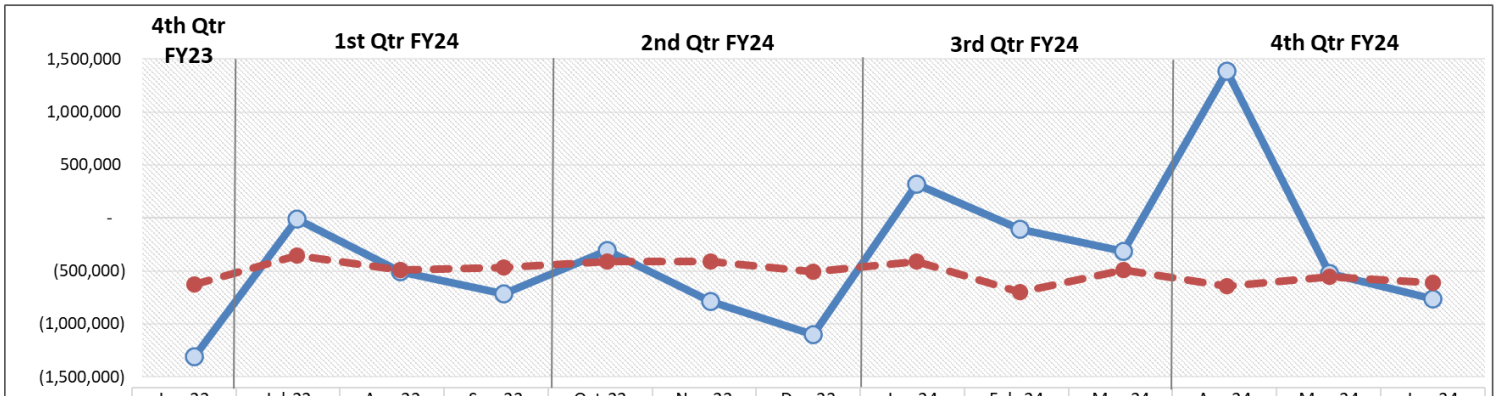
Closing the books on fiscal year 2024, we remain very optimistic about the future, particularly with the addition of Dr. Walter, who is expected to help improve surgical volumes as we move forward. The MRI expansion, PT expansion, and IGT resetting are also on deck and will significantly help the facility's financial performance in fiscal year 2025.

1. OVERALL PERFORMANCE | MONTH

Table 1 | Overall Performance - June 2024

	Current Year Month		Variance		Current Year YTD		Variance		Prior Year YTD	Variance	
	Actual	Budget	$	%	Actual	Budget	$	%	Actual	$	%
Operating Margin	$ (1,263,116)	$ (886,186)	$ (376,930)	-43%	$ (8,723,439)	$ (5,048,937)	$ (3,674,501)	-73%	$(7,782,276)	$ (941,163)	-12%
Operating EBDA	$ (763,116)	$ (613,219)	$ (149,897)	-24%	$ (3,430,915)	$ (1,803,333)	$ (1,627,582)	-90%	$(3,231,501)	$ (199,414)	-6%
Operating EBDA w Parcel	$ (446,453)	$ (296,552)	$ (149,901)	-51%	$ 369,086	$ 1,996,671	$ (1,627,585)	-82%	$ 544,622	$ (175,536)	-32%
Net Income (Loss)	$ (257,898)	$ (167,415)	$ (90,483)	-54%	$ 2,993,283	$ 3,576,249	$ (582,966)	-16%	$ 1,067,733	$ 1,925,550	180%

Graph 1.1 | SVH Trended Operating EBDA



	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
ACTUAL	(1,310,954	(6,872)	(508,193)	(716,102)	(305,149)	(789,601)	(1,098,428	315,038	(106,047)	(312,502)	1,382,090	(522,034)	(763,116)
BUDGET	(628,856)	(356,965)	(494,956)	(468,964)	(414,108)	(410,848)	(505,010)	(412,329)	(702,992)	(495,296)	(640,770)	(557,769)	(613,219)

Key Drivers in Month's Performance:

Volumes

The volume reduction was particularly pronounced on the inpatient side and in certain outpatient services – which was very similar to May. Surgical volumes did drop off from the previous month as the hospital did experience a reduction in GI volumes in June (after a very busy May). We also had a slower than normal month in outpatient physical therapy as well. However, these declines were mitigated by a very busy month in the emergency room.

Surgical Volumes

Surgical volumes saw a drop in June, continuing the trend of running behind budget this fiscal year. The overall decline can be attributed to the ongoing transitions within our orthopedic department. June also saw a pullback in GI surgical volumes, which should be a one-time dip. Regarding surgical volume as a whole, we are optimistic about the future with the addition of Dr. Walter, our new orthopedic surgeon, who started at the end of the month. His presence is expected to help stabilize the service line and eventually increase our surgical volumes as we move forward.

Emergency Room Utilization

June was an exceptionally busy month in the ER with visits setting a fiscal year high. Monthly visit volumes exceeded 900 visits, which is the first time of the fiscal year that threshold has been crossed. This surge in ER visits highlights the growing demand for emergency services and underscores the effectiveness of our staff in handling increased patient loads. For the year, ER volumes closed right at budget and marked a 4% increase over the prior year.

Ancillary and Other Outpatient Volumes

As mentioned earlier, Physical Therapy volumes saw a pullback in June, reflecting the overall slower month outside of the ER, and total outpatient visits dropped below 5,000 for the first time this fiscal year. However, this decline is seen as a short-term occurrence. Ancillary services such as CT and MRI continued to show resilience. CT volumes achieved five consecutive months of growth, and MRI volumes also saw an increase, marking the highest levels since February.

It is important to note that despite this drop in June, we closed out a fiscal year where our outpatient visits exceeded both budget and the prior year by over 10%. This overall positive trend indicates strong performance in our outpatient services throughout the year, despite the seasonal slowdown in June.

Operating Expenses

Our ongoing focus on cost management continued to yield positive results in June. Operating expenses ran under budget by 4%, marking the fourth consecutive month the hospital has achieved significant cost savings. While some of the positive variance to budget in expenses can be attributed

to lower volumes—such as reduced implant costs due to fewer orthopedic surgeries—the majority of the benefit is due to the diligent efforts of our team to find and implement ways to mitigate costs.

Cost mitigation remains particularly crucial for our hospital, where the ability to flex staff in response to fluctuating volumes is limited. The hard work and proactive strategies employed by our team in controlling expenses have been critical in navigating these last couple of quarters that have delivered lower than expected volume levels.

Cash

We collected just over $3.7 million in June, which is an improvement from May and right at our more recent monthly averages. Lower volume months preceding June certainly continues to have an impact on our cash collections as they obviously lead to softer months in cash. The positive news on this front is that our cash collection activity in July looks to be much closer to our fiscal year averages and we are anticipating collections exceeding these past two months.

Other Updates:

Distressed Hospital Loan Program: After finally receiving official sign-offs on all documents and agreements associated with our Distressed Hospital Loan Program funds, we just received the actual funding this past week. We turned around and applied this to our outstanding line of credit, which brings our current balance from $4.9 million to $1.9 million. This will save the hospital an estimated $250K annually in interest expense. Our repayment of the $3 million will start in 18 months.

Temporary MRI Project: The temporary MRI project continues to have just one remaining step in order to be operational, which is clearance from the state. We did have an inspection on July 8th and while there were some items that we needed to address, the surveyor indicated they did not plan on returning to the hospital for an on-site follow up. We have addressed their specific change requests and await their response. We hope to be able to open shortly.

IGT Update: We received word that DHCS (California Dept of Health Care Services) granted Partnership Health Plan an extension on filing their Rate Range allotments for this upcoming fiscal year. We should hear soon what our official numbers will be. We have had very positive discussions with Partnership and feel very confident that we will see a significant increase compared to what we have received these past couple of fiscal years. More to come shortly on this….

Audit Update: Auditors from Moss Adams were on-site last week for the first time performing some pre-work on our audit engagement.

