



**Hazel Hawkins**  
MEMORIAL HOSPITAL

**REGULAR AND SPECIAL MEETING OF THE FINANCE COMMITTEE  
SAN BENITO HEALTH CARE DISTRICT  
911 SUNSET DRIVE, HOLLISTER, CALIFORNIA  
THURSDAY, DECEMBER 14, 2023 - 4:30 P.M.  
SUPPORT SERVICES BUILDING, 2<sup>ND</sup> FLOOR – GREAT ROOM**

*San Benito Health Care District is a public agency that serves as a responsive, comprehensive health care resource for its patients, physicians and the community.*

1. Call to Order
2. Approve Minutes of the Finance Committee Meeting of October 19, 2023
  - Motion/Second
3. Review Financial Updates
  - Financial Statements – November 2023
  - Finance Dashboard – November 2023
  - HCAI – Consent to DHLP Loan
  - Employee Retention Credit
  - ED Billing – Inova Revenue Group \*\*
4. Review FYE June 30, 2023 Reports
  - Audited Financial Statements \*\*
  - GASB 68 Disclosure
5. Consider Recommendation for Board Approval of DH Leadership Forum 2024 Annual Ducs
  - Report
  - Committee Questions
  - Motion/Second
6. Consider Recommendation for Board Approval of TreanorHL 4D Seismic Evaluation and MT/CAP-Scoping to Schematic Design
  - Report
  - Committee Questions
  - Motion/Second
7. Consider Recommendation for Board Approval of Anthem Blue Cross Commercial Plan Amendment
  - Report\*\*
  - Committee Questions
  - Motion/Second



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8. Consider Recommendation for Board Approval of Great Commission Association of Sothern Baptist Churches for Fourth Street Clinic Lease Agreement Renewal

- Report
- Committee Questions
- Motion/Second

9. Public Comment

This opportunity is provided for members of the public to make a brief statement, not to exceed three (3) minutes, on matters within the jurisdiction of this District Board **Committee**, which are not on this agenda.

10. Adjournment

The next Finance Committee meeting is scheduled for **Thursday, January 18, 2024 at 4:30 p.m.**

\*\* To be distributed at the Finance Committee meeting or the Board meeting on 12/21/23

The complete Finance Committee packet including subsequently distributed materials and presentations is available at the Finance Committee meeting and in the Administrative Offices of the District. All items appearing on the agenda are subject to action by the Finance Committee. Staff and Committee recommendations are subject to change by the Finance Committee.

Notes: Requests for a disability-related modification or accommodation, including auxiliary aids or services, to attend or participate in a meeting should be made to District Administration during regular business hours at 831-636-2673. Notification received 48 hours before the meeting will enable the District to make reasonable accommodations.



MEMORIAL HOSPITAL  
SKILLED NURSING FACILITIES  
HOME HEALTH AGENCY

San Benito Health Care District

A Public Agency

911 Sunset Drive  
Hollister, CA 95023-5695  
(831) 637-5711

December 14, 2023

### **CFO Financial Summary for the District Board:**

For the month ending November 30, 2023, the District's Net Surplus (**Loss**) is \$484,912 compared to a budgeted Surplus (**Loss**) of \$276,661. The District exceeded its budget for the month by \$208,251.

YTD as of November 30, 2023, the District's Net Surplus (**Loss**) is \$2,520,182 compared to a budgeted Surplus (**Loss**) of \$1,064,124. The District is exceeding its budget YTD by \$1,456,058.

Acute discharges were 169 for the month, over budget by 3 discharges or 2%. The ADC was 15.13 compared to a budget of 17.40. The ALOS was 2.69. The acute I/P gross revenue was under budget by **\$2.3 million** while O/P services gross revenue was **\$2.66 million** or 11% over budget. ER I/P visits were 129 and ER O/P visits were under budget by 113 visits or 5%. The RHCs & Specialty Clinics treated 3,594 (includes 545 visits at the Diabetes Clinic) and 892 visits respectively.

The District received the CY 2022 HQAF IGT net payment of \$2.5 million. The income was recorded in the prior fiscal year.

**Other Operating** revenue was under budget by **\$24,033** due mainly to the timing of the Small Rural Hospital Improvement grant.

**Operating Expenses** were under budget by **\$127,213** due mainly to variances in: Employee Benefits being under budget by \$245,710 (Sick Leave accounted for \$106,176 in savings), Supplies by \$102,636 and Purchase Services by \$74,033 offsetting the overages in other expense categories.

**Non-operating Revenue** was over budget by **\$55,630** due to donations exceeding budget by \$55,118.

The SNFs ADC was **94.93** for the month. The Net Surplus (**Loss**) is **\$254,009** compared to a budget of \$216,364. YTD, the Net Surplus (**Loss**) is \$2,216,844, exceeding its budget by \$1,112,595.

HAZEL HAWKINS MEMORIAL HOSPITAL - COMBINED  
HOLLISTER, CA 95023  
FOR PERIOD 11/30/23

	ACTUAL		CURRENT MONTH		PRIOR YR		YEAR-TO-DATE		PRIOR YR	
	11/30/23	BUDGET 11/30/23	POS/NEG VARIANCE	PERCENT VARIANCE	11/30/22	BUDGET 11/30/23	POS/NEG VARIANCE	PERCENT VARIANCE	11/30/22	BUDGET 11/30/23
<b>GROSS PATIENT REVENUE:</b>										
ACUTE ROUTINE REVENUE	3,180,464	4,362,961	(1,182,497)	(27)	3,964,936	23,355,908	(7,819,829)	(34)	21,125,316	23,355,908
SNF ROUTINE REVENUE	2,141,400	2,025,000	116,400	6	1,998,750	10,327,500	813,058	8	10,153,850	10,327,500
ANCILLARY INPATIENT REVENUE	3,651,191	4,855,877	(1,204,686)	(25)	4,317,015	26,046,608	(7,218,928)	(28)	25,175,585	26,046,608
HOSPITALIST/STAPES I/P REVENUE	150,527	184,676	(34,149)	(19)	167,744	941,849	(235,246)	(25)	925,435	941,849
TOTAL GROSS INPATIENT REVENUE	9,123,582	11,428,514	(2,304,932)	(20)	10,448,445	60,671,865	(14,460,945)	(24)	57,380,186	60,671,865
ANCILLARY OUTPATIENT REVENUE	27,031,632	24,382,329	2,649,303	11	23,173,181	121,649,541	12,855,366	11	112,164,310	121,649,541
HOSPITALIST/STAPES O/P REVENUE	68,100	59,424	8,676	15	68,584	303,056	(9,877)	(3)	310,735	303,056
TOTAL GROSS OUTPATIENT REVENUE	27,099,731	24,441,753	2,657,978	11	23,241,765	121,952,597	12,845,489	11	112,475,044	121,952,597
TOTAL GROSS PATIENT REVENUE	36,223,313	35,870,267	353,046	1	33,690,210	182,624,462	(1,615,456)	(1)	169,855,231	182,624,462
<b>DEDUCTIONS FROM REVENUE:</b>										
MEDICARE CONTRACTUAL ALLOWANCES	8,865,632	10,275,798	(1,410,167)	(14)	10,755,806	47,880,916	(4,627,220)	(9)	49,907,876	47,880,916
MEDI-CAL CONTRACTUAL ALLOWANCES	10,534,169	9,812,305	721,864	7	8,317,257	51,731,445	2,058,514	4	41,549,795	49,662,931
BAD DEBT EXPENSE	695,471	402,993	292,478	73	299,055	3,366,157	1,316,012	64	1,728,181	2,050,145
CHARITY CARE	48,758	37,633	11,125	30	39,203	191,536	78,387	41	174,821	191,536
OTHER CONTRACTUALS AND ADJUSTMENTS	4,845,860	4,091,851	754,009	18	2,999,235	21,978,574	1,275,703	6	17,957,720	20,702,871
HOSPITALIST/STAPES CONTRACTUAL ALLOW	(8,457)	12,473	(20,930)	(168)	5,914	63,482	(55,172)	(87)	51,886	63,482
TOTAL DEDUCTIONS FROM REVENUE	24,981,432	24,633,053	348,379	1	22,416,469	125,235,325	56,224	0	111,370,278	125,179,101
NET PATIENT REVENUE	11,241,882	11,237,214	4,668	0	11,273,741	55,773,681	(1,671,680)	(3)	58,484,953	57,445,361
OTHER OPERATING REVENUE	558,466	582,499	(24,033)	(4)	1,010,450	2,912,495	(119,351)	(4)	4,697,112	2,912,495
NET OPERATING REVENUE	11,800,348	11,819,713	(19,365)	0	12,284,190	58,566,825	(1,791,031)	(3)	63,182,064	60,357,856
<b>OPERATING EXPENSES:</b>										
SALARIES & WAGES	4,648,114	4,611,957	36,157	1	4,849,101	23,459,884	(69,533)	0	24,598,810	23,459,884
REGISTRY	300,284	200,000	100,284	50	547,646	1,000,000	345,571	35	2,964,784	1,000,000
EMPLOYEE BENEFITS	2,068,062	2,322,180	(254,118)	(11)	2,981,475	12,224,316	(1,935,272)	(16)	13,528,180	12,224,316
PROFESSIONAL FEES	1,696,248	1,602,561	93,687	6	1,639,751	8,162,458	(317,295)	(4)	7,850,172	8,162,458
SUPPLIES	1,049,815	1,141,909	(92,094)	(8)	1,309,747	5,021,591	(953,667)	(16)	6,272,661	5,021,591
PURCHASED SERVICES	953,691	1,058,396	(104,705)	(10)	1,283,144	5,397,824	(168,292)	(3)	6,228,394	5,397,824
RENTAL	147,786	130,294	17,492	13	191,544	655,259	24,681	4	792,208	655,259
DEPRECIATION & AMORT	331,073	320,773	10,300	3	328,045	1,603,873	35,753	2	1,609,469	1,603,873
INTEREST	29,122	25,417	3,705	15	3,221	159,425	32,340	25	23,860	159,425
OTHER	440,390	423,085	17,305	4	422,143	2,155,377	(114,803)	(5)	2,195,306	2,155,377
TOTAL EXPENSES	11,664,585	11,836,572	(171,987)	(2)	13,555,818	60,761,334	(3,120,517)	(5)	66,063,863	60,761,334
NET OPERATING INCOME (LOSS)	135,762	(16,859)	152,621	(905)	(1,271,628)	926,008	(1,329,486)	(330)	(2,881,798)	(403,478)

HAZEL HAWKINS MEMORIAL HOSPITAL - COMBINED  
 HOLLISTER, CA 95023  
 FOR PERIOD 11/30/23

	ACTUAL		CURRENT MONTH		PERCENT		PRIOR YR		YEAR-TO-DATE		PRIOR YR				
	11/30/23	BUDGET 11/30/23	POS/NEG VARIANCE	PERCENT VARIANCE	11/30/22	ACTUAL 11/30/23	BUDGET 11/30/23	POS/NEG VARIANCE	PERCENT VARIANCE	11/30/22	ACTUAL 11/30/23	BUDGET 11/30/23	POS/NEG VARIANCE	PERCENT VARIANCE	11/30/22
NON-OPERATING REVENUE\EXPENSE:															
DONATIONS	60,118	5,000	55,118	1,102	14,282	134,752	25,000	109,752	439	156,073					
PROPERTY TAX REVENUE	205,711	205,710	1	0	195,915	1,028,555	1,028,552	3	0	979,575					
GO BOND PROP TAXES	170,388	170,388	0	0	164,964	851,939	851,940	(1)	0	824,821					
GO BOND INT REVENUE\EXPENSE	(68,721)	(68,721)	0	0	(72,048)	(343,605)	(343,605)	0	0	(360,238)					
OTHER NON-OPER REVENUE	15,401	13,843	1,558	11	14,836	91,512	69,215	22,297	32	64,041					
OTHER NON-OPER EXPENSE	(33,747)	(32,700)	(1,047)	3	(37,604)	(164,769)	(163,500)	(1,269)	1	(190,480)					
INVESTMENT INCOME	0	0	0	0	0	(4,209)	0	(4,209)	0	695					
COLLABORATION CONTRIBUTIONS	0	0	0	0	0	0	0	0	0	0					
TOTAL NON-OPERATING REVENUE/(EXPENSE)	349,150	293,520	55,630	19	280,346	1,594,175	1,467,602	126,573	9	1,474,486					
NET SURPLUS (LOSS)	484,912	276,661	208,251	75	(991,282)	2,520,182	1,064,124	1,456,058	137	(1,407,312)					
EBTDA	\$ 748,066	\$ 528,467	\$ 219,599	41.55%	\$ (718,550)	\$ 3,816,244	\$ 2,323,162	\$ 1,493,082	64.26%	\$ (71,926)					
EBTDA MARGIN	6.34%	4.47%	1.87%	41.78%	(5.85)%	6.52%	3.85%	2.67%	69.29%	(0.11)%					
OPERATING MARGIN	1.15%	(0.14)%	1.29%	(906.73)%	(10.35)%	1.58%	(0.67)%	2.25%	(336.51)%	(4.56)%					
NET SURPLUS (LOSS) MARGIN	4.11%	2.34%	1.77%	75.55%	(8.07)%	4.30%	1.76%	2.54%	144.07%	(2.23)%					