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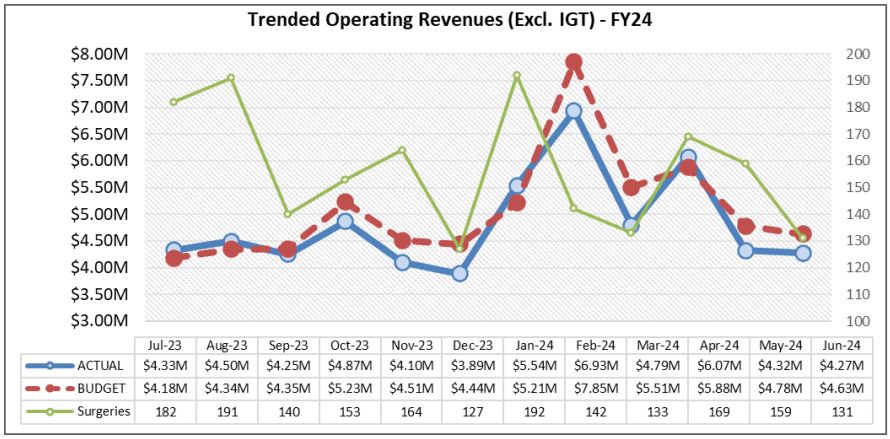
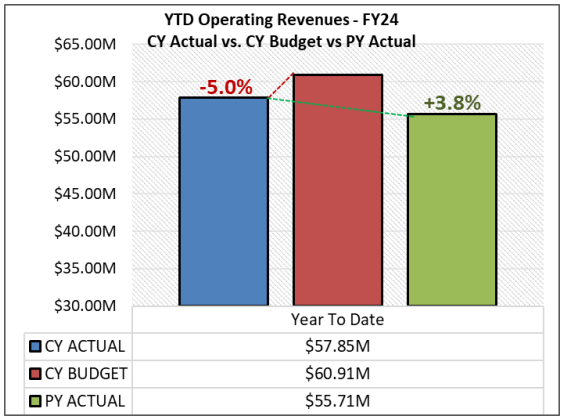
2. NET REVENUE AND VOLUME SUMMARY:

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

	Current Year Month		Variance		Current Year YTD		Variance		Prior Year YTD	Variance	
	Actual	Budget	Var	%	Actual	Budget	$	%	Actual	$	%
Gross Revenue	$27,161,763	$30,125,377	$(2,963,614)	-10%	$ 332,119,583	$353,246,571	$ (21,126,988)	-6%	$ 324,166,202	$ 7,953,380	2%
Net Patient Revenue	$ 4,181,354	$ 4,535,427	$ (354,073)	-8%	$ 56,738,598	$ 59,794,409	$ (3,055,811)	-5%	$ 54,368,448	$ 2,370,150	4%
NPR as a % of Gross	15.4%	15.1%	2.3%		14.7%	15.1%	-2.5%		14.9%	-1.3%	
Tot Operating Revenue	$ 4,270,445	$ 4,628,233	$ (357,788)	-8%	$ 57,851,467	$ 60,908,080	$ (3,056,613)	-5%	$ 55,707,346	$ 2,144,121	4%

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





Graph 2.2 | SVH Trended Surgeries (Total) - 13 Month Trend

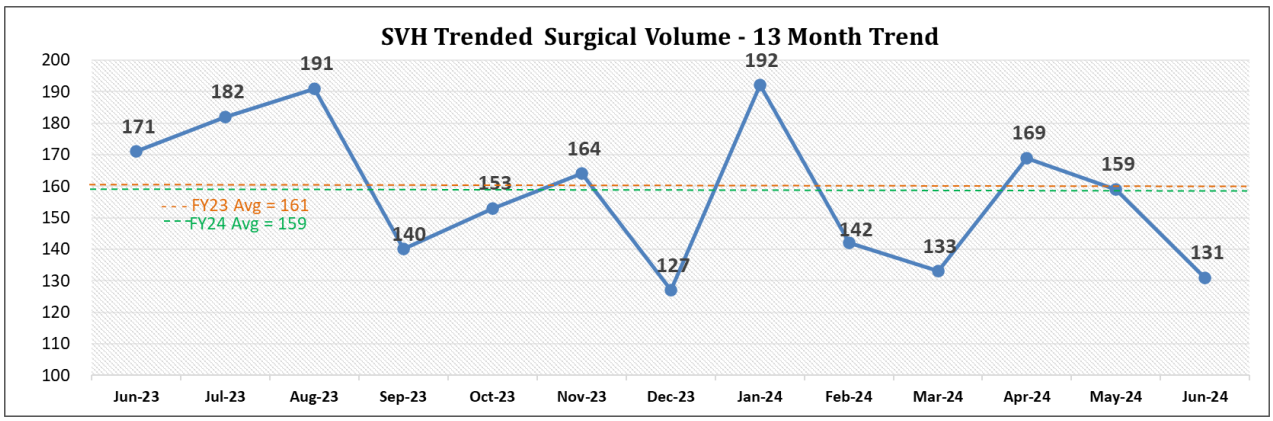


Table 2.3 | Surgical Volumes Top 4 Service Lines – June 2024 vs Prior Month & Six-Month Trend

	Current Mth vs. Previous Mth				6 Month Trend						Current Mth vs. 6 Mth Trend		
Service Line	Jun24	May24	Var	% Var	Dec23	Jan24	Feb24	Mar24	Apr24	May24	6 Month Trend	Var	% Var
Orthopedics	35	27	8	30%	49	67	40	33	46	27	44	(17)	-38%
Gastroenterology	53	85	(32)	-38%	47	67	59	62	73	85	66	20	30%
Ophthalmology	23	20	3	15%	11	22	20	18	18	20	18	2	10%
General	14	14	-	0%	10	18	11	15	17	14	14	(0)	-1%
SubTotal	**125**	**146**	**(21)**	**-14%**	**117**	**174**	**130**	**128**	**154**	**146**	**142**	**5**	**3%**
Other	6	13	(7)	-54%	10	18	12	5	15	13	12	1	7%
Grand Total	**131**	**159**	**(28)**	**-18%**	**127**	**192**	**142**	**133**	**169**	**159**	**154**	**5**	**3%**

Table 2.4 | Patient Volumes – June 2024

	Current Month		Variance		Current Yr YTD		Variance		PY YTD	Variance	
	Actual	Budget	Var	%	Actual	Budget	Var	%	Actual	Var	%
Acute Patient Days	201	269	(68)	-25%	2,942	3,281	(339)	-10%	3,257	(315)	-10%
Average Daily Census	6.7	9.0	(2.3)	-25%	8.0	9.0	(0.9)	-10%	8.9	(0.9)	-10%
Acute Discharges	58	57	1	1%	820	716	104	15%	812	8	1%
IP Surgeries	7	13	(6)	-46%	151	159	(8)	-5%	182	(31)	-17%
OP Surgeries/Spec Proc	124	190	(66)	-35%	1,732	1,994	(262)	-13%	1,735	(3)	0%
Total Surgeries / Procedures	**131**	**203**	**(72)**	**-35%**	**1,883**	**2,153**	**(270)**	**-13%**	**1,917**	**(34)**	**-2%**
Total Outpatient Visits	4,653	4,709	(56)	-1%	62,042	55,069	6,973	13%	55,630	6,412	12%
Emergency Room Visits	994	855	139	16%	10,418	10,262	156	2%	9,835	583	6%

Table 2.5 | Outpatient Volumes Trended – Last 6 Months

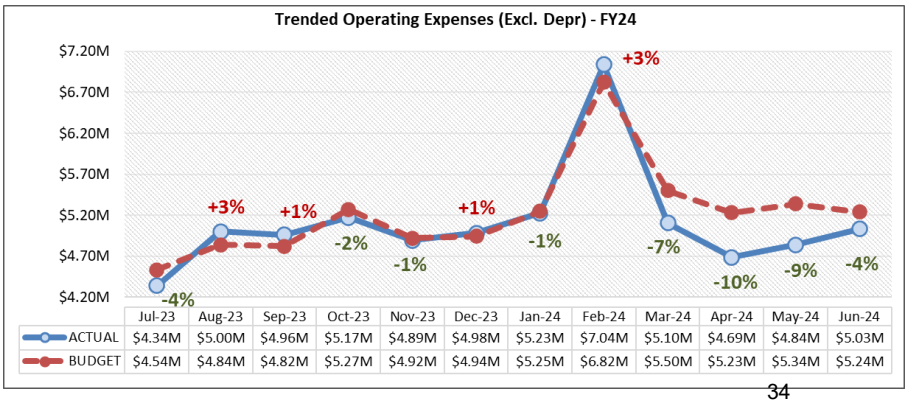
Department	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Last 6 Months
Lab	1,337	1,261	1,271	1,407	1,364	1,282	
Medical Imaging	949	896	858	857	900	830	
Physical Therapy	1,238	1,238	1,351	1,365	1,196	1,095	
CT Scanner	409	355	368	387	398	409	
Occ. Health	291	230	209	300	315	308	
Mammography	222	233	232	241	217	211	
Occupational Therapy	194	202	317	224	197	190	
Ultrasound	244	242	220	198	222	182	
Wound Care	174	166	175	201	213	152	
MRI	140	167	123	127	135	121	
ECHO	113	135	110	104	132	106	
Speech Therapy	45	49	45	53	43	53	
Other	24	30	14	22	25	14	
TOTAL	**5,380**	**5,204**	**5,293**	**5,486**	**5,357**	**4,953**	
Emergency Room	868	779	875	862	867	994	

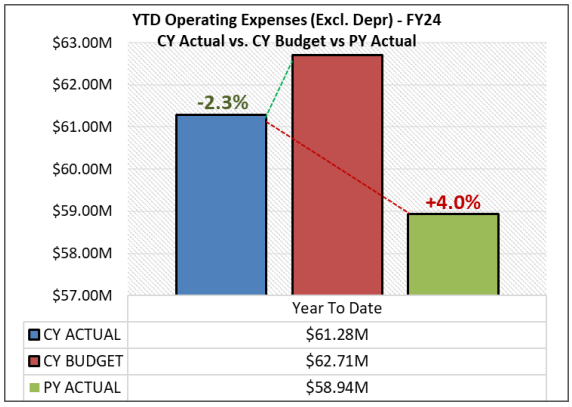
3. OPERATING EXPENSE SUMMARY:

Table 3 | Operating Expenses – Actual vs. Budget – June 2024 (Including IGT)

	Current Year Month		Variance		Current Year YTD		Variance		Prior Year YTD	Variance	
	Actual	Budget	Var	%	Actual	Budget	$	%	Actual	$	%
Operating Expenses	$ 5,533,561	$ 5,514,419	$ (19,142)	0%	$ 66,574,905	$ 65,957,017	$ (617,888)	-1%	$ 63,489,621	$(3,085,284)	-5%
Operating Exp. Excl. Depr.	$ 5,033,561	$ 5,241,452	$ 207,891	4%	$ 61,282,382	$ 62,711,413	$ 1,429,031	2%	$ 58,938,847	$(2,343,535)	-4%
Worked FTEs	207.8	223.0	15.1	7%	213.6	219.5	5.9	3%	212.7	(1.0)	0%

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





4. CASH ACTIVITY SUMMARY:

Table 4 | Cash / Revenue Cycle Indicators - June 2024

	Jun-24	May-24	Var	%
Days Cash on Hand	22.7	22.5	0.2	1%
A/R Days	60.1	58.1	2.0	3%
A/P Days	55.1	50.1	5.0	10%

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 June, 2024

ATTACHMENT A

	MONTH				YEAR TO DATE			
Gross Revenue	**Actual**	**Budget**	**Variance**	**% Variance**	**Actual**	**Budget**	**Variance**	**% Variance**
Medicare	9,447,712	10,961,150	-1,513,438	-5.0%	122,022,336	127,739,063	-5,716,727	-1.6%
Medicare Managed Care	4,722,456	5,205,624	-483,168	-1.6%	59,384,503	60,655,433	-1,270,930	-0.4%
Medi-Cal	4,439,565	5,831,098	-1,391,533	-4.6%	54,482,867	67,757,553	-13,274,687	-3.8%
Self Pay	468,946	168,163	300,782	1.0%	4,933,384	1,927,479	3,005,905	0.9%
Commercial & Other Governn	7,021,125	7,060,141	-39,016	-0.1%	82,202,274	81,882,203	320,071	0.1%
Worker's Comp.	1,038,702	1,123,437	-84,736	-0.3%	8,850,371	12,987,682	-4,137,311	-1.2%
Total	**27,138,506**	**30,349,614**	**-3,211,109**	**-10.6%**	**331,875,735**	**352,949,414**	**-21,073,679**	**-6.0%**

	MONTH			YEAR TO DATE		
Payor Mix	**Actual**	**Budget**	**Variance**	**Actual**	**Budget**	**Variance**
Medicare	34.8%	36.1%	-1.3%	36.8%	36.2%	0.6%
Medicare Managed Care	17.4%	17.2%	0.2%	17.9%	17.2%	0.7%
Medi-Cal	16.4%	19.2%	-2.9%	16.4%	19.2%	-2.8%
Self Pay	1.7%	0.6%	1.2%	1.5%	0.5%	0.9%
Commercial & Other Governn	25.9%	23.3%	2.6%	24.8%	23.2%	1.6%
Worker's Comp.	3.8%	3.7%	0.1%	2.7%	3.7%	-1.0%
Total	**100.0%**	**100.0%**		**100.0%**	**100.0%**	

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

ATTACHMENT B

	CURRENT MONTH				YEAR-TO-DATE			YTD
	Actual 06/30/24	Budget 06/30/24	Favorable (Unfavorable) Variance		Actual 06/30/24	Budget 06/30/24	Favorable (Unfavorable) Variance	Prior Year 06/30/23
				Inpatient Utilization				
				Discharges				
1	38	46	(8)	Med/Surg	597	571	26	585
2	20	12	8	ICU	223	145	78	227
3	58	57	1	Total Discharges	820	716	104	812
				Patient Days:				
4	125	172	(47)	Med/Surg	1,952	2,117	(165)	2,080
5	76	97	(21)	ICU	990	1,164	(174)	1,177
6	201	269	(68)	Total Patient Days	2,942	3,281	(339)	3,257
7	29	-	29	**Observation days**	258	-	258	188
				Average Length of Stay:				
8	3.3	3.8	(0.5)	Med/Surg	3.27	3.71	(0.44)	3.6
9	3.8	8.2	(4.4)	ICU	4.44	8.05	(3.61)	5.2
10	3.5	4.7	(1.2)	Avg. Length of Stay	3.59	4.58	(1.00)	4.0
				Average Daily Census:				
11	4.2	5.7	(1.6)	Med/Surg	5.3	5.8	(0.5)	5.7
12	2.5	3.2	(0.7)	ICU	2.7	3.2	(0.5)	3.2
13	6.7	9.0	(2.3)	Avg. Daily Census	8.0	9.0	(0.9)	8.9
				Other Utilization Statistics				
				Emergency Room Statistics				
14	994	855	139	Total ER Visits	10,418	10,262	156	9,835
				Outpatient Statistics:				
15	4,953	4,709	244	Total Outpatients Visits	62,342	55,069	7,273	55,630
16	7	13	(6)	IP Surgeries	151	159	(8)	182
17	124	175	(51)	OP Surgeries / Special Procedures	1,732	1,979	(247)	1,735
18	300	254	46	Adjusted Discharges	3,893	3,080	814	3,480
19	1,040	1,190	(151)	Adjusted Patient Days	13,931	14,128	(197)	14,134
20	34.7	39.7	(5.0)	Adj. Avg. Daily Census	38.1	38.6	(0.5)	38.6
21	1.3500	1.4000	(0.050)	Case Mix Index -Medicare	1.3761	1.4000	(0.024)	1.3576
22	1.3850	1.4000	(0.015)	Case Mix Index - All payers	1.3691	1.4000	(0.031)	1.3378
				Labor Statistics				
23	211	223	12	FTE's - Worked	214	220	5.7	213
24	232	245	14	FTE's - Paid	236	242	5.4	236
25	50.40	53.28	2.87	Average Hourly Rate	49.34	52.07	2.73	49.83
26	6.69	6.19	(0.50)	FTE / Adj. Pat Day	6.21	6.26	0.05	6.10
27	38.1	35.3	(2.8)	Manhours / Adj. Pat Day	35.4	35.7	0.3	34.8
28	132.0	165.2	33.2	Manhours / Adj. Discharge	126.6	163.7	37.1	141.3
29	28.2%	23.3%	-4.9%	Benefits % of Salaries	26.1%	23.8%	-2.4%	23.6%
				Non-Labor Statistics				
30	14.5%	14.8%	0.3%	Supply Expense % Net Revenue	13.3%	13.2%	-0.1%	14.5%
31	2,027	2,650	623	Supply Exp. / Adj. Discharge	1,932	2,557	625	2,272
32	18,590	21,898	3,308	Total Expense / Adj. Discharge	17,234	21,605	4,371	18,411
				Other Indicators				
33	22.7			Days Cash - Operating Funds				
34	60.1	50.0	10.1	Days in Net AR	60.7	50.0	10.7	48.0
35	90%			Collections % of Cash Goal	101%			95.6%
36	59.1	55.0	4.1	Days in Accounts Payable	59.1	55.0	4.1	46.3
37	15.4%	15.1%	0.3%	% Net revenue to Gross revenue	17.1%	16.9%	0.2%	16.8%
38	34.9%			% Net AR to Gross AR	34.9%			39.3%