HAZEL HAWKINS MEMORIAL HOSPITAL - ACUTE FACILITY  
HOLLISTER, CA 95023  
FOR PERIOD 11/30/23

	CURRENT MONTH			PRIOR YR			YEAR-TO-DATE			
	ACTUAL 11/30/23	BUDGET 11/30/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 11/30/22	ACTUAL 11/30/23	BUDGET 11/30/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 11/30/22
<b>GROSS PATIENT REVENUE:</b>										
ROUTINE REVENUE	3,180,464	4,362,961	(1,182,497)	(27)	3,964,936	23,355,079	23,355,908	(7,819,829)	(34)	21,125,316
ANCILLARY INPATIENT REVENUE	3,383,166	4,499,654	(1,116,488)	(25)	3,916,847	17,228,236	24,195,109	(6,966,873)	(29)	23,146,855
HOSPITALIST I/P REVENUE	150,527	184,676	(34,149)	(19)	167,744	706,604	941,849	(235,246)	(25)	925,435
TOTAL GROSS INPATIENT REVENUE	6,714,157	9,047,291	(2,333,134)	(26)	8,049,527	33,470,919	48,492,866	(15,021,948)	(31)	45,197,606
ANCILLARY OUTPATIENT REVENUE	27,031,632	24,382,329	2,649,303	11	23,173,181	134,504,907	121,649,541	12,855,366	11	112,164,310
HOSPITALIST O/P REVENUE	68,100	59,424	8,676	15	68,584	293,179	303,056	(9,877)	(3)	310,735
TOTAL GROSS OUTPATIENT REVENUE	27,099,731	24,441,753	2,657,978	11	23,241,765	134,798,086	121,952,597	12,845,489	11	112,475,044
TOTAL GROSS ACUTE PATIENT REVENUE	33,813,888	33,489,044	324,844	1	31,291,292	168,269,005	170,445,463	(2,176,458)	(1)	157,672,651
<b>DEDUCTIONS FROM REVENUE ACUTE:</b>										
MEDICARE CONTRACTUAL ALLOWANCES	9,075,077	10,009,718	(934,641)	(9)	10,520,215	47,025,005	51,123,324	(4,098,319)	(8)	48,585,037
MEDI-CAL CONTRACTUAL ALLOWANCES	9,917,242	9,707,489	209,753	2	8,132,028	50,915,307	49,128,375	1,786,932	4	40,745,528
BAD DEBT EXPENSE	692,674	392,993	299,681	76	268,246	3,281,068	2,000,145	1,280,923	64	1,689,276
CHARITY CARE	48,758	37,633	11,125	30	39,203	269,923	191,536	78,387	41	174,821
OTHER CONTRACTUALS AND ADJUSTMENTS	4,775,110	4,027,051	748,059	19	2,958,727	21,769,145	20,372,391	1,396,754	7	17,616,869
HOSPITALIST/PEDS CONTRACTUAL ALLOW	(8,457)	12,473	(20,930)	(168)	5,914	8,310	63,482	(55,172)	(87)	51,886
TOTAL ACUTE DEDUCTIONS FROM REVENUE	24,500,404	24,187,357	313,047	1	21,924,334	123,268,757	122,879,253	389,504	0	108,863,417
NET ACUTE PATIENT REVENUE	9,313,484	9,301,687	11,797	0	9,366,958	45,000,248	47,566,210	(2,565,962)	(5)	48,809,234
OTHER OPERATING REVENUE	558,466	582,499	(24,033)	(4)	1,010,450	2,793,144	2,912,495	(119,351)	(4)	4,697,112
NET ACUTE OPERATING REVENUE	9,871,950	9,884,186	(12,236)	0	10,377,408	47,793,392	50,478,705	(2,685,313)	(5)	53,506,346
<b>OPERATING EXPENSES:</b>										
SALARIES & WAGES	3,729,928	3,700,653	29,275	1	3,921,038	18,584,984	18,817,915	(232,931)	(1)	19,916,284
REGISTRY	287,917	167,000	120,917	72	529,646	1,228,745	835,000	393,745	47	2,823,184
EMPLOYEE BENEFITS	1,569,503	1,815,213	(245,710)	(14)	2,318,128	7,899,907	9,615,025	(1,715,118)	(18)	10,707,153
PROFESSIONAL FEES	1,694,038	1,600,224	93,814	6	1,637,541	7,834,113	8,150,775	(316,662)	(4)	7,838,612
SUPPLIES	950,963	1,053,599	(102,636)	(10)	1,223,863	4,527,776	5,530,568	(1,002,792)	(18)	5,801,696
PURCHASED SERVICES	880,369	954,402	(74,033)	(8)	1,185,537	4,802,857	4,867,447	(64,590)	(1)	5,688,091
RENTAL	146,767	129,269	17,498	14	189,931	674,893	650,077	24,816	4	787,138
DEPRECIATION & AMORT	291,617	281,320	10,297	4	288,702	1,442,472	1,406,600	35,872	3	1,411,533
INTEREST	29,122	25,417	3,705	15	3,221	159,425	127,085	32,340	25	23,860
OTHER	386,403	366,744	19,659	5	377,454	1,802,606	1,868,098	(65,492)	(4)	1,895,738
TOTAL EXPENSES	9,966,628	10,093,841	(127,213)	(1)	11,675,061	48,957,778	51,868,590	(2,910,812)	(6)	56,893,289
NET OPERATING INCOME (LOSS)	(94,678)	(209,655)	114,977	(55)	(1,297,653)	(1,164,387)	(1,389,885)	225,498	(16)	(3,386,943)



HAZEL HAWKINS MEMORIAL HOSPITAL - ACUTE FACILITY  
 HOLLISTER, CA 95023  
 FOR PERIOD 11/30/23

	CURRENT MONTH			YEAR-TO-DATE			PRIOR YR		
	ACTUAL 11/30/23	BUDGET 11/30/23	PERCENT VARIANCE	ACTUAL 11/30/23	BUDGET 11/30/23	PERCENT VARIANCE	ACTUAL 11/30/22	BUDGET 11/30/22	PERCENT VARIANCE
NON-OPERATING REVENUE\EXPENSE:									
DONATIONS	60,118	5,000	1.102	134,752	25,000	439	156,073		
PROPERTY TAX REVENUE	174,854	174,854	0	874,270	874,270	0	832,640		
GO BOND PROP TAXES	170,388	170,388	0	851,939	851,940	(1)	824,821		
GO BOND INT REVENUE\EXPENSE	(68,721)	(68,721)	0	(343,605)	(343,605)	0	(360,238)		
OTHER NON-OPER REVENUE	15,401	13,843	11	91,512	69,215	32	64,041		
OTHER NON-OPER EXPENSE	(26,460)	(25,412)	4	(128,331)	(127,060)	1	(148,767)		
INVESTMENT INCOME	0	0	0	(4,209)	0	0	695		
COLLABORATION CONTRIBUTIONS	0	0	0	0	0	0	0		
TOTAL NON-OPERATING REVENUE/(EXPENSE)	325,581	269,952	21	1,476,328	1,349,760	9	1,369,265		
NET SURPLUS (LOSS)	230,903	60,297	283	311,942	(40,125)	(877)	(2,017,678)		

HAZEL HAWKINS SKILLED NURSING FACILITIES  
HOLLISTER, CA  
FOR PERIOD 11/30/23

	CURRENT MONTH			YEAR-TO-DATE					
	ACTUAL 11/30/23	BUDGET 11/30/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 11/30/22	BUDGET 11/30/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 11/30/22
GROSS SNF PATIENT REVENUE:									
ROUTINE SNF REVENUE	2,141,400	2,025,000	116,400	6	1,998,750	10,327,500	813,058	8	10,153,850
ANCILLARY SNF REVENUE	268,025	356,223	(88,198)	(25)	400,168	1,851,499	(252,055)	(14)	2,028,730
TOTAL GROSS SNF PATIENT REVENUE	2,409,425	2,381,223	28,202	1	2,398,918	12,178,999	561,002	5	12,182,580
DEDUCTIONS FROM REVENUE SNF:									
MEDICARE CONTRACTUAL ALLOWANCES	(209,446)	266,080	(475,526)	(179)	235,591	1,384,812	(528,901)	(38)	1,322,839
MEDI-CAL CONTRACTUAL ALLOWANCES	616,926	104,816	512,110	489	185,228	534,556	281,582	53	804,266
BAD DEBT EXPENSE	2,796	10,000	(7,204)	(72)	30,809	50,000	35,089	70	38,905
CHARITY CARE	0	0	0	0	0	0	0	0	0
OTHER CONTRACTUALS AND ADJUSTMENTS	70,751	64,800	5,951	9	40,508	330,480	(121,051)	(37)	340,852
TOTAL SNF DEDUCTIONS FROM REVENUE	481,028	445,696	35,332	8	492,136	2,299,848	(333,280)	(15)	2,506,861
NET SNF PATIENT REVENUE	1,928,398	1,935,527	(7,129)	0	1,906,783	9,879,151	894,282	9	9,675,719
OTHER OPERATING REVENUE									
NET SNF OPERATING REVENUE	1,928,398	1,935,527	(7,129)	0	1,906,783	9,879,151	894,282	9	9,675,719
OPERATING EXPENSES:									
SALARIES & WAGES	918,186	911,304	6,882	1	928,064	4,641,969	163,397	4	4,682,526
REGISTRY	12,367	33,000	(20,633)	(63)	18,000	165,000	(48,174)	(29)	141,600
EMPLOYEE BENEFITS	498,559	506,967	(8,408)	(2)	663,348	2,609,291	(220,154)	(8)	2,821,027
PROFESSIONAL FEES	2,210	2,337	(127)	(5)	2,210	11,683	(633)	(5)	11,560
SUPPLIES	98,852	88,310	10,542	12	85,884	444,690	49,124	11	470,965
PURCHASED SERVICES	73,322	103,994	(30,672)	(30)	97,607	530,377	(112,305)	(21)	540,303
RENTAL	1,019	1,025	(6)	(1)	1,614	5,047	(135)	(3)	5,070
DEPRECIATION	39,456	39,453	3	0	39,343	197,273	(119)	0	197,956
INTEREST	0	0	0	0	0	0	0	0	0
OTHER	53,987	56,341	(2,354)	(4)	44,689	287,279	(49,311)	(17)	299,568
TOTAL EXPENSES	1,697,958	1,742,731	(44,773)	(3)	1,880,757	8,892,744	(218,309)	(3)	9,170,574
NET OPERATING INCOME (LOSS)	230,440	192,796	37,644	20	26,025	986,407	1,112,591	113	505,145
NON-OPERATING REVENUE/EXPENSE:									
DONATIONS	0	0	0	0	0	0	0	0	0
PROPERTY TAX REVENUE	30,857	30,856	1	0	29,387	154,282	3	0	146,935
OTHER NON-OPER EXPENSE	(7,288)	(7,288)	0	0	(8,343)	(36,439)	1	0	(41,713)
TOTAL NON-OPERATING REVENUE/(EXPENSE)	23,569	23,568	1	0	21,044	117,846	4	0	105,222
NET SURPLUS (LOSS)	254,009	216,364	37,645	17	47,070	1,104,249	1,112,595	101	610,366



HAZEL HAWKINS MEMORIAL HOSPITAL  
 HOLLISTER, CA  
 For the month ended 11/30/23

	CURR MONTH 11/30/23	PRIOR MONTH 10/31/23	POS/NEG VARIANCE	PERCENTAGE VARIANCE	PRIOR YR 06/30/23
CURRENT ASSETS					
CASH & CASH EQUIVALENT	18,849,384	14,338,443	4,510,941	32	13,649,396
PATIENT ACCOUNTS RECEIVABLE	58,821,246	60,270,138	(1,448,892)	(2)	51,674,982
BAD DEBT ALLOWANCE	(7,164,602)	(6,895,514)	(269,088)	4	(5,227,791)
CONTRACTUAL RESERVES	(35,141,621)	(36,910,121)	1,768,501	(5)	(30,266,699)
OTHER RECEIVABLES	4,808,586	7,874,754	(3,066,168)	(39)	6,095,092
INVENTORIES	4,043,979	4,044,760	(781)	0	4,057,813
PREPAID EXPENSES	2,358,788	2,212,492	146,297	7	2,042,543
DUE TO\FROM THIRD PARTIES	2,037,861	2,037,861	0	0	2,784,747
TOTAL CURRENT ASSETS	<u>48,613,622</u>	<u>46,972,812</u>	<u>1,640,810</u>	<u>4</u>	<u>44,810,082</u>
ASSETS WHOSE USE IS LIMITED					
BOARD DESIGNATED FUNDS	<u>6,156,540</u>	<u>5,891,305</u>	<u>265,235</u>	<u>5</u>	<u>4,906,264</u>
TOTAL LIMITED USE ASSETS	<u>6,156,540</u>	<u>5,891,305</u>	<u>265,235</u>	<u>5</u>	<u>4,906,264</u>
PROPERTY, PLANT, AND EQUIPMENT					
LAND & LAND IMPROVEMENTS	<u>3,370,474</u>	<u>3,370,474</u>	<u>0</u>	<u>0</u>	<u>3,370,474</u>
BLDGs & BLDG IMPROVEMENTS	<u>100,098,374</u>	<u>100,098,374</u>	<u>0</u>	<u>0</u>	<u>100,098,374</u>
EQUIPMENT	<u>43,814,011</u>	<u>43,685,771</u>	<u>128,240</u>	<u>0</u>	<u>43,302,208</u>
CONSTRUCTION IN PROGRESS	<u>956,198</u>	<u>956,198</u>	<u>0</u>	<u>0</u>	<u>880,124</u>
GROSS PROPERTY, PLANT, AND EQUIPMENT	<u>148,239,057</u>	<u>148,110,817</u>	<u>128,240</u>	<u>0</u>	<u>147,651,180</u>
ACCUMULATED DEPRECIATION	<u>(92,072,265)</u>	<u>(91,729,391)</u>	<u>(342,874)</u>	<u>0</u>	<u>(90,362,507)</u>
NET PROPERTY, PLANT, AND EQUIPMENT	<u>56,166,792</u>	<u>56,381,426</u>	<u>(214,633)</u>	<u>0</u>	<u>57,288,673</u>
OTHER ASSETS					
UNAMORTIZED LOAN COSTS	<u>440,644</u>	<u>446,715</u>	<u>(6,071)</u>	<u>(1)</u>	<u>470,999</u>
PENSION DEFERRED OUTFLOWS NET	<u>3,797,637</u>	<u>3,797,637</u>	<u>0</u>	<u>0</u>	<u>3,797,637</u>
TOTAL OTHER ASSETS	<u>4,238,281</u>	<u>4,244,352</u>	<u>(6,071)</u>	<u>0</u>	<u>4,268,636</u>
TOTAL UNRESTRICTED ASSETS	<u>115,175,236</u>	<u>113,489,895</u>	<u>1,685,341</u>	<u>2</u>	<u>111,273,655</u>
RESTRICTED ASSETS	<u>53,509</u>	<u>53,458</u>	<u>52</u>	<u>0</u>	<u>125,193</u>
TOTAL ASSETS	<u>115,228,745</u>	<u>113,543,352</u>	<u>1,685,392</u>	<u>2</u>	<u>111,398,848</u>

HAZEL HAWKINS MEMORIAL HOSPITAL  
 HOLLISTER, CA  
 For the month ended 11/30/23

	CURR MONTH 11/30/23	PRIOR MONTH 10/31/23	POS/NEG VARIANCE	PERCENTAGE VARIANCE	PRIOR YR 06/30/23
CURRENT LIABILITIES					
ACCOUNTS PAYABLE	6,402,395	5,895,674	(506,721)	9	4,938,613
ACCRUED PAYROLL	3,680,083	3,314,424	(365,659)	11	3,345,253
ACCRUED PAYROLL TAXES	1,312,314	1,311,084	(1,230)	0	1,345,303
ACCRUED BENEFITS	6,345,416	5,856,856	(488,559)	8	6,051,228
ACCRUED PENSION (CURRENT)	4,956,206	4,960,599	4,393	0	5,061,807
OTHER ACCRUED EXPENSES	99,271	91,808	(7,463)	8	84,460
PATIENT REFUNDS PAYABLE	3,313	3,313	0	0	961
DUE TO\FROM THIRD PARTIES	3,308,818	3,478,465	169,647	(5)	4,400,056
OTHER CURRENT LIABILITIES	4,135,909	4,131,864	(4,045)	0	3,493,074
TOTAL CURRENT LIABILITIES	<u>30,243,726</u>	<u>29,044,088</u>	<u>(1,199,638)</u>	<u>4</u>	<u>28,720,755</u>
LONG-TERM DEBT					
LEASES PAYABLE	6,502,329	6,509,019	6,690	0	6,542,301
BONDS PAYABLE	34,641,761	34,670,281	28,520	0	34,784,361
TOTAL LONG TERM DEBT	<u>41,144,090</u>	<u>41,179,300</u>	<u>35,210</u>	<u>0</u>	<u>41,326,662</u>
OTHER LONG-TERM LIABILITIES					
DEFERRED REVENUE	0	0	0	0	0
LONG-TERM PENSION LIABILITY	14,706,676	14,706,676	0	0	14,706,676
TOTAL OTHER LONG-TERM LIABILITIES	<u>14,706,676</u>	<u>14,706,676</u>	<u>0</u>	<u>0</u>	<u>14,706,676</u>
TOTAL LIABILITIES	<u>86,094,492</u>	<u>84,930,063</u>	<u>(1,164,429)</u>	<u>1</u>	<u>84,754,093</u>
NET ASSETS:					
UNRESTRICTED FUND BALANCE	26,479,561	26,479,561	0	0	26,479,561
RESTRICTED FUND BALANCE	134,509	98,458	(36,052)	37	165,193
NET REVENUE/(EXPENSES)	2,520,182	2,035,270	(484,912)	24	0
TOTAL NET ASSETS	<u>29,134,253</u>	<u>28,613,289</u>	<u>(520,964)</u>	<u>2</u>	<u>26,644,755</u>
TOTAL LIABILITIES AND NET ASSETS	<u>115,228,745</u>	<u>113,543,352</u>	<u>(1,685,392)</u>	<u>2</u>	<u>111,398,848</u>