ATTACHMENT C

Sonoma Valley Health Care District
Balance Sheet
As of June 30, 2024
UNAUDITED

		Current Month	Prior Month	Prior Year
	Assets			
	Current Assets:			
1	Cash	3,748,581	3,273,269	6,322,741
3	Net Patient Receivables	11,860,187	11,183,285	9,642,506
4	Allow Uncollect Accts	(3,823,181)	(3,659,118)	(1,790,487)
5	Net A/R	8,037,006	7,524,167	7,852,020
6	Other Accts/Notes Rec	1,592,193	1,905,808	1,738,833
7	Parcel Tax Receivable	-	240,316	3,979,984
8	GO Bond Tax Receivable	-	(150,303)	2,617,464
9	3rd Party Receivables, Net	64,281	328,494	(23,159)
10	Inventory	913,408	1,034,650	978,624
11	Prepaid Expenses	637,492	832,531	1,160,940
12	Total Current Assets	$ 14,992,961	$ 14,988,932	$ 24,627,446
13	Property,Plant & Equip, Net	$ 59,168,100	$ 59,188,988	$ 57,831,385
14	Trustee Funds - GO Bonds	5,957,336	5,909,692	5,774,189
15	Designated Funds - Board Approved	-	-	-
16	**Total Assets**	**$ 80,118,397**	**$ 80,087,612**	**$ 88,233,021**
	Liabilities & Fund Balances			
	Current Liabilities:			
17	Accounts Payable	$ 6,414,601	$ 5,342,499	$ 5,468,141
18	Accrued Compensation	3,890,930	3,605,990	3,487,647
19	Interest Payable - GO Bonds	188,590	139,001	224,092
20	Accrued Expenses	393,810	787,073	1,498,333
21	Advances From 3rd Parties	-	-	-
22	Deferred Parcel Tax Revenue	-	316,663	3,800,000
23	Deferred GO Bond Tax Revenue	-	218,123	2,617,465
24	Current Maturities-LTD	217,475	217,475	217,475
25	Line of Credit - Union Bank	4,973,734	4,973,734	4,973,734
26	Other Liabilities	57,511	127,942	57,511
27	Total Current Liabilities	$ 16,136,651	$ 15,728,500	$ 22,344,398
28	Long Term Debt, net current portion	$ 24,938,129	$ 25,059,930	$ 29,840,625
29	Fund Balances:			
30	Unrestricted	$ 20,647,850	$ 20,645,512	$ 16,904,312
31	Restricted	18,395,767	18,653,671	19,143,686
32	Total Fund Balances	$ 39,043,617	$ 39,299,182	$ 36,047,998
33	**Total Liabilities & Fund Balances**	**$ 80,118,397**	**$ 80,087,612**	**$ 88,233,021**

Sonoma Valley Health Care District **ATTACHMENT D**
Balance Sheet Variance Analysis
As of June 30, 2024

Assets	Monthly Change	Current Month	Prior Month	Prior Year	Variance Commentary
CURRENT ASSETS					
Cash	475,312	3,748,581	3,273,269	6,322,741	Cash increased by $475K in June. IGT payments received of $312,000 and payment to Bouverie (SNF) of $325,000 for June made July 1 (not reflected in June's cash). Cash collections of $3.7M (collected $3.3M last month)
Net A/R	512,838	8,037,006	7,524,167	7,852,020	
Other Receivables	(667,842)	1,656,474	2,324,315	8,313,122	Other Receivables decreased by $668K in June. Main drivers were the receipt of Foundation funds of $430,000 and reconcilication of UMR benefit account adjustment,
Inventory	(121,242)	913,408	1,034,650	978,624	Recording of physical inventory adjustments
Prepaid Expenses	(195,039)	637,492	832,531	1,160,940	
TOTAL CURRENT ASSETS	**4,029**	**14,992,961**	**14,988,932**	**24,627,446**	
NON-CURRENT ASSETS					
Net Fixed Assets	(20,888)	59,168,100	59,188,988	57,831,385	
Trustee Funds - GO Bonds	47,644	5,957,336	5,909,692	5,774,189	
TOTAL ASSETS	**30,784**	**80,118,397**	**80,087,612**	**88,233,021**	

Liabilities / Fund Balance	Monthly Change	Current Month	Prior Month	Prior Year	Variance Commentary
CURRENT LIABILITIES					
Accounts Payable	1,072,102	6,414,601	5,342,499	5,468,141	A/P increased due to holding some AP payments at year-end. Accounts payable will start to decline again in July.
Accrued Expenses	(108,323)	4,284,740	4,393,063	4,985,980	Longer Payroll accrual at month-end
Interest Payable	49,589	188,590	139,001	224,092	Go Bond interest accrual
Deferred Revenues	*(534,786)*	-	534,786	6,417,465	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	4,973,734	
Other Liabilities	*(70,431)*	274,986	345,417	274,986	GASB amortization
TOTAL CURRENT LIABILITIES	**408,151**	**16,136,651**	**15,728,500**	**22,344,398**	
NON-CURRENT LIABILITIES					
Long Term Debt	(121,801)	24,938,129	25,059,930	29,840,625	
TOTAL LIABILITIES	**286,350**	**41,074,780**	**40,788,430**	**52,185,023**	
FUND BALANCES					
Fund Balance	(255,566)	39,043,617	39,299,182	36,047,998	
TOTAL LIABILITIES & FUND BALANCES	**30,784**	**80,118,397**	**80,087,612**	**88,233,021**	