San Benito Health Care District  
Hazel Hawkins Memorial Hospital  
NOVEMBER 2023

Description	Target	MTD Actual	YTD Actual	YTD Target
Average Daily Census - Acute	17.40	15.13	13.90	18.38
Average Daily Census - SNF	90.00	94.93	95.22	90.00
Acute Length of Stay	3.14	2.69	2.91	2.81
<u>ER Visits:</u>				
Inpatient	179	129	543	824
Outpatient	2,284	2,171	10,032	9,993
Total	2,463	2,300	10,575	10,817
Days in Accounts Receivable	45.0	49.4	49.4	45.0
Productive Full-Time Equivalents	500.90	493.28	479.63	500.90
Net Patient Revenue	11,237,214	11,241,882	55,773,681	57,445,361
Payment-to-Charge Ratio	31.3%	31.0%	30.8%	31.5%
Medicare Traditional Payor Mix	30.27%	23.31%	26.12%	30.31%
Commercial Payor Mix	21.63%	24.96%	23.50%	21.59%
Bad Debt % of Gross Revenue	1.12%	1.93%	1.87%	1.12%
EBIDA	528,467	748,066	3,816,244	2,323,162
EBIDA %	4.47%	6.34%	6.52%	3.85%
Operating Margin	-0.14%	1.15%	1.58%	-0.67%
Salaries, Wages, Registry & Benefits %: by Net Operating Revenue	60.36%	59.46%	59.80%	60.78%
by Total Operating Expense	60.27%	60.15%	60.76%	60.37%
<u>Bond Covenants:</u>				
Debt Service Ratio	1.25	4.80	4.80	1.25
Current Ratio	1.50	1.61	1.61	1.50
Days Cash on hand	30.00	51.38	51.38	30.00
<b>Met or Exceeded Target</b>				
<b>Within 10% of Target</b>				
<b>Not Within 10%</b>				

**Statement of Cash Flows**  
**Hazel Hawkins Memorial Hospital**  
**Hollister, CA**  
**Three months ending November 30, 2023**

	CASH FLOW		COMMENTS
	Current Month 11/30/2023	Current Year-To-Date 11/30/2023	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income (Loss)	\$484,912	\$2,520,182	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	342,874	1,709,762	
(Increase)/Decrease in Net Patient Accounts Receivable	(50,520)	(334,532)	
(Increase)/Decrease in Other Receivables	3,066,168	1,286,505	
(Increase)/Decrease in Inventories	781	13,834	
(Increase)/Decrease in Pre-Paid Expenses	(146,297)	(316,246)	
(Increase)/Decrease in Due From Third Parties	0	746,886	
Increase/(Decrease) in Accounts Payable	506,720	1,463,786	
Increase/(Decrease) in Notes and Loans Payable	0	0	
Increase/(Decrease) in Accrued Payroll and Benefits	851,056	490,424	
Increase/(Decrease) in Accrued Expenses	7,463	14,810	
Increase/(Decrease) in Patient Refunds Payable	0	2,351	
Increase/(Decrease) in Third Party Advances/Liabilities	(169,647)	(1,091,238)	
Increase/(Decrease) in Other Current Liabilities	4,045	642,836	Semi-Annual Interest - 2021 Insured Revenue Bonds
<b>Net Cash Provided by Operating Activities:</b>	<b>4,412,643</b>	<b>4,629,178</b>	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Property, Plant and Equipment	(128,240)	(587,878)	
(Increase)/Decrease in Limited Use Cash and Investments	0	0	
(Increase)/Decrease in Other Limited Use Assets	(265,235)	(1,250,276)	
(Increase)/Decrease in Other Assets	6,071	30,355	Bond Principal & Int Payment - 2014 & 2021 Bonds
<b>Net Cash Used by Investing Activities</b>	<b>(387,404)</b>	<b>(1,807,799)</b>	Amortization
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase/(Decrease) in Bond/Mortgage Debt	(6,690)	(39,973)	Refinancing of 2013 Bonds with 2021 Bonds
Increase/(Decrease) in Capital Lease Debt	(28,520)	(142,600)	
Increase/(Decrease) in Other Long Term Liabilities	0	0	
<b>Net Cash Used for Financing Activities</b>	<b>(35,210)</b>	<b>(182,573)</b>	
(INCREASE)/DECREASE IN RESTRICTED ASSETS	36,000	41,000	
<b>Net Increase/(Decrease) in Cash</b>	<b>4,510,941</b>	<b>5,199,988</b>	
Cash, Beginning of Period	14,338,443	13,649,396	
<b>Cash, End of Period</b>	<b>\$18,849,384</b>	<b>\$18,849,384</b>	\$0

Cost per day to run the District  
Operational Days Cash on Hand

\$366,876  
51.38

Hazel Hawkins Memorial Hospital  
 Bad Debt Expense  
 For the Year Ending June 30, 2024

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Budgeted Gross Revenue	38,236,593	38,468,812	35,049,053	34,999,737	35,870,267	36,385,781	34,851,365	32,060,010	36,752,432	35,946,200	39,112,090	38,876,681	436,609,021
Budgeted Bad Debt Expense	429,889	432,423	393,214	391,626	402,993	407,930	389,870	358,975	412,378	403,932	440,170	438,441	4,901,841
BD Exp as a percent of Gross Revenue	1.12%	1.12%	1.12%	1.12%	1.12%	1.12%	1.12%	1.12%	1.12%	1.12%	1.13%	1.13%	1.12%
Actual Gross Revenue	34,381,757	36,309,479	36,251,934	37,061,367	36,004,686	-	-	-	-	-	-	-	180,009,223
Actual Bad Debt Expense	712,509	663,649	543,514	751,015	695,471	-	-	-	-	-	-	-	3,366,158
BD Exp as a percent of Gross Revenue	2.07%	1.83%	1.50%	2.03%	1.93%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	1.87%
Budgeted YTD BD Exp	2,050,145	1.12%											191,536
Actual YTD BD Exp	3,366,158	1.87%											269,923
Amount under (over) budget	(1,316,013)	-0.75%											(78,387)
Prior Year percent of Gross Revenue	1.15%												0.15%
Percent of Decrease (Inc) from Prior Year	-62.6%												

YTD Charity Exp Budget 191,536  
 YTD Charity Exp Actual 269,923  
 Amt under (over) budget (78,387)  
 Charity Exp % of Gross Rev 0.15%

**HCAI** Department of Health Care  
Access and Information

2020 West El Camino Avenue, Suite 800  
Sacramento, CA 95833  
hcai.ca.gov



December 1, 2023

Ms. Mary Casillas  
Interim Chief Executive Officer  
San Benito Health Care District  
911 Sunset Drive  
Hollister, California 95023

RE: San Benito Health Care District dba Hazel Hawkins Memorial Hospital (District)  
Loan No. 1076  
**Consent to DHLP Loan**

Dear Ms. Casillas:

In the enclosed letter, dated November 10, 2023, to Lauren Hadley of the Cal-Mortgage Loan Insurance Program of the Department of Health Care Access and Information fka Office of Statewide Health Planning and Development (Department), Mark Robinson, Chief Financial Officer, requested that the Department consent to the District obtaining a \$10 million loan through the Distressed Hospital Loan Program with the California Health Facilities Financing Authority (DHLP Loan).

This request falls under Section IX.A.13 Limitation on Indebtedness of the Regulatory Agreement, dated February 1, 2021, which states in part that the District may incur any indebtedness or obligations consented to in writing by the Department.

Based upon the Department's review of the request and the additional information provided by the District, the Department hereby consents to the District obtaining the DHLP Loan.

The Department's consent to the Corporation incurring additional debt or obligations described in this letter is to be narrowly construed, and is in no way to be construed as consent to incur additional debt or obligations not described in this letter nor as a waiver of any other rights of the Department under the transaction documents.



Ms. Mary Casillas  
December 1, 2023  
Page Two

Please send a copy of all executed transaction documents to the attention of Lauren Hadley. If you have any questions, please contact the District's Account Manager, Lauren Hadley, at (916) 319-8819, or via electronic mail at [Lauren.Hadley@hcai.ca.gov](mailto:Lauren.Hadley@hcai.ca.gov).

Very truly yours,



Jeremy P. Marion  
Deputy Director

Enclosure

cc: Mark Robinson, Chief Financial Officer, San Benito Health Care District  
Dean O'Brien, Supervisor, HCAI, Cal-Mortgage  
Lauren Hadley, Account Manager, HCAI, Cal-Mortgage  
Geoffrey Trautman, Attorney, HCAI



MEMORIAL HOSPITAL  
SKILLED NURSING FACILITIES  
HOME HEALTH AGENCY

San Benito Health Care District

A Public Agency

911 Sunset Drive  
Hollister, CA 95023-5695  
(831) 637-5711

November 10, 2023

Lauren Hadley, Account Manager  
Office of Health Facility Loan Insurance  
Cal-Mortgage Loan Insurance Program  
Department of Health Care Access and Information  
2020 West El Camino Avenue, Suite 1231  
Sacramento, CA 95833

Re: San Benito Health Care District Request for Subordination Agreement

Ms. Hadley,

This letter is a request for consent from your office for the District to obtain additional indebtedness and a subordination agreement to provide CHFFA with a "first lien" on the Medical receivables of the San Benito Health Care District.

On October 6, 2023, CHFFA sent notice to the District that it is approved for a loan under the Distressed Hospital Loan Program. The loan amount is **\$10,000,000**. The term is for 72 months (with 18-month initial deferment period), an interest rate of 0% fixed and a monthly debt service amount of **\$185,185.19**.

The District will use the loan to fund operational expenses including but not limited to salary and wages, benefits, medical supplies and the cost of utilities. In addition, the funds will be used toward the purchase of capital equipment necessary for the District to continue to provide medical services for departments including but not limited to the Lab, Radiology, and Ambulatory Surgery Center.

Please contact me at (831) 636-2604 or [mrobinson@hazelhawkins.com](mailto:mrobinson@hazelhawkins.com) if you have any questions. Thank you in advance for your cooperation.

Sincerely,

Mark T. Robinson  
Chief Financial Officer

Cc: Mary Casillas, Interim CEO

Form **941-X**: Adjusted Employer's **QUARTERLY** Federal Tax Return or Claim for Refund  
 (Rev. April 2023) Department of the Treasury — Internal Revenue Service

OMB No. 1545-0029

Employer Identification number (EIN)   -

Name (not your trade name)

Trade name (if any)

Address   
Number Street Suite or room number

City State ZIP code

Foreign country name Foreign province/county Foreign postal code

**Return You're Correcting...**

Check the type of return you're correcting.

941  
 941-SS

Check the ONE quarter you're correcting.

1: January, February, March  
 2: April, May, June  
 3: July, August, September  
 4: October, November, December

Enter the calendar year of the quarter you're correcting.

(YYYY)

Read the separate instructions before completing this form. Use this form to correct errors you made on Form 941 or 941-SS. Use a separate Form 941-X for each quarter that needs correction. Type or print within the boxes. You MUST complete all five pages. Don't attach this form to Form 941 or 941-SS unless you're reclassifying workers; see the instructions for line 42.

**Part 1:** Select **ONLY** one process. See page 6 for additional guidance, including information on how to treat employment tax credits and social security tax deferrals.

- 1. **Adjusted employment tax return.** Check this box if you underreported tax amounts. Also check this box if you overreported tax amounts and you would like to use the adjustment process to correct the errors. You must check this box if you're correcting both underreported and overreported tax amounts on this form. The amount shown on line 27, if less than zero, may only be applied as a credit to your Form 941, Form 941-SS, or Form 944 for the tax period in which you're filing this form.
- 2. **Claim.** Check this box if you overreported tax amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 27. Don't check this box if you're correcting ANY underreported tax amounts on this form.

**Enter the date you discovered errors.**

/  /   
(MM / DD / YYYY)

**Part 2:** Complete the certifications.

- 3. I certify that I've filed or will file Forms W-2, Wage and Tax Statement, or Forms W-2c, Corrected Wage and Tax Statement, as required.  
 Note: If you're correcting underreported tax amounts only, go to Part 3 on page 2 and skip lines 4 and 5. If you're correcting overreported tax amounts, for purposes of the certifications on lines 4 and 5, Medicare tax doesn't include Additional Medicare Tax. Form 941-X can't be used to correct overreported amounts of Additional Medicare Tax unless the amounts weren't withheld from employee wages or an adjustment is being made for the current year.
- 4. If you checked line 1 because you're adjusting overreported federal income tax, social security tax, Medicare tax, or Additional Medicare Tax, check all that apply. You must check at least one box. I certify that:
  - a. I repaid or reimbursed each affected employee for the overcollected federal income tax or Additional Medicare Tax for the current year and the overcollected social security tax and Medicare tax for current and prior years. For adjustments of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that they haven't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
  - b. The adjustments of social security tax and Medicare tax are for the employer's share only. I couldn't find the affected employees or each affected employee didn't give me a written statement that they haven't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
  - c. The adjustment is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I didn't withhold from employee wages.
- 5. If you checked line 2 because you're claiming a refund or abatement of overreported federal income tax, social security tax, Medicare tax, or Additional Medicare Tax, check all that apply. You must check at least one box. I certify that:
  - a. I repaid or reimbursed each affected employee for the overcollected social security tax and Medicare tax. For claims of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that they haven't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
  - b. I have a written consent from each affected employee stating that I may file this claim for the employee's share of social security tax and Medicare tax. For refunds of employee social security tax and Medicare tax overcollected in prior years, I also have a written statement from each affected employee stating that they haven't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
  - c. The claim for social security tax and Medicare tax is for the employer's share only. I couldn't find the affected employees, or each affected employee didn't give me a written consent to file a claim for the employee's share of social security tax and Medicare tax, or each affected employee didn't give me a written statement that they haven't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
  - d. The claim is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I didn't withhold from employee wages.

Name (not your trade name)

Employer identification number (EIN)

Correcting quarter 1 (1, 2, 3, 4)

Hazel Hawkins Memorial Hospital

94 - 6034863

Correcting calendar year (YYYY)

2021

Part 3: Enter the corrections for this quarter. If any line doesn't apply, leave it blank.

Table with 4 columns: Column 1 (Total corrected amount), Column 2 (Amount originally reported), Column 3 (Difference), and Column 4 (Tax correction). Rows 6-21 include items like Wages, Federal income tax withheld, Social security wages, etc.

Name (not your trade name)

Employer identification number (EIN)

Correcting quarter 1 (1, 2, 3, 4)

Hazel Hawkins Memorial Hospital

94

6034863

Correcting calendar year (YYYY)

2021

Part 3: Enter the corrections for this quarter. If any line doesn't apply, leave it blank. (continued)

	Column 1	Column 2	Column 3	Column 4
	Total corrected amount (for ALL employees)	Amount originally reported or as previously corrected (for ALL employees)	Difference (If this amount is a negative number, use a minus sign.)	Tax correction
22. Special addition to wages for Additional Medicare Tax				See Instructions
23. Combine the amounts on lines 7 through 22 of Column 4				
24. Deferred amount of social security tax* (Form 941 or 941-SS, line 13b)				- 833,608 . 88
25. Refundable portion of credit for qualified sick and family leave wages for leave taken before April 1, 2021 (Form 941 or 941-SS, line 13c)				See Instructions
26a. Refundable portion of employee retention credit* (Form 941 or 941-SS, line 13c)	3,378,457 . 15	0 . 00	3,378,457 . 15	- 3,378,457 . 15
26b. Refundable portion of credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 13e)				See Instructions
26c. Refundable portion of COBRA premium assistance credit (Form 941 or 941-SS, line 13f)				See Instructions
27. Total. Combine the amounts on lines 23 through 26c of Column 4				- 4,212,066 . 03

If line 27 is less than zero:

- If you checked line 1, this is the amount you want applied as a credit to your Form 941 or 941-SS for the tax period in which you're filing this form. (If you're currently filing a Form 944, Employer's ANNUAL Federal Tax Return, see the instructions.)
- If you checked line 2, this is the amount you want refunded or abated.