ATTACHMENT E

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

	Month					Year-To- Date				YTD
	This Year		Variance			This Year		Variance		
	Actual	Budget	$	%		Actual	Budget	$	%	Prior Year
					Volume Information					
1	58	57	1	1%	Acute Discharges	820	719	101	14%	799
2	201	269	(68)	-25%	Patient Days	2,942	3,258	(316)	-10%	3,319
3	29	-	29	0%	Observation Days	261	-	261	*	188
4	$ 21,914	$ 23,323	$ (1,407)	-6%	Gross O/P Revenue (000's)	$ 261,849	$ 271,298	$ (9,449)	-3%	$ 248,095
					Financial Results					
					Gross Patient Revenue					
5	$ 5,247,297	$ 6,802,808	$ (1,555,511)	-23%	Inpatient	$ 70,270,881	$ 81,948,703	(11,677,823)	-14%	$ 75,808,042
6	11,630,429	13,767,126	(2,136,697)	-16%	Outpatient	155,383,403	161,336,524	(5,953,120)	-4%	149,292,155
7	10,284,037	9,555,444	728,593	8%	Emergency	106,465,298	109,961,343	(3,496,045)	-3%	99,066,006
8	**$ 27,161,763**	**$ 30,125,377**	**(2,963,614)**	**-10%**	**Total Gross Patient Revenue**	**$ 332,119,583**	**$ 353,246,571**	**(21,126,988)**	**-6%**	**$ 324,166,202**
					Deductions from Revenue					
9	(22,711,319)	(25,407,538)	2,696,219	11%	Contractual Discounts	$ (279,865,228)	$ (297,825,844)	17,960,615	6%	$ (267,248,263)
10	(151,047)	(151,469)	422	0%	Bad Debt	(3,290,305)	(1,772,161)	(1,518,144)	-86%	(7,915,998)
11	(118,043)	(30,944)	(87,099)	-281%	Charity Care Provision	(106,581)	(343,911)	237,330	69%	(699,492)
12	-	-	-	*	Prior Period Adj/Government Program Revenue	7,881,130	6,489,754	1,391,376	21%	6,065,998
13	**$ (22,980,409)**	**$ (25,589,950)**	**2,609,541**	**-10%**	**Total Deductions from Revenue**	**$ (275,380,984)**	**$ (293,452,161)**	**18,071,177**	**-6%**	**$ (269,797,754)**
14	**$ 4,181,354**	**$ 4,535,427**	**(354,073)**	**-8%**	**Net Patient Service Revenue**	**$ 56,738,598**	**$ 59,794,409**	**(3,055,811)**	**-5%**	**$ 54,368,448**
15	$ 89,091	$ 92,806	(3,715)	**-4%**	Other Op Rev & Electronic Health Records	$ 1,112,869	$ 1,113,670	(802)	0%	$ 1,338,898
16	**$ 4,270,445**	**$ 4,628,233**	**(357,788)**	**-8%**	**Total Operating Revenue**	**$ 57,851,467**	**$ 60,908,080**	**$ (3,056,613)**	**-5%**	**$ 55,707,346**
					Operating Expenses					
17	$ 1,996,137	$ 2,235,382	239,245	11%	Salary and Wages and Agency Fees	$ 24,314,434	$ 25,680,033	1,365,600	5%	$ 24,495,943
18	842,715	754,606	(88,110)	-12%	Employee Benefits	9,424,988	8,872,048	(552,939)	-6%	8,500,070
19	$ 2,838,852	$ 2,989,987	151,135	5%	Total People Cost	$ 33,739,421	$ 34,552,082	812,660	2%	$ 32,996,013
20	$ 652,661	$ 672,374	19,713	3%	Med and Prof Fees (excld Agency)	$ 7,185,141	$ 7,715,687	530,546	7%	$ 6,856,430
21	608,089	673,211	65,122	10%	Supplies	7,521,631	7,876,086	354,455	5%	7,906,054
22	463,462	542,482	79,020	15%	Purchased Services	4,962,998	5,717,539	754,541	13%	4,886,311
23	500,000	272,967	(227,033)	-83%	Depreciation	5,292,523	3,245,604	(2,046,919)	-63%	4,550,774
24	227,263	159,120	(68,143)	-43%	Utilities	1,944,625	2,039,434	94,809	5%	1,813,069
25	34,172	66,758	32,586	49%	Insurance	819,515	811,093	(8,422)	-1%	658,490
26	120,563	48,094	(72,469)	-151%	Interest	711,258	545,127	(166,131)	-30%	521,506
27	88,499	89,427	928	1%	Other	1,200,299	1,234,504	34,205	3%	717,479
28	-	-	-	*	Matching Fees (Government Programs)	3,197,493	2,219,860	(977,633)	44%	2,583,495
29	**$ 5,533,561**	**$ 5,514,419**	**(19,142)**	**0%**	**Operating Expenses**	**$ 66,574,905**	**$ 65,957,017**	**(617,888)**	**-0.9%**	**$ 63,489,621**
30	**$ (1,263,116)**	**$ (886,186)**	**$ (376,930)**	**-43%**	**Operating Margin**	**$ (8,723,439)**	**$ (5,048,937)**	**(3,674,501)**	**-73%**	**$ (7,782,276)**

ATTACHMENT E

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

	Month					Year-To- Date				YTD
	This Year		Variance			This Year		Variance		
	Actual	Budget	$	%		Actual	Budget	$	%	Prior Year
					Non Operating Rev and Expense					
31	$ 64,651	$ 4,744	59,907	*	Miscellaneous Revenue/(Expenses)	$ 440,918	$ 56,874	384,045	*	$ (72,063)
32	-	-	-	0%	Donations	(12,062)	-	(12,062)	0%	-
33	-	-	-	*	Physician Practice Support-Prima	-	-	-	*	-
34	316,663	316,667	(4)	0%	Parcel Tax Assessment Rev	3,800,001	3,800,004	(3)	0%	3,776,123
35	-	-	-	0%	Extraordinary Items	-	-	-	0%	-
36	**$ 381,314**	**$ 321,411**	**59,903**	**19%**	**Total Non-Operating Rev/Exp**	**$ 4,228,857**	**$ 3,856,878**	**371,980**	**10%**	**$ 3,704,060**
37	**$ (881,802)**	**$ (564,775)**	**(317,027)**	**-56%**	**Net Income / (Loss) prior to Restricted Contributions**	**$ (4,494,581)**	**$ (1,192,060)**	**(3,302,521)**	**-277%**	**$ (4,078,216)**
38	$ -	$ -	-	0%	Capital Campaign Contribution	$ -	$ -	-	0%	$ -
39	$ 448,716	$ 238,530	210,186	0%	Restricted Foundation Contributions	$ 5,390,387	$ 2,862,362	2,528,025	100%	$ 3,093,495
40	**$ (433,086)**	**$ (326,244)**	**(106,842)**	**-33%**	**Net Income / (Loss) w/ Restricted Contributions**	**$ 895,806**	**$ 1,670,302**	**(774,496)**	**-46%**	**$ (984,721)**
41	175,188	158,829	16,359	10%	GO Bond Activity, Net	2,097,477	1,905,947	191,530	10%	2,052,454
42	**$ (257,898)**	**$ (167,415)**	**(90,483)**	**54%**	**Net Income/(Loss) w GO Bond Activity**	**$ 2,993,283**	**$ 3,576,249**	**(582,966)**	**-16%**	**$ 1,067,733**
	$ (381,802)	$ (291,808)	(89,994)		**EBDA - Not including Restricted Contributions**	$ 797,942	$ 2,053,544	(1,255,603)		$ 472,559
	$ (763,116)	**$ (613,219)**	**(149,897)**	**-24%**	**Operating EBDA - Not including Restricted Contributions**	**$ (3,430,915)**	**$ (1,803,333)**	**(1,627,582)**	**-90%**	**$ (3,231,501)**