If line 27 is more than zero, this is the amount you owe. Pay this amount by the time you file this return. For information on how to pay, see Amount you owe in the instructions.

28. Qualified health plan expenses allocable to qualified sick leave wages for leave taken before April 1, 2021 (Form 941 or 941-SS, line 19)				
29. Qualified health plan expenses allocable to qualified family leave wages for leave taken before April 1, 2021 (Form 941 or 941-SS, line 20)				
30. Qualified wages for the employee retention credit* (Form 941 or 941-SS, line 21)	5,897,244 . 66	0 . 00	5,897,244 . 66	
31a. Qualified health plan expenses for the employee retention credit* (Form 941 or 941-SS, line 22)	119,992 . 52	0 . 00	119,992 . 52	
31b. Check here if you're eligible for the employee retention credit in the third or fourth quarter of 2021 solely because your business is a recovery startup business				<input type="checkbox"/>
32. Credit from Form 5884-C, line 11, for this quarter* (Form 941 or 941-SS, line 23)				

Name (not your trade name)	Employer identification number (EIN)	Correcting quarter 1 (1, 2, 3, 4)
Hazel Hawkins Memorial Hospital	94 - 6034863	Correcting calendar year (YYYY)
		2021

**Part 3: Enter the corrections for this quarter. If any line doesn't apply, leave it blank. (continued)**

	Column 1	Column 2	Column 3
	Total corrected amount (for ALL employees)	Amount originally reported or as previously corrected (for ALL employees)	Difference (If this amount is a negative number, use a minus sign.)
33a. Qualified wages paid March 13 through March 31, 2020, for the employee retention credit* (Form 941 or 941-SS, line 24)	<input type="text"/>	<input type="text"/>	<input type="text"/>
	* Use line 33a only for corrections to the second quarter of 2020.		
33b. Deferred amount of the employee share of social security tax included on Form 941 or 941-SS, line 13b* (Form 941 or 941-SS, line 24)	<input type="text"/>	<input type="text"/>	<input type="text"/>
	* Use line 33b only for corrections to the third and fourth quarters of 2020.		
34. Qualified health plan expenses allocable to wages reported on Form 941 or 941-SS, line 24* (Form 941 or 941-SS, line 25)	<input type="text"/>	<input type="text"/>	<input type="text"/>
	* Use line 34 only for corrections to the second quarter of 2020.		

Caution: Lines 35–40 apply only to quarters beginning after March 31, 2021.

35. Qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 23)	<input type="text"/>	<input type="text"/>	<input type="text"/>
36. Qualified health plan expenses allocable to qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 24)	<input type="text"/>	<input type="text"/>	<input type="text"/>
37. Amounts under certain collectively bargained agreements allocable to qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 25)	<input type="text"/>	<input type="text"/>	<input type="text"/>
38. Qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 26)	<input type="text"/>	<input type="text"/>	<input type="text"/>
39. Qualified health plan expenses allocable to qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 27)	<input type="text"/>	<input type="text"/>	<input type="text"/>
40. Amounts under certain collectively bargained agreements allocable to qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 28)	<input type="text"/>	<input type="text"/>	<input type="text"/>



Name (not your trade name) Hazel Hawkins Memorial Hospital	Employer identification number (EIN) 94 - 6034863	Correcting quarter 1 (1, 2, 3, 4) Correcting calendar year (YYYY) 2021
---	--	--

**Part 4: Explain your corrections for this quarter.**


- 41. Check here if any corrections you entered on a line include both underreported and overreported amounts. Explain both your underreported and overreported amounts on line 43.
- 42. Check here if any corrections involve reclassified workers. Explain on line 43.
- 43. You must give us a detailed explanation of how you determined your corrections. See the instructions.

Hazel Hawkins Memorial Hospital failed to take into account the qualified wages and benefits for the employee retention credit when filing the 1st Qtr 2021 Form 941. As a result, Hazel Hawkins Memorial Hospital is entitled to a \$4,212,066.03 refund. This refund represents 70% of the total qualified wages and benefits (\$6,017,237.18) associated with the employee retention credit as provided by the CARES Act as outlined below.

2021-Q1 Qualified Wages & Benefits:	\$6,017,237.18
	x 70%
Employee Retention Credit:	\$4,212,066.03

**Part 5: Sign here. You must complete all five pages of this form and sign it.**

Under penalties of perjury, I declare that I have filed an original Form 941 or Form 941-SS and that I have examined this adjusted return or claim, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign your name here 

Date 09/29/2023

Print your name here Mark Robinson

Print your title here Chief Financial Officer

Best daytime phone 831-636-2604

**Paid Preparer Use Only**

Preparer's name	<input type="text"/>	Check if you're self-employed <input type="checkbox"/>
Preparer's signature	<input type="text"/>	PTIN <input type="text"/>
Firm's name (or yours if self-employed)	<input type="text"/>	Date <input type="text"/>
Address	<input type="text"/>	EIN <input type="text"/>
City	<input type="text"/>	Phone <input type="text"/>
State	<input type="text"/>	ZIP code <input type="text"/>

## Form 941-X: Which process should you use?

Unless otherwise specified in the separate instructions, an underreported employment tax credit or social security tax deferral should be treated like an overreported tax amount. An overreported employment tax credit or social security tax deferral should be treated like an underreported tax amount. For more information, including which process to select on lines 1 and 2, see *Correcting an employment tax credit or social security tax deferral* in the separate instructions.

Type of errors  
you're correcting

**Underreported  
tax amounts  
ONLY**

**Use the adjustment process** to correct underreported tax amounts.

- Check the box on line 1.
- Pay the amount you owe from line 27 by the time you file Form 941-X.

**Overreported  
tax amounts  
ONLY**

The process you use depends on when you file Form 941-X.

**If you're filing Form 941-X MORE THAN 90 days before the period of limitations on credit or refund for Form 941 or Form 941-SS expires...**

Choose either the adjustment process or the claim process to correct the overreported tax amounts.

**Choose the adjustment process** if you want the amount shown on line 27 credited to your Form 941, Form 941-SS, or Form 944 for the period in which you file Form 941-X. Check the box on line 1.

OR

**Choose the claim process** if you want the amount shown on line 27 refunded to you or abated. Check the box on line 2.

**If you're filing Form 941-X WITHIN 90 days of the expiration of the period of limitations on credit or refund for Form 941 or Form 941-SS...**

You must use the **claim process** to correct the overreported tax amounts. Check the box on line 2.

**BOTH  
underreported  
and  
overreported  
tax amounts**

The process you use depends on when you file Form 941-X.

**If you're filing Form 941-X MORE THAN 90 days before the period of limitations on credit or refund for Form 941 or Form 941-SS expires...**

Choose either the adjustment process or both the adjustment process and the claim process when you correct both underreported and overreported tax amounts.

**Choose the adjustment process** if combining your underreported tax amounts and overreported tax amounts results in a balance due or creates a credit that you want applied to Form 941, Form 941-SS, or Form 944.

- File one Form 941-X, and
- Check the box on line 1 and follow the instructions on line 27.

OR

**Choose both the adjustment process and the claim process** if you want the overreported tax amount refunded to you or abated.

File two separate forms.

- 1. For the adjustment process**, file one Form 941-X to correct the underreported tax amounts. Check the box on line 1. Pay the amount you owe from line 27 by the time you file Form 941-X.
- 2. For the claim process**, file a second Form 941-X to correct the overreported tax amounts. Check the box on line 2.

**If you're filing Form 941-X WITHIN 90 days of the expiration of the period of limitations on credit or refund for Form 941 or Form 941-SS...**

You must use **both the adjustment process and the claim process**.

File two separate forms.

- 1. For the adjustment process**, file one Form 941-X to correct the underreported tax amounts. Check the box on line 1. Pay the amount you owe from line 27 by the time you file Form 941-X.
- 2. For the claim process**, file a second Form 941-X to correct the overreported tax amounts. Check the box on line 2.

Employer identification number (EIN)   -

Name (not your trade name)

Trade name (if any)

Address   
Number Street Suite or room number

City State ZIP code

Foreign country name Foreign province/county Foreign postal code

**Return You're Correcting...**

Check the type of return you're correcting.

941  
 941-SS

Check the ONE quarter you're correcting.

1: January, February, March  
 2: April, May, June  
 3: July, August, September  
 4: October, November, December

Enter the calendar year of the quarter you're correcting.

(YYYY)

Read the separate instructions before completing this form. Use this form to correct errors you made on Form 941 or 941-SS. Use a separate Form 941-X for each quarter that needs correction. Type or print within the boxes. You MUST complete all five pages. Don't attach this form to Form 941 or 941-SS unless you're reclassifying workers; see the instructions for line 42.

**Part 1: Select ONLY one process. See page 6 for additional guidance, including information on how to treat employment tax credits and social security tax deferrals.**

- 1. **Adjusted employment tax return.** Check this box if you underreported tax amounts. Also check this box if you overreported tax amounts and you would like to use the adjustment process to correct the errors. You must check this box if you're correcting both underreported and overreported tax amounts on this form. The amount shown on line 27, if less than zero, may only be applied as a credit to your Form 941, Form 941-SS, or Form 944 for the tax period in which you're filing this form.
- 2. **Claim.** Check this box if you overreported tax amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 27. Don't check this box if you're correcting ANY underreported tax amounts on this form.

**Enter the date you discovered errors.**

/  /   
(MM / DD / YYYY)

**Part 2: Complete the certifications.**

- 3. I certify that I've filed or will file Forms W-2, Wage and Tax Statement, or Forms W-2c, Corrected Wage and Tax Statement, as required.
- Note: If you're correcting underreported tax amounts only, go to Part 3 on page 2 and skip lines 4 and 5. If you're correcting overreported tax amounts, for purposes of the certifications on lines 4 and 5, Medicare tax doesn't include Additional Medicare Tax. Form 941-X can't be used to correct overreported amounts of Additional Medicare Tax unless the amounts weren't withheld from employee wages or an adjustment is being made for the current year.
- 4. If you checked line 1 because you're adjusting overreported federal income tax, social security tax, Medicare tax, or Additional Medicare Tax, check all that apply. You must check at least one box. I certify that:
    - a. I repaid or reimbursed each affected employee for the overcollected federal income tax or Additional Medicare Tax for the current year and the overcollected social security tax and Medicare tax for current and prior years. For adjustments of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that they haven't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
    - b. The adjustments of social security tax and Medicare tax are for the employer's share only. I couldn't find the affected employees or each affected employee didn't give me a written statement that they haven't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
    - c. The adjustment is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I didn't withhold from employee wages.
  - 5. If you checked line 2 because you're claiming a refund or abatement of overreported federal income tax, social security tax, Medicare tax, or Additional Medicare Tax, check all that apply. You must check at least one box. I certify that:
    - a. I repaid or reimbursed each affected employee for the overcollected social security tax and Medicare tax. For claims of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that they haven't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
    - b. I have a written consent from each affected employee stating that I may file this claim for the employee's share of social security tax and Medicare tax. For refunds of employee social security tax and Medicare tax overcollected in prior years, I also have a written statement from each affected employee stating that they haven't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
    - c. The claim for social security tax and Medicare tax is for the employer's share only. I couldn't find the affected employees, or each affected employee didn't give me a written consent to file a claim for the employee's share of social security tax and Medicare tax, or each affected employee didn't give me a written statement that they haven't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
    - d. The claim is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I didn't withhold from employee wages.

Name (not your trade name)	Employer identification number (EIN)	Correcting quarter 2 (1, 2, 3, 4)
Hazel Hawkins Memorial Hospital	94 - 6034063	Correcting calendar year (YYYY)
		2021

**Part 3: Enter the corrections for this quarter. If any line doesn't apply, leave it blank.**

	Column 1	Column 2	Column 3	Column 4
	Total corrected amount (for ALL employees)	Amount originally reported or as previously corrected (for ALL employees)	Difference (If this amount is a negative number, use a minus sign.)	Tax correction
6. Wages, tips, and other compensation (Form 941, line 2)				Use the amount in Column 1 when you prepare your Forms W-2 or Forms W-2c.
7. Federal income tax withheld from wages, tips, and other compensation (Form 941, line 3)				Copy Column 3 here
8. Taxable social security wages (Form 941 or 941-SS, line 5a, Column 1)				$\times 0.124^*$ =
9. Qualified sick leave wages* (Form 941 or 941-SS, line 5a(i), Column 1)				$\times 0.062 =$
10. Qualified family leave wages* (Form 941 or 941-SS, line 5a(ii), Column 1)				$\times 0.062 =$
11. Taxable social security tips (Form 941 or 941-SS, line 5b, Column 1)				$\times 0.124^* =$
12. Taxable Medicare wages & tips (Form 941 or 941-SS, line 5c, Column 1)				$\times 0.029^* =$
13. Taxable wages & tips subject to Additional Medicare Tax withholding (Form 941 or 941-SS, line 5d)				$\times 0.009^* =$
14. Section 3121(q) Notice and Demand—Tax due on unreported tips (Form 941 or 941-SS, line 5f)				Copy Column 3 here
15. Tax adjustments (Form 941 or 941-SS, lines 7 through 9)				Copy Column 3 here
16. Qualified small business payroll tax credit for increasing research activities (Form 941 or 941-SS, line 11a; you must attach Form 8974)				See instructions
17. Nonrefundable portion of credit for qualified sick and family leave wages for leave taken before April 1, 2021 (Form 941 or 941-SS, line 11b)				See instructions
18a. Nonrefundable portion of employee retention credit* (Form 941 or 941-SS, line 11c)	971,297.47	0.00	971,297.47	See instructions - 971,297.47
18b. Nonrefundable portion of credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 11d)				See instructions
18c. Nonrefundable portion of COBRA premium assistance credit (Form 941 or 941-SS, line 11e)				See instructions
18d. Number of individuals provided COBRA premium assistance (Form 941 or 941-SS, line 11f)				
19. Special addition to wages for federal income tax				See instructions
20. Special addition to wages for social security taxes				See instructions
21. Special addition to wages for Medicare taxes				See instructions

**Part 3: Enter the corrections for this quarter. If any line doesn't apply, leave it blank. (continued)**

	Column 1 Total corrected amount (for ALL employees)	Column 2 Amount originally reported or as previously corrected (for ALL employees)	Column 3 Difference (If this amount is a negative number, use a minus sign.)	Column 4 Tax correction
22. Special addition to wages for Additional Medicare Tax				See instructions
23. Combine the amounts on lines 7 through 22 of Column 4				<b>- 971,297 . 47</b>
24. Deferred amount of social security tax* (Form 941 or 941-SS, line 13b)				See instructions
* Use line 24 to correct the employer deferral for the second quarter of 2020 and the employer and employee deferral for the third and fourth quarters of 2020.				
25. Refundable portion of credit for qualified sick and family leave wages for leave taken before April 1, 2021 (Form 941 or 941-SS, line 13c)				See instructions
26a. Refundable portion of employee retention credit* (Form 941 or 941-SS, line 13d)	<b>3,318,481 . 84</b>	<b>0 . 00</b>	<b>3,318,481 . 84</b>	See instructions <b>- 3,318,481 . 84</b>
* Use line 26a only for corrections to quarters beginning after March 31, 2020, and before January 1, 2022.				
26b. Refundable portion of credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 13e)				See instructions
26c. Refundable portion of COBRA premium assistance credit (Form 941 or 941-SS, line 13f)				See instructions
27. Total. Combine the amounts on lines 23 through 26c of Column 4				<b>- 4,289,779 . 31</b>
If line 27 is less than zero:				
• If you checked line 1, this is the amount you want applied as a credit to your Form 941 or 941-SS for the tax period in which you're filing this form. (If you're currently filing a Form 944, Employer's ANNUAL Federal Tax Return, see the instructions.)				
• If you checked line 2, this is the amount you want refunded or abated.				
If line 27 is more than zero, this is the amount you owe. Pay this amount by the time you file this return. For information on how to pay, see Amount you owe in the instructions.				
28. Qualified health plan expenses allocable to qualified sick leave wages for leave taken before April 1, 2021 (Form 941 or 941-SS, line 19)				
29. Qualified health plan expenses allocable to qualified family leave wages for leave taken before April 1, 2021 (Form 941 or 941-SS, line 20)				
30. Qualified wages for the employee retention credit* (Form 941 or 941-SS, line 21)	<b>6,015,309 . 60</b>	<b>0 . 00</b>	<b>6,015,309 . 60</b>	* Use line 30 only for corrections to quarters beginning after March 31, 2020, and before January 1, 2022.
31a. Qualified health plan expenses for the employee retention credit* (Form 941 or 941-SS, line 22)	<b>112,946 . 56</b>	<b>0 . 00</b>	<b>112,946 . 56</b>	* Use line 31a only for corrections to quarters beginning after March 31, 2020, and before January 1, 2022.
31b. Check here if you're eligible for the employee retention credit in the third or fourth quarter of 2021 solely because your business is a recovery startup business <input type="checkbox"/>				
32. Credit from Form 5884-C, line 11, for this quarter* (Form 941 or 941-SS, line 23)				* Use line 32 only for corrections to quarters beginning after March 31, 2020, and before April 1, 2021.

Name (not your trade name)	Employer identification number (EIN)	Correcting quarter 2 (1, 2, 3, 4)
Hazel Hawkins Memorial Hospital	94 -- 6034863	Correcting calendar year (YYYY)
		2021

**Part 3: Enter the corrections for this quarter. If any line doesn't apply, leave it blank. (continued)**

	Column 1	Column 2	Column 3
	Total corrected amount (for ALL employees)	Amount originally reported or as previously corrected (for ALL employees)	Difference (If this amount is a negative number, use a minus sign.)
33a. Qualified wages paid March 13 through March 31, 2020, for the employee retention credit* (Form 941 or 941-SS, line 24)	<input type="text"/>	<input type="text"/>	<input type="text"/>
	* Use line 33a only for corrections to the second quarter of 2020.		
33b. Deferred amount of the employee share of social security tax included on Form 941 or 941-SS, line 13b* (Form 941 or 941-SS, line 24)	<input type="text"/>	<input type="text"/>	<input type="text"/>
	* Use line 33b only for corrections to the third and fourth quarters of 2020.		
34. Qualified health plan expenses allocable to wages reported on Form 941 or 941-SS, line 24* (Form 941 or 941-SS, line 25)	<input type="text"/>	<input type="text"/>	<input type="text"/>
	* Use line 34 only for corrections to the second quarter of 2020.		

**Caution:** Lines 35–40 apply only to quarters beginning after March 31, 2021.

35. Qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 23)	<input type="text"/>	<input type="text"/>	<input type="text"/>
36. Qualified health plan expenses allocable to qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 24)	<input type="text"/>	<input type="text"/>	<input type="text"/>
37. Amounts under certain collectively bargained agreements allocable to qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 25)	<input type="text"/>	<input type="text"/>	<input type="text"/>
38. Qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 26)	<input type="text"/>	<input type="text"/>	<input type="text"/>
39. Qualified health plan expenses allocable to qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 27)	<input type="text"/>	<input type="text"/>	<input type="text"/>
40. Amounts under certain collectively bargained agreements allocable to qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 28)	<input type="text"/>	<input type="text"/>	<input type="text"/>



Name (not your trade name)	Employer Identification number (EIN)	Correcting quarter 2 (1, 2, 3, 4)
Hazel Hawkins Memorial Hospital	94 - 6034863	Correcting calendar year (YYYY) 2021

**Part 4: Explain your corrections for this quarter.**

- 41. Check here if any corrections you entered on a line include both underreported and overreported amounts. Explain both your underreported and overreported amounts on line 43.
- 42. Check here if any corrections involve reclassified workers. Explain on line 43.
- 43. You must give us a detailed explanation of how you determined your corrections. See the instructions.

Hazel Hawkins Memorial Hospital failed to take into account the qualified wages and benefits for the employee retention credit when filing the 2nd Qtr 2021 Form 941.

As a result, Hazel Hawkins Memorial Hospital is entitled to a \$4,289,779.31 refund.

This refund represents 70% of the total qualified wages and benefits (\$6,128,256.16) associated with the employee retention credit as provided by the CARES Act as outlined below.

2021-Q2 Qualified Wages & Benefits:	\$6,128,256.16
	x 70%
Employee Retention Credit:	\$4,289,779.31

**Part 5: Sign here. You must complete all five pages of this form and sign it.**

Under penalties of perjury, I declare that I have filed an original Form 941 or Form 941-SS and that I have examined this adjusted return or claim, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign your name here



Print your name here

Mark Robinson

Print your title here

Chief Financial Officer

Date

09/29/2023

Best daytime phone

831-636-2604

**Paid Preparer Use Only**

Preparer's name

Preparer's signature

Firm's name (or yours if self-employed)

Address

City

State

Check if you're self-employed

PTIN

Date

 /  / 

EIN

Phone

ZIP code

# Form 941-X: Which process should you use?

Unless otherwise specified in the separate instructions, an underreported employment tax credit or social security tax deferral should be treated like an overreported tax amount. An overreported employment tax credit or social security tax deferral should be treated like an underreported tax amount. For more information, including which process to select on lines 1 and 2, see *Correcting an employment tax credit or social security tax deferral* in the separate instructions.

Type of errors  
you're correcting

**Underreported  
tax amounts  
ONLY**

**Use the adjustment process** to correct underreported tax amounts.

- Check the box on line 1.
- Pay the amount you owe from line 27 by the time you file Form 941-X.

**Overreported  
tax amounts  
ONLY**

The process you use depends on when you file Form 941-X.

**If you're filing Form 941-X MORE THAN 90 days before the period of limitations on credit or refund for Form 941 or Form 941-SS...**

Choose either the adjustment process or the claim process to correct the overreported tax amounts.

**Choose the adjustment process** if you want the amount shown on line 27 credited to your Form 941, Form 941-SS, or Form 944 for the period in which you file Form 941-X. Check the box on line 1.

OR

**Choose the claim process** if you want the amount shown on line 27 refunded to you or abated. Check the box on line 2.

**If you're filing Form 941-X WITHIN 90 days of the expiration of the period of limitations on credit or refund for Form 941 or Form 941-SS...**

You must use the **claim process** to correct the overreported tax amounts. Check the box on line 2.

**BOTH  
underreported  
and  
overreported  
tax amounts**

The process you use depends on when you file Form 941-X.

**If you're filing Form 941-X MORE THAN 90 days before the period of limitations on credit or refund for Form 941 or Form 941-SS...**

Choose either the adjustment process or both the adjustment process and the claim process when you correct both underreported and overreported tax amounts.

**Choose the adjustment process** if combining your underreported tax amounts and overreported tax amounts results in a balance due or creates a credit that you want applied to Form 941, Form 941-SS, or Form 944.

- File one Form 941-X, and
- Check the box on line 1 and follow the instructions on line 27.

OR

**Choose both the adjustment process and the claim process** if you want the overreported tax amount refunded to you or abated.

File two separate forms.

- 1. For the adjustment process**, file one Form 941-X to correct the underreported tax amounts. Check the box on line 1. Pay the amount you owe from line 27 by the time you file Form 941-X.
- 2. For the claim process**, file a second Form 941-X to correct the overreported tax amounts. Check the box on line 2.

**If you're filing Form 941-X WITHIN 90 days of the expiration of the period of limitations on credit or refund for Form 941 or Form 941-SS...**

You must use **both the adjustment process and the claim process**.

File two separate forms.

- 1. For the adjustment process**, file one Form 941-X to correct the underreported tax amounts. Check the box on line 1. Pay the amount you owe from line 27 by the time you file Form 941-X.
- 2. For the claim process**, file a second Form 941-X to correct the overreported tax amounts. Check the box on line 2.

# San Benito Healthcare District

Pension Plan

Governmental Accounting Standard Board  
(GASB) Statement 68

Valuation Date December 31, 2022  
Measurement Date December 31, 2022  
Fiscal Year Ending June 30, 2023

October 2023

October 20, 2023

San Benito Healthcare District  
Defined Benefit Pension Plan  
Retirement Committee  
911 Sunset Drive.  
Hollister, CA 95023

**Re: San Benito Healthcare District Pension Plan GASB 68 Report for FYE June 30, 2023.**

San Benito Healthcare District (the “District”) has retained Nicolay Consulting Group to complete this valuation of the San Benito Healthcare District Pension Plan (the “Plan”) as of the June 30, 2023 measurement date in accordance with Governmental Accounting Standards Board (GASB) Statement 68.

The purpose of this valuation is to determine the value of the benefits for current and future retirees and the Net Pension Liability and Pension Benefit Cost for the fiscal year ending June 30, 2023. The amounts reported herein are not necessarily appropriate for use for a different fiscal year without adjustment. This report should not be disclosed to other parties without prior consent from Nicolay Consulting Group. When shared, this report should be shared in its entirety.

Based on the foregoing, the cost results and actuarial exhibits presented in this report were determined on a consistent and objective basis in accordance with applicable Actuarial Standards of Practice and generally accepted actuarial procedures. We believe they fully and fairly disclose the actuarial position of the Plan based on the plan provisions, employee and plan cost data submitted.

Actuarial assumptions were selected by the plan sponsor. Nicolay Consulting Group has reviewed the assumptions and believe them to reasonable and suitable for the purposes of this actuarial measurement. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions;
- Changes in economic or demographic assumptions;
- Increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period);
- Changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.



The valuation was based on results generated in ProVal, a third-party valuation system. Use of this software required us to code the plan provisions, assumptions, and methods outlined in this report. We reviewed the outputs for reasonableness at a high level and reviewed sample calculations in detail. We are not aware of any material weaknesses or limitations in the software or its parameterization. We certify that the amounts presented in the accompanying report have been appropriately determined according to the actuarial assumptions stated herein.

The actuarial calculations were completed under the supervision of the below signatories. They have met the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. In our opinion, assumptions as approved by the plan sponsor are reasonably related to the experience of and expectations for the Plan.

We would be pleased to answer any questions on the material contained in this report or to provide explanation or further detail as may be appropriate.

Respectfully submitted,

Nicolay Consulting Group

A handwritten signature in cursive script, reading "Earlene L. Young".

Earlene L. Young MAAA, FCA

Consulting Actuary

Enrolled Actuary No. 23-04437

A handwritten signature in cursive script, reading "Sue Simon".

Sue Simon, ASA, MAAA, FCA

Vice President

Enrolled Actuary No. 23-06211

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## Section I Management Summary

### A) Highlights

#### Summary of Key Valuation Results

	6/30/2023	6/30/2022
<b>Reporting Date for Employer under GASB 68:</b>	Jun 30, 2023	Jun 30, 2022
<b>Measurement Date for Employer under GASB 68:</b>	Dec 31, 2022	Dec 31, 2021
Service Cost	\$2,257,746	\$2,084,768
Total Pension Liability	\$71,623,317	\$55,930,557
Plan Fiduciary Net Position	<u>35,137,453</u>	<u>41,223,881</u>
Net Pension Liability	\$36,485,864	\$14,706,676
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	49%	74%
<b>Contributions for fiscal year ending June 30:</b>		
Actuarially Determined Contributions <sup>1</sup>	\$3,154,060	\$3,438,240
Actual Employer Contributions	<u>1,856,125</u>	<u>2,738,385</u>
Contribution Deficiency (excess)	\$1,297,935	\$699,855
Total Covered Payroll	\$25,765,287	\$24,420,350
Actual Employer Contributions as a % of Payroll	7.20%	11.21%
<b>Demographic data for fiscal year ending June 30<sup>2</sup>:</b>		
Number of retired members and beneficiaries	138	118
Number of vested terminated members	137	132
Number of Frozen-Active (Inactive) participants	13	22
Number of active members	<u>288</u>	<u>280</u>
Total	576	552
<b>Key assumptions as of June 30:</b>		
Discount Rate	4.80%	5.90%
Projected salary Increases	<b>NUHW:</b> 3.5% per year <b>Other:</b> 3.0% per year	

<sup>1</sup> GASB 68 reports the Actuarially Determined Contribution (ADC) net of employee contributions.

<sup>2</sup> Census data as of December 31 is used in the measurement of the Total Pension Liability as of June 30.

## Section I Management Summary

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### B) Important Information about Actuarial Valuation

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In order to prepare an actuarial valuation, Nicolay Consulting Group (“NCG”) relies on a number of input items. These include:

- **Assets and Participant Data** This valuation is based on the market value of assets as of the measurement date December 31, 2022, as provided by Principal and participant data as of the same measurement date and supplied by the district.
- **Actuarial Methods** The total pension liability was determined as part of an actuarial valuation as of December 31, 2022 using actuarial methods and assumptions in accordance with GASB No. 68. The total pension liability was calculated using the Entry Age Normal actuarial cost method. For additional information on actuarial methods, see Section V.
- **Actuarial Assumptions** The projected benefits are discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan’s assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results that does not mean that the previous assumptions were unreasonable. For additional information on actuarial assumptions, see Section V.

The user of Nicolay Consulting Group’s actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The valuation is prepared at the request of the plan sponsor to assist the sponsors of the Plan in preparing items related to the pension plan in their financial reports. NCG is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement of the Plan’s assets and liabilities at a specific date. Accordingly, except where otherwise noted, NCG did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the Plan.
- If the plan sponsor is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, NCG should be advised, so that any discrepancy can be evaluated.
- NCG does not provide investment, legal, accounting, or tax advice. NCG’s valuation is based on our understanding of applicable guidance in these areas and of the plan’s provisions, but they may be subject to alternative interpretations. The plan sponsor should look to their other advisors for expertise in these areas.

As NCG has no discretionary authority with respect to the management or assets of the Plan, it is not a fiduciary in its capacity as actuaries and consultants with respect to the plan sponsor.