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

ATTACHMENT F

		January	February	March	April	May	June	FY24 YTD	FY24 YTD Month Avg
1	Acute Discharges	75	63	59	70	63	58	820	68
2	Patient Days	300	229	192	230	197	201	2,942	245
3	Observation Days	26	15	17	19	22	29	261	22
4	Gross O/P Revenue (000's)	$ 23,302	$ 19,700	$ 21,438	$ 21,913	$ 21,663	$ 21,914	$ 261,849	$ 21,821
	Financial Results								
	Gross Patient Revenue								
5	Inpatient	$ 6,699,890	$ 5,561,483	$ 4,451,229	$ 6,001,401	$ 4,589,215	$ 5,247,297	$ 70,270,881	$ 5,855,907
6	Outpatient	14,442,618	11,809,432	12,014,729	12,349,015	12,028,739	11,630,429	155,383,403	12,948,617
7	Emergency	8,859,696	7,890,643	9,423,709	9,563,637	9,634,326	10,284,037	106,465,298	8,872,108
8	**Total Gross Patient Revenue**	**$ 30,002,204**	**$ 25,261,558**	**$ 25,889,667**	**$ 27,914,053**	**$ 26,252,280**	**$ 27,161,763**	**$ 332,119,583**	**$ 27,676,632**
	Deductions from Revenue								
9	Contractual Discounts	(25,246,761)	(21,395,686)	(21,920,503)	(21,690,696)	(22,184,344)	(22,711,319)	(279,865,228)	(23,322,102)
10	Bad Debt	(90,000)	(202,507)	(216,128)	(2,013,340)	(72,256)	(151,047)	(3,290,305)	(274,192)
11	Charity Care Provision	(122,013)	(240,123)	165,606	(102,784)	22,408	(118,043)	(106,581)	(8,882)
12	IGT Revenue	888,369	3,420,534	780,000	1,861,463	207,222	-	7,881,130	656,761
13	**Total Deductions from Revenue**	**$ (24,570,405)**	**$ (18,417,782)**	**$ (21,191,025)**	**$ (21,945,357)**	**$ (22,026,970)**	**$ (22,980,409)**	**$ (275,380,984)**	**$ (22,948,415)**
14	**Net Patient Service Revenue**	**$ 5,431,799**	**$ 6,843,776**	**$ 4,698,642**	**$ 5,968,696**	**$ 4,225,310**	**$ 4,181,354**	**$ 56,738,598**	**$ 4,728,217**
15	Other Operating Revenue	$ 108,295	$ 88,514	$ 92,702	$ 102,300	$ 92,828	$ 89,091	$ 1,112,869	$ 92,739
16	**Total Operating Revenue**	**$ 5,540,094**	**$ 6,932,290**	**$ 4,791,344**	**$ 6,070,996**	**$ 4,318,138**	**$ 4,270,445**	**$ 57,851,467**	**$ 4,820,956**
	Operating Expenses								
17	Salary and Wages and Agency Fees	$ 1,915,551	$ 2,025,982	$ 2,056,165	$ 2,054,463	$ 2,080,929	$ 1,996,137	$ 24,314,434	$ 2,026,203
18	Employee Benefits	810,879	729,229	925,525	856,322	808,621	842,715	9,424,988	785,416
19	Total People Cost	$ 2,726,430	$ 2,755,211	$ 2,981,690	$ 2,910,785	$ 2,889,550	$ 2,838,852	33,739,421	2,811,618
20	Med and Prof Fees (excld Agency)	$ 659,636	$ 621,045	$ 639,293	$ 579,135	$ 643,707	$ 652,661	$ 7,185,141	$ 598,762
21	Supplies	761,387	552,783	473,260	361,713	550,525	608,089	7,521,631	626,803
22	Purchased Services	396,842	379,540	372,201	403,065	307,662	463,462	4,962,998	413,583
23	Depreciation	456,946	395,082	427,561	422,819	441,840	500,000	5,292,523	441,044
24	Utilities	165,776	256,678	119,082	151,806	135,364	227,263	1,944,625	162,052
25	Insurance	66,583	66,583	66,583	98,995	68,544	34,172	819,515	68,293
26	Interest	71,737	84,472	54,108	20,453	50,300	120,563	711,258	59,272
27	Other	83,665	56,720	104,090	115,482	108,036	88,499	1,200,299	100,025
28	Matching Fees (IGT)	293,000	2,265,305	293,539	47,472	86,484	-	3,197,493	266,458
29	**Operating expenses**	**$ 5,682,002**	**$ 7,433,419**	**$ 5,531,407**	**$ 5,111,725**	**$ 5,282,012**	**$ 5,533,561**	**$ 66,574,905**	**$ 5,547,909**
30	**Operating Margin**	**$ (141,908)**	**$ (501,129)**	**$ (740,063)**	**$ 959,271**	**$ (963,874)**	**$ (1,263,116)**	**$ (8,723,439)**	**$ (726,953)**
	Non Operating Rev and Expense								
31	Miscellaneous Revenue/(Expenses)	$ 19,303	$ 14,540	$ 37,899	$ 40,512	$ 41,366	$ 64,651	$ 440,918	$ 36,743
32	Donations	(2,797)	(3,586)	(1,459)	67	-	-	(12,062)	(1,005)
33	Physician Practice Support-Prima	-	-	-	-	-	-	-	-
34	Parcel Tax Assessment Rev	316,667	316,667	316,667	316,667	316,668	316,663	3,800,001	316,667
35	Extraordinary Items	-	-	-	-	-	-	-	-
36	**Total Non-Operating Rev/Exp**	**$ 333,173**	**$ 327,621**	**$ 353,107**	**$ 357,246**	**$ 358,034**	**$ 381,314**	**$ 4,228,857**	**$ 352,405**
37	**Net Income / (Loss) prior to Rest. Cont.**	**$ 191,265**	**$ (173,508)**	**$ (386,956)**	**$ 1,316,517**	**$ (605,840)**	**$ (881,802)**	**$ (4,494,581)**	**$ (374,548)**
38	Capital Campaign Contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
39	Restricted Foundation Contributions	$ 7,169	$ 516,187	$ 2,442,308	$ 1,202,053	$ 153,261	$ 448,716	$ 5,390,387	$ 449,199
40	**Net Income / (Loss) w/ Rest. Cont.**	**$ 198,434**	**$ 342,679**	**$ 2,055,352**	**$ 2,518,570**	**$ (452,579)**	**$ (433,086)**	**$ 895,806**	**$ 74,650**
41	GO Bond Activity, Net	175,187	175,187	175,187	175,187	175,187	175,188	2,097,477	174,790
42	**Net Income/(Loss) w GO Bond Activity**	**$ 373,621**	**$ 517,866**	**$ 2,230,539**	**$ 2,693,757**	**$ (277,392)**	**$ (257,898)**	**$ 2,993,283**	**$ 249,440**
	EBDA - Not including Rest. Cont.	$ 648,211	$ 221,574	$ 40,605	$ 1,739,336	$ (164,000)	$ (381,802)	$ 797,942	$ 66,495
	Operating EBDA	**$ 315,038**	**$ (106,047)**	**$ (312,502)**	**$ 1,382,090**	**$ (522,034)**	**$ (763,116)**	**$ (3,430,915)**	**$ (285,910)**
	Operating EBDA excl IGT	**$ (280,331)**	**$ (1,261,276)**	**$ (798,963)**	**$ (431,901)**	**$ (642,772)**	**$ (763,116)**	**$ (8,114,553)**	**$ (676,213)**

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	Actual May	Actual 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	3,297,942	3,774,121	48,056,087
2	Other Operating Revenue	26,197	172,302	37,453	95,192	283,068	93,447	117,466	153,075	20,376	116,256	122,122	27,998	1,264,952
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		11,412	188,513
4	Unrestricted Contributions		1,250	861	2,651	7,716	380	7,169	3,420	309	628	3,587	2,340	30,312
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**	**3,423,651**	**3,815,871**	**49,540,530**
	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	5,866,394	3,503,049	58,095,846
7	Add Capital Lease Payments	64,932	65,051	389,160	194,558	370,013	69,578	270,605	88,998		332,689	57,027		1,902,610
8	Add: Bridge Loan Paybacks									308,000		300,487	35,056	643,543
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		361,432
10	Line of Credit Paydown							-						-
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	637,120	482,374	6,561,714
	SVH Capital	156,051	50,387	(35,866)	27,616	31,724	94,223	296,795	4,000	5,375	31,920	87,867	21,384	771,476
	Foundation Capital	1,638	101,825	213,023		85,272	327,110	33,306	526,867	2,289,530	1,201,425	549,252	460,990	5,790,237
	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**	**6,896,083**	**4,109,204**	**67,565,145**
	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)**	**(3,472,432)**	**(293,333)**	**(18,024,615)**
	Non-Hospital Sources													
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	235,537	460,990	5,617,702
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		93,747		1,192,977
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)												313,353	313,353
21	IGT - NDPH (SFY23-24)													-
22	Distressed Hospital Loan Program													-
	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**	**1,109,284**	**774,343**	**21,023,849**
	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**	**(1,477,200)**	**774,343**	**15,426,357**
	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**	**(4,949,632)**	**481,010**	**(2,598,259)**
	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	3,268,398	
	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**	**3,268,398**	**3,749,407**	
	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**	**47.4**	**21.5**	
	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**	**22.5**	**22.7**	

TO: Board of Directors, Sonoma Valley Hospital District (SVH)

FROM: Susan Kornblatt Idell, Board Member and Chair, Governance Committee

RE: Update Report from the Governance Committee

DATE: July 11, 2024

The SVH Governance Committee (GC) presents this update report to the SVH BOD.