## Section II GASB 68 Exhibits

### A) Schedule of Changes in Net Pension Liability (Exhibit 1)

Fiscal Year Ending	2023	2022
<b>Total Pension Liability</b>		
Service cost	\$2,257,746	\$2,084,768
Interest	3,394,641	3,176,715
Change of benefit terms	0	0
Differences between expected and actual experience	1,069,590	485,864
Changes of assumptions	10,293,791	4,008,624
Benefit payments, including refunds of employee contributions	<u>(1,323,008)</u>	<u>(1,207,348)</u>
<b>Net change in Total Pension Liability</b>	<b>\$15,692,760</b>	<b>\$8,548,623</b>
<b>Total Pension Liability – beginning</b>	<b><u>\$55,930,557</u></b>	<b><u>47,381,934</u></b>
<b>Total Pension Liability – ending (a)</b>	<b><u>\$71,623,317</u></b>	<b><u>\$55,930,557</u></b>
<b>Plan Fiduciary Net Position</b>		
Contributions – employer	\$1,545,627	\$2,738,385
Contributions – employee	310,498	262,258
Net investment income	(6,596,677)	4,315,008
Benefit payments, including refunds of employee	(1,323,008)	(1,207,348)
Administrative expense	(22,868)	(22,438)
Other	0	0
<b>Net change in Plan Fiduciary Net Position</b>	<b>(\$6,086,428)</b>	<b>\$6,085,865</b>
<b>Plan Fiduciary Net Position – beginning</b>	<b><u>\$41,223,881</u></b>	<b><u>\$35,138,016</u></b>
<b>Plan Fiduciary Net Position – ending (b)</b>	<b><u>\$35,137,453</u></b>	<b><u>\$41,223,881</u></b>
<b>Net Pension Liability – ending (a) – (b)</b>	<b>\$36,485,864</b>	<b>\$14,706,676</b>
<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b>	<b>49%</b>	<b>74%</b>
<b>Covered employee payroll</b>	<b>\$25,765,287</b>	<b>\$24,420,350</b>
<b>Plan Net Pension Liability as percentage of covered employee payroll</b>	<b>141.6%</b>	<b>60.2%</b>

## Section II GASB 68 Exhibits

### B) Summary of Changes in the Net Pension Liability (Exhibit 2)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
<b>Measurement as of December 31, 2021:</b>	\$55,930,557	\$41,223,881	\$14,706,676
Recognized Changes Resulting from:			
▪ Service cost	2,257,746	-	2,257,746
▪ Interest	3,394,641	-	3,394,641
▪ Diff. between expected and actual experience	1,069,590	-	1,069,590
▪ Changes of assumptions	10,293,791	-	10,293,791
▪ Net investment income	-	(6,596,677)	6,596,677
▪ Benefit payments	(1,323,008)	(1,323,008)	-
▪ Contributions – employer	-	1,545,627	(1,545,627)
▪ Contributions – employee	-	310,498	(310,498)
▪ Administrative expense	-	(22,868)	22,868
▪ Change of benefit terms	-	-	-
Net Changes	\$15,692,760	(\$6,086,428)	\$21,779,188
<b>Measurement as of December 31, 2022:</b>	\$71,623,317	\$35,137,453	\$36,485,864

## Section II GASB 68 Exhibits

### C) Derivation of Significant Actuarial Assumptions

The actuarial assumptions included (a) 6.50% investment long-term expected rate of return, net of investment expenses, and (b) projected salary increases of 3.5% for NUHW and 3.0% for all other participants. See section V for more detail.

**Long-term Expected Rate of Return** – The long-term expected rate of return on the Plan’s investments was based on capital market projections by the investment consultant, Lockton Retirement Service, adjusted for administrative expenses paid from the trust.

Investment Class	Target Allocation*	Long-Term Expected Return on Asset*
US Large Cap Equity	31%	2.48%
US Small / SMID	14%	1.26%
International Equity	15%	1.20%
<b>Total Equity</b>	<b>60%</b>	<b>4.94%</b>
Core Bond	20%	0.80%
Core Plus / Multi-Sector	15%	0.75%
Cash/Short-term	5%	0.13%
<b>Total Fixed Income</b>	<b>40%</b>	<b>1.68%</b>
<b>Total</b>	<b>100%</b>	<b>6.62%</b>

Investment Class	Long-Term Expected Return on Asset*
US Large Cap Equity	8.00%
US Small / SMID	9.00%
International Equity	8.00%
Emerging Market Equity	9.00%
REITs	8.00%
Commodities	5.00%
Money Market	2.00%
Short-Term Bond	2.50%
Core Bond	4.00%
Long Corporate Bond	6.00%
High Yield Bond	6.50%

\* Expected Return on Assets information provided by Lockton.

**Discount rate** – Since the plan’s assets are not expected to be sufficient to fund all future benefit payments, the discount rate used to measure the total pension liability was 4.8%. See Section II Exhibit J for additional detail.

**Section II GASB 68 Exhibits**

**D) Sensitivity Analysis (Exhibit 3)**

**Sensitivity of the Net Pension Liability to changes in the discount rate** – The following presents the Net Pension Liability calculated using the discount rate of 4.8%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1% point lower (3.8%) or 1% point higher (5.8%) than the current rate:

	1% Decrease (3.8%)	Current Discount Rate (4.8%)	1% Increase (5.8%)
San Benito Healthcare District Net Pension Liability	\$47,045,803	\$36,485,864	\$27,772,679



## Section II GASB 68 Exhibits

### E) Pension Expense for Measurement Period (Exhibit 4)

Measurement Period Ending December 31:	2022	2021
<b>Components of Pension Expense:</b>		
Service Cost	\$2,257,746	\$2,084,768
Interest on the Total Pension Liability (Exhibit 5)	3,394,641	3,176,715
Projected Earnings on Pension Plan Investments (Exhibit 6)	(2,695,873)	(2,340,617)
Employee Contributions	(310,498)	(262,258)
Administrative Expense	22,868	22,438
Changes on Benefit Terms	0	0
Recognition of Deferred Resources Due to:		
▪ Changes of Assumptions	3,422,209	1,483,642
▪ Differences Between Expected/Actual Experience	117,029	(84,400)
▪ Differences Between Projected/Actual Earnings on Assets	1,060,665	(1,045,344)
Aggregate Pension Expense	<u>\$7,268,787</u>	<u>\$3,034,944</u>

## Section II GASB 68 Exhibits

### F) Interest on the Total Pension Liability (Exhibit 5)

	Amount for Period a	Portion of Period b	Interest Rate c	Interest on the Total Pension Liability a*b*c
<b>Beginning Total Pension Liability</b>	\$55,930,557	100%	5.90%	\$3,299,903
<b>Service Cost</b>	\$2,257,746	100%	5.90%	133,207
<b>Benefit payments, including refunds<sup>1</sup></b>	(\$1,323,008)	50%	5.90%	<u>(38,469)</u>
<b>Total Interest on the TPL</b>				\$3,394,641

<sup>1</sup>Includes employee contribution refunds

## Section II GASB 68 Exhibits

### G) Projected Earnings on Plan Fiduciary Net Position (Exhibit 6)

	Amount for Period a	Portion of Period b	Projected Interest Rate c	Projected Earnings a*b*c
<b>Beginning plan fiduciary net position</b>	\$41,223,881	100%	6.50%	\$2,679,552
<b>Employer contributions</b>	\$1,545,627	50%	6.50%	49,442
<b>Employee contributions</b>	\$310,498	50%	6.50%	9,932
<b>Benefit payments, including refunds<sup>1</sup></b>	(\$1,323,008)	50%	6.50%	(42,321)
<b>Administrative expense and other</b>	(\$22,868)	50%	6.50%	(732)
<b>Total Projected Earnings</b>				\$2,695,873

<sup>1</sup>Includes employee contribution refunds

## Section II GASB 68 Exhibits

### H) Deferred Inflows/Outflows of Resources (Exhibit 7)

Fiscal year Ending June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience in the measurement of the TPL	\$1,312,573	\$802,949
Changes in assumptions	12,900,689	125,476
Net difference between projected and actual earnings of pension plan investments	5,000,452	0
Contribution to pension plan after measurement date	<u>0</u>	<u>0</u>
Total	\$19,213,714	\$928,425

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ended December 31	Deferred Outflows/(Inflows) of Resources
2024	\$4,058,911
2025	4,500,175
2026	4,602,595
2027	4,460,207
2028	663,401
Thereafter	<u>0</u>
Total Deferred Resources:	\$18,285,289

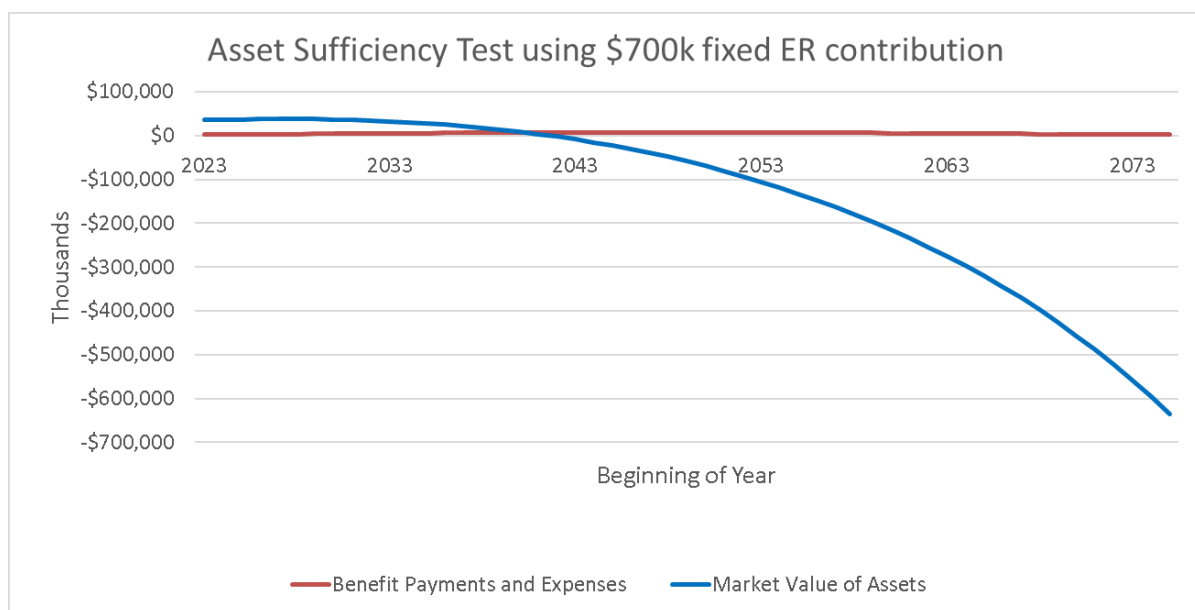
## Section II GASB 68 Exhibits

### I) Journal Entry to Record the NPL for FY ended June 30, 2023 (Exhibit 8)

	DR	CR
Net Position	\$18,200,575	—
DO-Experience	1,312,573	—
DO-Investment	5,000,452	—
DO-Contributions	-	—
DO-Assumptions	12,900,689	—
DI-Experience	-	802,949
DI-Investment	-	-
DI-Assumptions	—	125,476
NPL	<u>—</u>	<u>36,485,864</u>
	\$37,414,289	\$37,414,289

## Section II GASB 68 Exhibits

### J) Asset Sufficiency Test (Exhibit 9)



For the asset sufficiency test, assets are projected using expected employer and employee contributions, expected benefit payments, expected administrative expenses and expected investment return. Projected assets are then compared to expected benefit payments in each future year to confirm sufficiency. The table above shows that assets are expected to be sufficient to cover plan cash flows through 2040.

GASB 68 bases the discount rate on a blend of the employer's Expected Long-Term Return on Assets and the current rate on high-grade 20-yr municipal bonds as of the measurement date. The former is used to discount future cash flows for which future trust assets are sufficient to pay; the latter is used to discount cash flows for which future trust assets are not sufficient to pay. The GASB 68 discount rate is the single-equivalent (blended) rate that, when used to discount all future cash flows, results in the same present value resulting from using the two rates. Future assets include contributions expected to be made in the future based on the employer's funding policy and history of contributions made.

<i>Employer's Funding Policy:</i>	Contribute the Full ADC
<i>PEPRA Employee Contribution Rate</i>	4.00%
<i>Expected Future Annual Employer Contributions:</i>	\$700,000
<i>Expected Long-Term Return on Assets:</i>	6.50%
<i>S&amp;P Municipal Bond 20 Year High Grade Index:</i>	4.31%

As current assets are expected to be insufficient beginning in 2041, a blending of the long-term return assumption and the S&P Municipal Bond Index is completed to determine the final discount rate. The blended rate used to determine the Total Pension Liability is 4.8%

## Section III Supplementary Information

### A) Schedule of Contributions - Last Nine Fiscal Years (Exhibit 10)

Measurement Year Ended Dec 31	Actuarially Determined Contributions <sup>1</sup>	Contributions in Relation to the Actuarially Determined Contributions <sup>2</sup>	Contribution Deficiency (Excess)	Covered Employee Payroll
2014	1,558,842	3,056,518	(1,497,676)	29,126,434
2015	3,058,440	3,058,440	0	31,424,795
2016	3,375,540	272,374	3,103,166	29,345,672
2017	3,330,495	2,213,588	1,116,907	30,648,185
2018	3,486,828	3,933,677	(446,849)	30,690,643
2019	3,577,595	1,306,536	2,271,059	30,784,852
2020	3,545,809	2,702,669	843,140	28,848,422
2021	3,438,240	2,738,385	699,855	24,420,350
2022	3,154,060	1,545,627	1,608,433	25,765,287

<sup>1</sup> Amounts shown are the total ADC for the Plan net of employee contributions (i.e., the employer ADC).

<sup>2</sup> 2014 through 2017 amounts reflect impact of Plan Year accrued contributions and 2017 amount includes 2016 employee contributions.



## Section III Supplementary Information

### B) Schedules of Changes of Assumptions (Exhibit 11)

Measurement Date	Changes of Assumption	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions (Reporting Dates)						
			2023	2024	2025	2026	2027	2028	Thereafter
2014	3,785,415	9.440	375,186	375,186	165,081	-	-	-	-
2015	(48,983)	9.440	(5,189)	(5,189)	(2,282)	-	-	-	-
2016	(506,429)	8.038	(63,004)	(63,004)	(2,397)	-	-	-	-
2017	(132,646)	7.520	(17,639)	(17,639)	(9,173)	-	-	-	-
2018	(74,412)	7.652	(9,724)	(9,724)	(9,724)	(6,344)	-	-	-
2019	1,939,682	6.789	285,710	285,710	285,710	225,422	-	-	-
2020	1,227,120	6.432	190,784	190,784	190,784	190,784	82,416	-	-
2021	4,008,624	5.510	727,518	727,518	727,518	727,518	371,034	-	-
2022	10,293,791	5.310	1,938,567	1,938,567	1,938,567	1,938,567	1,938,567	600,956	-
<b>Net Increase (Decrease) in Pension Expense</b>			<b>3,422,209</b>	<b>3,422,209</b>	<b>3,284,084</b>	<b>3,075,947</b>	<b>2,392,017</b>	<b>600,956</b>	<b>-</b>

## Section III Supplementary Information

### C) Deferred Outflows of Resources and Deferred Inflows of Resources Arising From Changes of Assumptions (Exhibit 12)

Year End Measurement Year	Increase in Total Pension Liability a	Decrease in Total Pension Liability b	Amount Recognized in Pension Expense Through June 30, 2023 c	Balances at June 30, 2023	
				Deferred Outflows of Resources a - c	Deferred Inflows of Resources b - c
2014	3,785,415	-	3,245,148	540,267	-
2015	-	(48,983)	(41,512)	-	(7,471)
2016	-	(506,429)	(441,028)	-	(65,401)
2017	-	(132,646)	(105,834)	-	(26,812)
2018	-	(74,412)	(48,620)	-	(25,792)
2019	1,939,682	-	1,142,840	796,842	-
2020	1,227,120	-	572,352	654,768	-
2021	4,008,624	-	1,455,036	2,553,588	-
2022	10,293,791	-	1,938,567	8,355,224	-
				12,900,689	(125,476)

## Section III Supplementary Information

### D) Schedule of Differences between Expected and Actual Experience (Exhibit 13)

Measurement Date	Difference Between Expected and Actual Experience	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of effects of Differences between Expected and Actual Experience (Reporting Dates)						
			2023	2024	2025	2026	2027	2028	Thereafter
2014	131,657	9.440	13,049	13,049	5,742	-	-	-	-
2015	74,961	9.440	7,941	7,941	3,492	-	-	-	-
2016	187,133	8.038	23,281	23,281	885	-	-	-	-
2017	398,336	7.520	52,970	52,970	27,546	-	-	-	-
2018	(237,050)	7.652	(30,977)	(30,977)	(30,977)	(20,211)	-	-	-
2019	(1,044,501)	6.789	(153,852)	(153,852)	(153,852)	(121,389)	-	-	-
2020	(546,664)	6.432	(84,991)	(84,991)	(84,991)	(84,991)	(36,718)	-	-
2021	485,864	5.510	88,179	88,179	88,179	88,179	44,969	-	-
2022	1,069,590	5.510	201,429	201,429	201,429	201,429	201,429	62,445	-
<b>Net Increase (Decrease) in Pension Expense</b>			<b>117,029</b>	<b>117,029</b>	<b>57,453</b>	<b>63,017</b>	<b>209,680</b>	<b>62,445</b>	<b>-</b>

## Section III Supplementary Information

### E) Deferred Outflows of Resources and Deferred Inflows of Resources Arising from Differences between Expected and Actual Experience (Exhibit 14)

Year End Measurement Year	Increase in Total Pension Liability a	Decrease in Total Pension Liability b	Amount Recognized in Pension Expense Through June 30, 2023 c	Balances at June 30, 2023	
				Deferred Outflows of Resources a - c	Deferred Inflows of Resources b - c
2014	131,657	-	112,866	18,791	-
2015	74,961	-	63,528	11,433	-
2016	187,133	-	162,967	24,166	-
2017	398,336	-	317,820	80,516	-
2018	-	(237,050)	(154,885)	-	(82,165)
2019	-	(1,044,501)	(615,408)	-	(429,093)
2020	-	(546,664)	(254,973)	-	(291,691)
2021	485,864	-	176,358	309,506	-
2022	1,069,590	-	201,429	868,161	-
				1,312,573	(802,949)

### Section III Supplementary Information

#### F) Increase (Decrease) In Pension Expense Arising from the Recognition of Difference Between Projected and Actual Earnings on Pension Plan Investments (Exhibit 15)

Measurement Date	Difference in Expected and Actual Earnings	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of Difference between Projected and Actual Earnings on Pension Plan Investments (Reporting Dates)					
			2023	2024	2025	2026	2027	Thereafter
2018	2,704,964	5.00	540,992	-	-	-	-	-
2019	(3,194,825)	5.00	(638,965)	(638,965)	-	-	-	-
2020	(1,524,970)	5.00	(304,994)	(304,994)	(304,994)	-	-	-
2021	(1,974,391)	5.00	(394,878)	(394,878)	(394,878)	(394,879)	-	-
2022	9,292,550	5.00	1,858,510	1,858,510	1,858,510	1,858,510	1,858,510	-
<b>Net Increase (Decrease) in Pension Expense</b>			<b>1,060,665</b>	<b>519,673</b>	<b>1,158,638</b>	<b>1,463,631</b>	<b>1,858,510</b>	<b>-</b>

## Section III Supplementary Information

### G) Deferred Outflows of Resources and Deferred Inflows of Resources arising from Differences between Projected and Actual Earnings and Plan Investments (Exhibit 16)

Year End Measurement Year	Increase in Total Pension Liability a	Decrease in Total Pension Liability b	Amount Recognized in Pension Expense Through June 30, 2023 c	Balances at June 30, 2023	
				Deferred Outflows of Resources a - c	Deferred Inflows of Resources b - c
2018	2,704,964	-	2,704,964	-	-
2019	-	(3,194,825)	(2,555,860)	-	(638,965)
2020	-	(1,524,970)	(914,982)	-	(609,988)
2021	-	(1,974,391)	(789,756)	-	(1,184,635)
2022	9,292,550	-	1,858,510	7,434,040	-
Sub-Total				7,434,040	(2,433,588)
Total					\$5,000,452

## Section IV Participant Data

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### A) Participant Data

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This actuarial valuation is based on participant data provided by the District. NCG does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for NCG to receive the best possible data and to be informed about any known incomplete or inaccurate data.

At December 31, 2022, pension plan membership consisted of the following:

Number of retired members and beneficiaries	138
Number of vested terminated members	137
Number of Frozen-Active (Inactive) participants	13
Number of active members	<u>288</u>
Total	576



## Section V Actuarial Assumptions and Methods

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### A) Actuarial Assumptions

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Measurement Date	December 31, 2022										
Reporting Date	June 30, 2023										
Discount Rate	4.8% per annum compounded annually										
Long Term Expected Return on Assets:	6.50% per annum, compounded annually.  The investment return assumption was set based on updated capital market projections by the investment consultant, Lockton Retirement Services, adjusted for administrative expenses paid from the trust.										
Salary Scale:	For 2023: 3.5% per annum (NUHW); 3.0% per annum (all other participants).  These new Salary scale assumptions are based on union agreements finalized in 2022 and changes in future expected salary increases.  For 2022: 5.50% per annum (NUHW); 4.00% per annum (CNA); 5.25% per annum (Other Union); 5.00% per annum (all other participants).										
Mortality:	PubG-2010 Public Retirement Mortality Tables for Males and Females with Projections using MP-2021.										
Retirement:*	100% at Normal Retirement Age										
Turnover:*	Based on T-4 Table, Sample Rates are: <table><thead><tr><th>Age</th><th>Rate</th></tr></thead><tbody><tr><td>25</td><td>5.29%</td></tr><tr><td>35</td><td>4.70%</td></tr><tr><td>45</td><td>3.54%</td></tr><tr><td>55</td><td>0.94%</td></tr></tbody></table>	Age	Rate	25	5.29%	35	4.70%	45	3.54%	55	0.94%
Age	Rate										
25	5.29%										
35	4.70%										
45	3.54%										
55	0.94%										
Disability:	None										
Marital Status*:	Percentage married: 80% are assumed to be married. Age difference: Females are assumed to be three years younger than males.										

## Section V Actuarial Assumptions and Methods

### Assumption Changes

The discount rate was reduced from 5.9% to 4.8% as a result of the insufficiency of projected assets to cover future benefit payments past 2041. Expected rates of salary increases were changed based on new union agreements. There have been no other assumption changes since the last measurement date.

*\* NCG has not performed an experience study to select these assumptions.*

## Section V Actuarial Assumptions and Methods

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### B) Actuarial Methods

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Actuarial Cost Method:	Entry Age Normal Cost Method  This method was effective December 31, 2014.  Under the Entry Age Normal Actuarial Cost Method, the actuarial value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the Actuarial Accrued Liability
Amortization Methodology	The District uses straight-line amortization. For assumption changes and experience gains/losses, we assumed Average Future Working Lifetime, averages over all actives and retirees (retirees are assumed to have no future working years). For asset gains and losses use a fixed 5 year period. Plan changes are recognized immediately in the year they occurred.
Valuation of Assets:	The value of assets is determined as market value of assets as of the measurement date.
Measurement Date	December 31, 2022
Valuation Date	December 31, 2022
Reporting Date	Fiscal Year End: June 30, 2023
Funding Policy	The District's funding policy is to contribute the full ADC to the trust annually.

## Section VI Plan Provisions

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### A) Plan Provisions

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Effective Date:	January 1, 2005
Most Recent Restatement Date:	January 1, 2015
Most Recent Amendment Date:	January 1, 2016 (PEPRA Provisions)
Plan Year:	January 1 to December 31
Eligible Employee:	Benefited full-time or part-time employee. Hired prior to January 1, 2013.
Participation Entry Date:	January 1 <sup>st</sup> following three years of consecutive employment (1,000 hours in each year) and attainment of age 21.
Normal Retirement Date:	First of month after reaching age 65 and completing five Years of Service.
Deferred Retirement Date:	First of any month following actual retirement after a participant's Normal Retirement Age. An employee can work beyond his normal retirement date and continue to earn pension benefits.
Early Retirement Date:	First of any month after reaching age 50 and completing 15 Years of Service and 5 years of Plan participation.
Normal Form of Payment For Unmarried Participants:	A retirement income payable monthly for life, with guaranteed payments for 120 months.
Normal Form of Payment For Married Participants:	A retirement income payable monthly for life, with guaranteed payments for 120 months; in addition, after the 120 month period, in the event of the participant's death, the participant's spouse will receive a monthly pension equal to 50% of the participant's pension for the remainder of the spouse's lifetime.
Optional Forms of Distribution of Retirement Benefit:	No other options available.

## Section VI Plan Provisions

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### A) Plan Provisions (Continued)

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Retirement Benefit Formula For Future Service:	<p>Effective January 1, 2005: 1% of the participant's compensation in each calendar year.</p> <p>Effective January 1, 2007, the rate increases to 1.1% per year for future service of non-SEIU employees' future service after January 1, 2007, but prior to January 1, 2010.</p> <p>Effective January 1, 2010, the rate increases to 1.3% per year for non-SEIU employees' future service after January 1, 2010.</p> <p>Effective January 1, 2012, the benefit accrual rate increases to 1.3% of participant's compensation for all eligible employees' future service after January 1, 2012.</p>
Retirement Benefit Formula For Past Service as of January 1, 2005	<p>1% of the participant's compensation in each consecutive calendar year in which the participant completed 1,000 hours as a benefited full-time or part-time employee during the period 1999 through 2004.</p>
Early Retirement Benefit:	<p>Accrued benefit earned to the date of early retirement with payments commencing on participant's normal retirement date. The participant may elect to receive an actuarially reduced benefit starting after his or her early retirement date.</p>
Disability Benefit:	<p>Accrued benefit earned to disability retirement date with payments commencing on participant's normal retirement date. The participant may elect to receive an actuarially reduced benefit starting after his or her early retirement date.</p>
Death Benefits:	<p>Larger of: (1) Present value of vested accrued benefits; (2) 25,000.</p>
Vesting of Accrued Benefits:	<p>The earlier of (i) the completion of five years of service (1,000 hour rate) in the Plan and (ii) a participant's Normal Retirement Date. This vested benefit would be in the form of a pension beginning at normal retirement date equal to the benefits accrued at time of termination, or for a reduced amount if an election is made to have payments commence before normal retirement date.</p>

## Section VI Plan Provisions

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### A) Plan Provisions (Continued)

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#### PEPRA Provisions

PEPRA Participant	"PEPRA Participant" means a participant who (i) was never a member of a California "public retirement system" as that term is defined in California Government Code section 7522.04(j), prior to January 1, 2013, (ii) was a member of a California public retirement system prior to January 1, 2013, other than the system through which this Plan is offered but was not subject to reciprocity under California Government Code section 7522.02(c), or (iii) was an active member in the system through which this Plan is offered but who returned to active membership in the system with a new employer after a break in service of more than six (6) months.
Classic Participant	Means a participant who is not a PEPRA Participant
Eligibility Requirements	Employees must be employed by the Employer in an eligible category of employment, have attained age 21, and completed three years of service in order to be eligible to participate in the plan. An eligible employee will become a participant upon the later of January 1, 2016, completion of three years of services, or attainment of age 21.
PEPRA Benefit Accrual Rates	Same as Retirement Benefit Formula for Future Service
Normal Retirement:	Normal retirement age under the plan is the later of age 65 or the date an employee completes 5 years of service. Normal retirement date is the first day of the month after reaching normal retirement age.

## Section VI Plan Provisions

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### A) Plan Provisions (Continued)

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#### PEPRA Provisions (Continued)

Early Retirement:

The first day of the month following a Participant's attainment of age fifty (50) years and the completion of ten (10) Years of Service, or the first day of any subsequent month preceding the Participant's Normal Retirement Age; provided, however, that PEPRA Participant must have attained age fifty-two (52).

Maximum Benefit of PEPRA Participants

The Accrued Benefit of a PEPRA participant shall not exceed the amount defined in PEPRA and described in Appendix A of the plan document. The amount shall be determined by interpolating to the participant's nearest completed quarter of age at the date benefit are scheduled to commence, based on the rates shown opposite the participant's age in Appendix A of the plan document table.

Based on Appendix A table, Sample rates are:

Age of retirement	Benefit Rate (Percentage of Final Base Pay)
52	1.000%
55	1.300%
60	1.800%
65	2.300%
67	2.500%

Employee Contributions

PEPRA participants shall have an initial contribution rate of at least 50% of the normal cost rate as defined under the Employer PEPRA Contribution.

#### Plan Provision Changes

There were no plan provision changes as of the measurement date.

Post-Measurement Date Changes:

The plan was amended to freeze participation and benefit accruals as of July 3, 2023. This means that the plan is closed to new entrants and no additional benefits will be earned after this date. PEPRA participants' employee contributions also ceased on that date, with the exception of retroactive payments for service prior to July 3, 2023.

The estimated decrease in the net pension liability due to this amendment is \$6,520,000





950 Glenn Drive, Suite 250  
Folsom, CA 95630  
(916) 443-7401 T  
(916) 552-7606 F

November 14, 2023

Mr. Mark Robinson  
Chief Financial Officer  
Hazel Hawkins Memorial Hospital  
911 Sunset Drive  
Hollister, CA 95023

Invoice - L24006

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**Dues for participation in the District Hospital Leadership Forum:**

- 2024 Annual Dues for the period Jan 1, 2024 – Dec 31, 2024, is: \$53,342.51
- *At the 11/07/2023 board of directors meeting, the Board agreed to the current dues Amount and 2024 budget.*

**Amount Due.....\$53,342.51**

Please make check payable to: **District Hospital Leadership Forum**

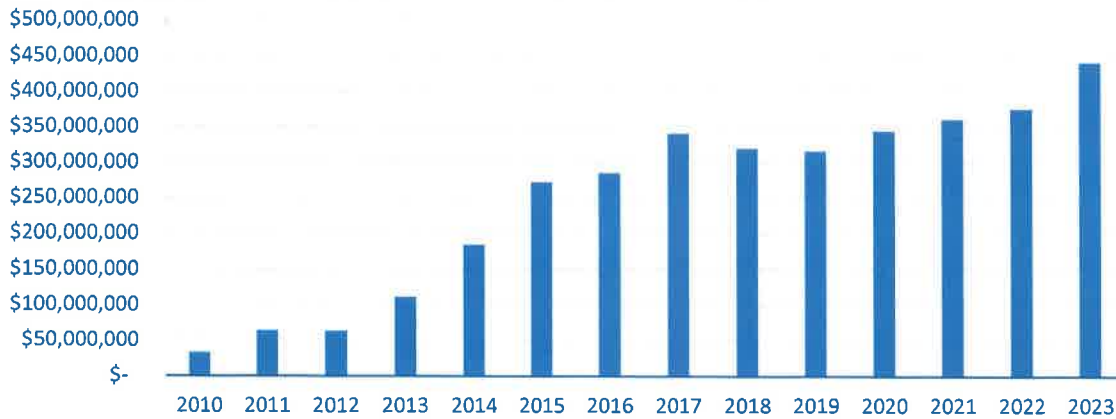
Mail To:

California Hospital Association  
1215 K Street, Suite 700  
Sacramento, CA 95814

If you have any questions regarding this invoice or prefer a payment plan, please contact Erin Hagstrom Clark at [eclark@cadhlf.org](mailto:eclark@cadhlf.org) or 916-673-2020.