Gift~~-~~Ticket~~-~~Honoraria.policy

After working for over a year with input from committee members, the SVH CEO and consultation from SVH legal advisor, the SVH Governance Committee presents the recommended Gift/Ticket/Honoraria policy for your approval.

Recommendation:

The SVH GC recommends that the SVH BOD vote to approve the Gift/Ticket/Honoraria policy as presented.

Financial Impact:

None

Updated.SVH.Committee.Charters

The Governance Committee has asked each committee chair of the following standing committees to work with their respective committees to update their committee charters. The goal moving forward is that committees will update their charters at least every three years. With cooperation from all committees, it is hoped that by September 2024 all committees will have updated charters and that those charters will be available on the SVH website.

Quality Committee

Governance Committee

Finance Committee

Audit Committee

UCSF/SVH Affiliation Oversight Committee

Recommendation:

All SVH Standing Committees agree to update their charters by September 2024 and that those charters be posted on the SVH website.

Financial Impact:

None

GIFT, TICKET AND HONORARIA POLICY #P-2018.04.05-3

I. PURPOSE

A. This policy ensures compliance with external regulations and internal standards for the receipt and provision of gifts, tickets, and honoraria associated with the Sonoma Valley Health Care District ("SVHCD"). It applies to gifts exchanged to and from internal and external parties, including individuals, businesses and organizations, with SVHCD board members ("Board Members"), leaders and staff members affiliated with the SVHCD, including the Sonoma Valley Hospital. Additionally, it governs SVHCD's distribution of event tickets and passes and acceptance of payments or reimbursements related to professional or educational events.

B. he policy aims to prevent any perception of impropriety and undue influence on SVHCD decisions and patient care, thereby safeguarding public trust and impartiality. It also addresses the perceived obligations of reciprocity that can arise from the giving or accepting of gifts, tickets and honoraria.

II. POLICY

A. Federal Anti-Kickback Statute: It is the policy of SVHCD to ensure full compliance with the federal anti-kickback statute, which prohibits the acceptance of any item of value, whether in cash or in kind, that might influence or appear to influence the purchase or referral of any kind of health care goods, services, or items reimbursed by federal or state health care programs (e.g., Medicare and Medicaid). Accepting gifts or business courtesies from current or potential vendors s strictly prohibited.

B. State Gift Laws: SVHCD Board Members, officers and designated employees identified in the District's Conflict of Interest Code or subject to Government Code Section 87200, must adhere to State laws regulating gift receipt and disclosure, as specified in the Political Reform Act (Government Code Section 89503) and the Fair Political Practices Commission (FPPC) Regulations. These minimum requirements are not altered by this Policy.

1. Individuals in positions designated in the Conflict of Interest Code's Disclosure Category 1 or 2, or who are covered by Government Code section 87200 are prohibited from receiving gifts totaling more than $590 from any single source in a calendar year.

2. Individuals in positions designated in the Conflict of Interest Code's Disclosure Category 3 are prohibited from receiving gifts totaling more than $590 in a calendar year from any single source that provides services, supplies, materials, machinery or equipment of the type utilized by the District.

3. Individuals in positions designated in the Conflict of Interest Code's Disclosure Category 4 are prohibited from receiving gifts totaling more than $590 in a calendar year from any single source that is a type to receive grants or other monies from or through SVHCD.

4. These annual limits shall automatically increase or decrease consistent with modification to the gift limit established by the FPPC every two years.

5. This Subsection B shall not be interpreted to permit receipt of Gifts prohibited under any other provision of this Policy, such as Subsection A, above.

C. Perishable Items: Departments, clinical units, or clinical practices may accept modest perishable gifts (e.g., flowers, cookies, candy or similar food items) to be shared among staff and the public, where possible.

D. Gifts to Agency: Gifts received by SVHCD shall be used for official agency purposes and reported in accordance with the Political Reform Act and FPPC Regulations.

E. Solicitation of Gifts: Employees shall not solicit gifts for approved hospital functions, fundraisers or special events, unless written authorization from the Director of the Human Resources has been provided.

F. Gifts Between Employees: Personal gifts between employees is permitted, provided hospital funds are not utilized and the value does not exceed $25. Gifts related to employment occasions (e.g., Administrative Professionals Day, Nurses Week, etc.) are permitted, if customary for the occasion, are of reasonable value and funded privately, not by the hospital.

G. Tickets and Passes: SVCHD shall distribute all tickets and passes in accordance with this policy and relevant FPPC Regulations.

1. Tickets and Passes that are provided to a Board Member or an official designated in the conflict of interest code are not considered “Gifts” to the official under State law when they are received and distributed by SVHCD in compliance with related FPPC Regulations and this Policy.

2. When Tickets and Passes are provided by a third-party so that the recipient can perform a ceremonial role or function on behalf of the hospital, as further described in related FPPC Regulations, such Tickets and Passes are not considered “Gifts” under State law, though such Tickets and Passes shall still be reported by SVHCD.

3. A ticket or pass shall not be considered a gift to the recipient when it is provided directly to the recipient from a third-party when the giver and receiver treat the ticket or pass as income consistent with applicable state and federal income tax laws.

H. All Other Gifts: Board Members, officers, and employees of SVHCD shall not accept gifts outside those described in paragraphs D through G, including gifts from patients, their family members, vendors or business associates.

I. Honoraria: SVHCD shall comply with the Political Reform Act and FPPC Regulations regarding honoraria. Board Members who manage public investments (individuals who are required to file statements of economic interests under Government Codes section 87200) are prohibited from receiving honoraria payments. Likewise, employees whose positions are designated under the SVHCD Conflict of Interest Code are prohibited from receiving honoraria payments from any source of gifts or income included in their disclosure categories set forth in the Conflict of Interest Code. Exceptions to the State’s honoraria prohibitions for local officials, such as for income earned from a bona fide business or profession, shall apply to SVHCD officers and employees, pursuant to Government Code Section 89502. Honoraria and reimbursements for event attendance, when permitted, shall be handled pursuant to the procedures set forth below.

III. DEFINITIONS

A. "FPPC Regulations" means the regulations adopted by the Fair Political Practices Commission in accordance with the Political Reform Act, and as set forth in Title 2, Division 6, Sections 18109-18997 of the California Code of Regulations (CCR).

B. "Gifts"are defined in the Political Reform Act and FPPC Regulations, and are periodically amended. Generally a "gift" is any payment or other benefit received (including food/drink, travel expenses, services, and items) that confers a personal benefit without receiving something of equal value in return. This includes a rebate or discount in the price of anything of value unless the rebate or discount is made in the regular course of business to members of the public without regard to official status. Exceptions generally include, but are not limited to:

1. Informational materials such as books, reports, pamphlets, calendars, or periodicals.

2. Gifts which are not used and which, within 30 days after receipt, are either returned to the donor or delivered to a nonprofit entity exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, without being claimed as a charitable contribution for tax purposes.

3. Gifts from close family members (e.g., an individual's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, sister-in-law, brother-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person) unless acting as an agent or intermediary for any person not covered in this paragraph.

4. Campaign contributions.

5. Inheritance.

6. Personalized plaques or trophies with an individual value under $250.

7. Gifts from long-term personal friends or colleagues from business relationships unrelated to the recipient's role as a public officer or employee.

8. Acts of neighborliness (e.g., picking up someone's mail or feeding a pet while the recipient is on vacation) or compassion (e.g., delivering food or flowers to someone in mourning).

C. "Honoraria" (or"honorarium") means payment for speeches, articles, or attendance at a public or private conference, convention, meeting, social event, meal, or similar gathering.

D. "Tickets" or "Passes", as interpreted by the FPPC, means an admission to entertainment, amusement, recreational, or similar event. This includes admission to fundraising events, lunches, dinners, parties, etc., offered by third parties. Tickets or passes purchased by SVHCD/Hospital for official business purposes are not governed by this policy.

IV. PROCEDURE

A. Giving and Receiving Gifts to or from Outside SVHCD in the Course of Business

1. **Receiving Gifts from External Parties:** Gifts from patients or patients' families shall be discouraged. Employees offered cash or a cash equivalent gifts shall decline. Said employees may suggest a donation to a charitable organization (e.g., Sonoma Valley Hospital Foundation). If an employee reasonably believes that refusal of a gift would harm a patient or the Hospital, the gift shall be reported in writing to the appropriate department director. The following applies to all gifts received by employees or SVHCD in the course of business:

    a. All gifts received by an employee shall be reported to the department director, who in consultation with the CEO, shall assess whether State disclosures (e.g., on FPPC Form 801) is required.

    b. If a gift is intended for SVHCD's distribution at the agency's discretion, the CEO or designated staff shall:

        i. Distribute the gift in accordance with FPPC Regulations;

        ii. Maintain records of such gifts;

        iii. Complete and file a Form 801 (Attachment A) within 30 days from the distribution of each included gift;

        iv. Submit completed forms to the Sonoma County Clerk and post on the SVHCD web site.

            NOTE: Gifts appearing on a Form 801 need not be included in the eventual recipient's Statement of Economic Interests.

    c. If a gift is received by an employee that is not intended for distribution at the agency's discretion, the CEO shall determine its handling in accordance with relevant FPPC Regulations. Options may include allowing the employee to retain it or distributing it within the department where feasible.

    d. Gifts such as pencils, desk calendars, and other promotional items with a value under $25 may be distributed and used within the receiving department.

    e. Upon prior written approval by the CEO, vendors may provide meals and other food to employees when offering significant education related to products or procedures, or during informational business meetings. Written attendance records shall be provided to the CEO for all such meetings and shall meet the following requirements.

        i. The total value of any meal shall not exceed $20 per attendee.

        ii. The cumulative value of all meals shall not exceed $300 per vendor, per year unless written approval by the CEO is provided.

2. **Offering or Giving Gifts to External Parties:** Under limited circumstances, gifts may be given to external parties provided they relate to the business of SVHCD, serve SVHCD's best interests, align with legal and culture norms, and adhere to the following criteria:

a. Cash gifts or cash equivalents, such as gift certificates, are prohibited.

b. The non-cash or non-cash equivalent gifts do not exceed $25.00 per recipient per year.

c. The item is customary and does not create an appearance of impropriety.

d. Giving the gift imposes no sense of obligation on the part of either the giver or recipient.

e. Giving of the item is not concealed.

f. Giving of the item has been approved in advance and in writing by the relevant department executive and copied to the CEO.

B. Giving and Receiving Gifts within SVHCD in the Course of Business

1. **Gifts and Cash Equivalents to Employees:** Gifts and cash equivalents, such as gift cards may be given to employees as incentives for program attendance, recognition of outstanding achievement, or for other positive rationale. Gifts in excess of $25.00 shall be documented as income and taxed accordingly. The CEO shall develop written policies and procedures for this to occur.

2. **Gift Card to Employees:** If an employee receives a gift card, the value shall be documented as income and taxed accordingly. This provision does not apply to coupons or discount coupons (e.g, cafeteria and gift shop discounts). Gift cards authorized via written approval by the CEO for distribution to departments, must be documented by the department director. Documentation shall include the names of employees in receipt of the gift cards and must be submitted in writing to accounting and copied to the CEO.

C. Ticket/Pass Distribution This procedure section shall provide procedures for the distribution of Tickets and Passes as required under State law, to ensure proper identification and use of 1) receipt of Tickets and Passes; 2) the "public purpose" to be achieved in distributing Tickets and Passes; 3) distribution of Tickets and Passes; 4) documentation and 5) public posting of the receipt and use of Tickets or Passes. Proper exercise of these procedures will exclude Tickets and Passes from required disclosure on individuals' Statements of Economic Interests. For the purposes of this section of the policy, "official" means all positions identified in SVHCD's Conflict of Interest Code.

1. **Ticket/Pass Receipt Process**: All Tickets/Passes received by SVHCD shall be forwarded to Administration. Determination of whether to give the tickets/passes to the Foundation for use, or to distribute internally will be at the discretion of the CEO.

2. **Public Purpose:** The distribution of Tickets or Passes must be in furtherance of a "public purpose." Examples of such purposes include:

   a. a. Promoting networking opportunities for officials with community stakeholders.

   b. Evaluating SVHCD/SVH's ability to attract business that contributes to the overall health of the community.

c. Recognizing outstanding service by an official, employee or hospital stakeholder or to encouraging staff development.

d. Boosting attendance at hospital-sponsored events or events held at the hospital to maximize concession sales.

e. Rewarding healthcare partners for their contributions to the SVHCD/SVH or the broader community.

f. Promoting opportunities for vulnerable populations served by the County and State agencies consistent with District goals (e.g., juvenile wards in the custody of the Chief Probation Officer, mental health clients and seniors receiving services from the Health and Human Services Agency/Public Health); or

g. Promoting health and offering opportunities to vulnerable populations in the SVHCD such as the disabled, underprivileged, seniors, and youth in foster care.

3. **Distribution**: The CEO shall have discretion over Tickets/Pass distribution. Recipients may only transfer tickets/passes to an immediate family member, or no more than one guest solely for such guest's event attendance.

4. **Documentation**: The CEO shall ensure that records are maintained of all Ticket/Pass distributions and their use by SVHCD officials for ceremonial purposes, as required by FPPC Regulations. The hospital shall use FPPC Form 802 (Attachment B) to document this information. The completed Form 802 shall be submitted to the FPPC within 45 days of the Ticket or Pass distribution via email to Form802@fppc.ca.gov; by Fax to 916.322.0886; or by mail to 428 J Street, Suite 620, Sacramento, CA 95814.

D. Honoraria and Reimbursement for Professional/Educational Involvement

1. With the prior written approval of the CEO, employees who provide education at professional conferences and meetings may accept reimbursement for travel, meals and hotel expenses for the date(s) of the presentation(s). Presentations must be professional and educational in nature and may not be for the sole purpose of product endorsement.

2. In such circumstances, unless prohibited above, honoraria of $100 or less in value may be accepted from the host organization.

V. DOCUMENTATION

A. Gift Records: Department directors shall maintain written records of all gifts given to employees of their departments when such gifts are reported under this policy. Such documentation will include the type and value of each gift, the name and affiliation or position of recipient(s) and giver(s), the date of receipt and disposition, and method of disposition and provide a copy to the CEO.

B. Training Documentation: Human Resources shall maintain documentation of education done in orientation or at annual compliance training. Department directors shall maintain documentation of staff training meetings.

C. Statements of Economic Interest: Statements of Economic Interest (including gift disclosures under State law) shall be handled in accordance with the SVHCD Conflict of Interest Policy.

D. Ticket/Pass Distribution Records: The CEO shall develop and implement policies and procedures to maintain records of all ticket/pass distribution as required by FPPC Regulations, including copies of all completed FPPC Forms (e.g., Form 801: Gift to Agency Report; Form 802: Agency Report of Ceremonial Role Events and Ticket/Pass Distribution Form 802).

E. Posting FPPC Forms: The CEO shall be responsible for posting completed FPPC Forms (e.g., Form 801: Gift to Agency Report) on the SVHCD website when required by State law.

VI. REFERENCES

A. The Medicare and Medicaid Patient Protection Act of 1987 (42 U.S.C. 1320a- 7b) (Anti-Kickback Statute.

B. Political Reform Act, California Government Code §81000 et. seq.

C. FPPC Regulations, Title 2 of the California Code of Regulations, Division 6, §18109 et seq.