*The following information is for tax-exempt entities: For calendar year 2023, 990 and Medicare reporting, 20.05% of your consolidated dues are for direct lobbying expenses.*

## 2023 DHLF Value Statement: Aggregate Supplemental Funding for District/Municipal Hospitals, 2010-2023



	AB 113	HQAF	Rate Range	PRIME/QIP	TOTAL
2010		27,000,000	6,000,000		33,000,000
2011	36,000,000	18,000,000	10,000,000		64,000,000
2012	30,000,000	18,000,000	15,000,000		63,000,000
2013	30,000,000	26,000,000	55,000,000		111,000,000
2014	52,000,000	71,000,000	61,000,000		184,000,000
2015	38,000,000	73,000,000	62,000,000	100,000,000	273,000,000
2016	38,000,000	73,000,000	75,000,000	100,000,000	286,000,000
2017	35,000,000	108,000,000	100,000,000	100,000,000	343,000,000
2018	22,000,000	108,000,000	100,000,000	90,000,000	320,000,000
2019	17,000,000	108,000,000	115,000,000	76,500,000	316,500,000
2020	14,350,000	110,000,000	142,946,000	83,275,000	350,571,000
2021	13,170,000	107,600,000	147,420,000	93,250,000	361,440,000
2022	20,301,000	108,400,000	147,420,000	100,000,000	376,121,000
2023	23,840,000	108,480,000	205,810,000	103,930,000	442,060,000

\*Excludes Medi-Cal DSH, AB 915 and DP/NF supplemental payments

*Ongoing representation of district/municipal hospitals to address issues related to Medicare/Medi-Cal programs, and the relevant supplemental payment programs as identified above; as well as many of the organizations listed below:*

- California Health and Human Services (CHHS)
- Department of Health Care Services (DHCS)
- Health & Human Services (HHS)
- Centers for Medicare and Medicaid Services (CMS)
- California Hospital Association (CHA)
- Hospital constituency groups (California Association of Public Hospital (CAPH) and others)
- California State Assembly / California State Senate
- California Congressional Delegation
- California Department of Finance and California Treasurer's Office
- California Department of Managed Health Care and Department of Insurance
- Medi-Cal managed care health plans and the California Association of Health Plans
- Various patient/consumer advocacy organizations
- County Supervisors Association of California

# TREANORHL

November 14, 2023

Mr. Mark Robinson, CFO  
Hazel Hawkins Memorial Hospital  
911 Sunset Dr.  
Hollister, CA 95023

Re: HMMH SPC 4D Seismic Evaluation and MT/CAP – Scoping to Schematic Design  
HC0978.2303.00

Dear Mark:

TreanorHL is pleased to submit this proposal to provide Architectural and Engineering services for SPC 4D Seismic Evaluation and MT/CAP project.

## 1. Project Parameters

The general intent of this project is to provide an assessment of the building seismic condition as well as a scoping document for the Original Hospital Building (BLD-01458) of the Hazel Hawkins Memorial Hospital.

Detailed scope of work is delineated in the proposal provided by Buehler. TreanorHL will provide project management support, coordination and preparation architectural schematic design drawing based on structural engineer's input.

## 2. Project Team

Discipline	Name
Architecture	TreanorHL
Structural	Buehler Engineering, Inc.

### TreanorHL Key Personnel

Principal-in Charge	Tansy Bowermaster
Associate Principal	Chuang-Ming Liu
Project Manager	Sharmeen Pourmoghadas
Designer	Mary Pinpin

## 3. Compensation

### A. Fee Schedule:

Since the scope for the evaluation and schematic design is hard to define at this moment, we are proposing this project on a Time & Material basis with an estimated total fee of \$149,000 (One Hundred Forty-Nine Thousand Dollars) basis. The fees include \$45,000 for TreanorHL and \$104,000 for structural engineering. We would like to request a retainer of \$50,000 of the design fee prior to beginning this work. Subsequent work related to the retrofit of building will be performed under additional services.



p

B. Reimbursable not to exceed \$3,000.

These expenses are not included in the total fee above. The reimbursable expenses for TreanorHL and our consultants will cover the costs associated with shipping, printing/plotting (including construction related printing) and other miscellaneous costs incurred by TreanorHL. Expenses will be invoiced at a multiple of 1.1 times the actual cost of expenses incurred and will not exceed the total estimated amount without prior authorization.

We greatly appreciate the opportunity to provide these services to Hazel Hawkins Memorial Hospital. If you have any questions, comments, or concerns about this fee estimate, please do not hesitate to contact me. If this proposal is deemed acceptable, please sign and return one copy to our office.

Sincerely,



Tansy Bowermaster, AIA, ACHA, NCARB  
Healthcare Architect  
Principal

Accepted By:  
Hazel Hawkins Memorial Hospital

---

Mark Robinson  
CFO

Date

550 Montgomery Street, Suite 500  
San Francisco, CA 94111

tbowermaster@treanorhl.com  
c 503.512.5163



# TREANORHL

To our valued clients: The standard hourly rates quoted below are effective from February 1, 2023. Rates are subject to change based on annual review of market conditions, labor, and overhead costs. These rates apply only to projects and efforts billed on an hourly basis.

## Standard Billing Rates

Effective February 1, 2023

Category	Hourly Rate
Senior Principal	\$360
Principal II	\$340
Principal I	\$280
Project Lead IV	\$255
Project Lead III	\$225
Project Lead II	\$205
Project Lead I	\$195
Designer IV	\$160
Designer III	\$145
Designer II	\$120
Designer I	\$110
Landscape Architect	\$195
Civil Engineer II	\$155
Civil Engineer I	\$115
Intern I	\$90
Admin III	\$190
Admin II	\$145
Admin I	\$110



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180 Montgomery Street  
Suite 1500  
San Francisco, CA 94104

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P 415 495 1635

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Sacramento  
Los Angeles  
Phoenix  
San Diego  
San Francisco  
Silicon Valley

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buehlerengineering.com

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November 6, 2023

Chuang-Ming Liu  
TreanorHL  
550 Montgomery St, Suite 500  
San Francisco, CA 94111  
CLiu@TreanorHL.com

Subject: Hazel Hawkins Memorial Hospital SPC 4D Upgrade  
SPC 4D Seismic Evaluation and Material Testing and Condition  
Assessment Program  
Buehler Proposal No. 23-1270

Dear Liu,

Thank you for requesting a proposal to provide structural engineering services for the subject project. The Original Hospital Building (BLD-01458) at Hazel Hawkins Memorial Hospital in Hollister, California is currently rated as SPC 2 and is required to be seismically upgraded to SPC 4D prior to January 1, 2030, to remain in general acute care use. The building is a 26,900 SF one-story wood-framed structure with a 1,900 SF basement area. The building was designed per the 1955 Uniform Building code and the existing shear walls and roof diaphragms have plywood sheathing.

#### **SPC 4D Upgrade Process**

The SPC 4D upgrade process consists of the following components. A more detailed explanation can be found on HCAI's website here:

<https://hcai.ca.gov/construction-finance/seismic-compliance-and-safety/spc-4d-regulations/>

- Preparation of the Geohazards report.
- Material Testing and Condition Assessment Program (MTCAP).
- Seismic Analysis and recommendations for Proposed Retrofit (if any).
- Submittal of the above items to the HCAI Seismic Compliance Unit for review and approval.
- If retrofit is required, submittal of Construction Documents to HCAI local region for review and approval.
- Construction and Project Closure.

It is helpful to have some additional understanding of the MTCAP process and how this is incorporated into the seismic analysis and retrofit of the existing structure.

### **Material Testing and Condition Assessment Program (MTCAP)**

The comprehensive data collection program consists of two parts, materials identification, sampling and testing to determine material properties, and observation of existing construction to verify that it matches what is shown on the construction documents. The program will need to be completed following the guidelines of ASCE 41-13 and the 2022 CEBC to achieve the “comprehensive” level of knowledge. This includes the review of original construction documents, destructive and nondestructive testing, and examination of selected building components (Materials Identification), and field observation (Condition Assessment) of exposed conditions to verify that field conditions substantially match the construction documents.

The comprehensive data collection process involves significant coordination between the Structural Engineer, Architect, Contractor, Owner’s Testing Agency, and the hospital. A general overview of the process is as follows:

- The Structural Engineer will be responsible for determining the number and location of material samples to take or other destructive investigation to be performed, balancing the need for appropriate information with the amount of damage done to the existing structure and the impact to hospital operations.
- Standard procedures for patient and staff safety and infection control will need to be adhered to during the investigation, which may affect the choice of sampling locations. This planning needs to occur prior to submitting the data collection plan to HCAI for approval.
- Where material samples are taken or destructive investigation is performed, the data collection program will also need to include details for the repair of the structure, including architectural finishes and other elements that may need to be removed to gain access. The Architect will need to provide details for non-structural repairs.
- The Owner will need to engage a contractor to procure samples and expose existing conditions to allow observation and to assist with access to the areas including providing infection control and ladders.
- The Owner’s Testing Agency will need to perform any necessary testing and provide the results of those tests. In cases where there is statistically significant variation in the results of that testing, it may be necessary to take additional samples and perform additional testing. Since there is the potential for additional testing, it will be critical for the Owner’s Testing Agency to perform testing expeditiously and to promptly provide preliminary results to the Owner’s team. The Owner’s Testing Agency will also need to be on site in certain cases to document existing conditions, such as the number, size, and spacing of rebar, exposed by chipping, or located with non-destructive scanning, within a concrete wall.
- The Structural Engineer will need to be present on site to observe certain exposed conditions to decide if the observed conditions substantially match the existing construction documents. In some cases, the Structural Engineer may determine that the scope of the investigation needs to be increased.

- The Contractor will be responsible for implementing repairs after sampling or observation is performed. Since this investigative work will require repairs, this is essentially a miniature project. The design team will need to provide drawings and will have to procure a building permit for this work (issued by the HCAI local region based on the Seismic Evaluation Report (SER) project approved by the HCAI Seismic Compliance Unit (SCU)). All work performed will need standard oversight by the Owner's IOR and HCAI, including project closeout forms.
- The Owner's Testing Agency will be responsible for providing testing data, photos, and other evidence to the Structural Engineer in a concise report format for each area and type of testing or data collection performed. The Structural Engineer will compile this information with their own observations into a report that will be submitted to the SCU for approval.

### **MTCAP impact on Seismic Analysis and Retrofit**

SPC 4D status can be attained for a building either by demonstrating that it meets the minimum requirements of the 1980 California Building Code, or by demonstrating that it meets the requirements of the ASCE 41-13 "Seismic Evaluation and Retrofit of Existing Buildings" standard for the performance objective of "Damage Control" at the BSE-1E level and "Collapse Prevention" at the BSE-2E level events. Based on the building type and the preliminary report prepared by Degenkolb Engineers in June 2020, the 1980 California Building Code is likely to provide the most efficient approach for this building.

For buildings built outside of HCAI jurisdiction, HCAI does not trust that proper construction oversight was provided and therefore does not allow designers to rely solely on the originally specified materials properties and details. Therefore, the initial building analysis needs to be updated with the results of the MTCAP prior to submitting it to HCAI's Seismic Compliance Unit.

### **Proposed Scope of Work**

This proposal is limited to the following steps of the process described above. Due to the uncertainty in the scope of the retrofit work required and in the quality of the original construction and materials, subsequent stages of the process will be covered in a separate proposal. Buehler proposes to do the following:

- Assist Owner in developing a scope of work to procure a Geohazard report. This report will need to be prepared by a licensed Geotechnical Engineer.
- Prepare a Material Testing and Condition Assessment Program, as described above. This includes:
  - Prepare MTCAP program guidelines, Respond to HCAI comments regarding these guidelines.
  - Coordinate specific locations for observation and sampling with the Hospital; this may include up to one day on site.
  - Visit the site (up to four days) to observe existing conditions and provide guidance to the Contractor and Owner's Testing Lab



regarding the MTCAP requirements. We have assumed that the Owner will provide necessary access to the site, including ladders, HEPA Carts, or other tools required.

- Respond to Contractor and Owner's Testing Lab RFIs during the testing and repair process.
- Review the report information provided by the Owner's Testing Lab and compile this information along with other condition assessment information into a report for HCAI review. Advise the Owner and Owner's Testing Lab if additional testing is required to attain statistically significant results. Respond to HCAI comments on the MTCAP report and, if needed, inform the Owner's Testing Lab of any modifications needed to their portions of the report.
- Provide Seismic Analysis and Retrofit Design to the Schematic Design level. This includes reviewing existing drawings provided by the Owner, identifying major elements of the required retrofit program, doing preliminary coordination of the location of retrofit work, and added elements such as new shear walls with the Architect, and providing plans showing the extent of that work sufficient to allow the Owner to attain an estimate of construction cost. Schematic Design does NOT include the following steps that will be part of a separate proposal at a later time:
  - Meeting with HCAI's Seismic Compliance Unit or making submittals of the seismic analysis to HCAI.
  - Revision of the seismic analysis and retrofit design to account for significant differences between the original building design drawings and the results of the MTCAP.

Items specifically excluded from the scope of work include:

- Administrative work required to submit project applications and other forms to HCAI.
- Seismic assessment beyond the scope described above.
- Structural assessment of gravity load supporting systems.
- Construction documents, specifications, and electronic drawings (CAD or BIM) for any repairs or retrofit work required to mitigate deficiencies identified during the evaluation.
- Structural surveys to develop as-built construction documentation where record drawings are unavailable.
- Preparation of construction cost estimates.
- Sampling or testing of materials or repair of building elements or finishes.

Our compensation for these services will be on an hourly basis at our hourly rates to a maximum amount of \$104,000.00.

Our hourly rates are as follows:

Senior Principal .....	\$290.00
Principal.....	\$260.00
Senior Professional .....	\$220.00
Professional.....	\$190.00
Senior Technician.....	\$160.00
Technician .....	\$135.00

If you have any questions, please do not hesitate to contact me, otherwise please sign, and return a copy of this proposal as your authorization to proceed with the work and your acceptance of this proposal. If you do not sign the proposal but provide verbal authorization to proceed with the work, it is our understanding that you have accepted this proposal as written including the terms and conditions.

Sincerely,

Accepted:



Warren R. Pottebaum, SE  
**For Buehler Engineering, Inc.**  
wpottebaum@buehlerengineering.com

\_\_\_\_\_  
For TreanorHL

\_\_\_\_\_  
Date

### Terms and Conditions

**Access to Site:** Unless otherwise stated, the Consultant will have access to the site for activities necessary for the performance of the services. The Consultant will take reasonable precautions to minimize damage due to these activities, but has not included in the fee the cost of restoration of any resulting damage and will not be responsible for such costs.

**Indemnification:** The Client shall, to the fullest extent permitted by law, indemnify and hold harmless the Consultant, his or her officers, directors, employees, agents and sub-consultants from and against all damage, liability and cost, including reasonable attorney's fees and defense costs, arising out of or in any way connected with the performance of the services under this Agreement, excepting only those damages, liabilities or costs attributable to the sole negligence or willful misconduct of the Consultant.

**Information for the Sole Use and Benefit of the Client:** All opinions and conclusions of the Consultant, whether written or oral, and any plans, specifications or other documents and services provided by the Consultant are for the sole use and benefit of the Client and are not to be provided to any other person or entity without the prior written consent of the Consultant. Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of any third party against either the Consultant or the Client.

**Compensation:** The Consultant shall be compensated by the Client, and payment to the Consultant shall be made within thirty days of the receipt of the Consultant's invoice. Payment of invoices is in no case subject to unilateral discounting or set-offs by the Client and payment is due regardless of suspension or termination of this agreement. The Client shall exert all reasonable and diligent effort to collect payment from the Owner until the Consultant has been paid in full. In the event the Client must take legal action to collect any amount owed by the Owner, the Consultant agrees to assist in that effort unless the Consultant has collected all fees owing or is not seeking to collect outstanding amounts owed.

**Certifications, Guarantees and Warranties:** The Consultant shall not be required to execute any document that would result in the Consultant certifying, guaranteeing or warranting the existence of any conditions.

**Limitation of Liability:** In recognition of the relative risks, rewards and benefits of the project to both the Client and the Consultant, the risks have been allocated such that the Client agrees that, to the fullest extent permitted by law, the Consultant's total liability to the Client for any and all injuries, damages, claims, losses, expenses or claim expenses arising out of this Agreement from any cause or causes, shall not exceed \$1,000,000.00. Such causes include, but are not limited to, the Consultant's negligence, errors, omissions, strict liability, breach of contract or breach of warranty.

**Ownership of Documents:** All documents produced by the Consultant under this Agreement are instruments of the Consultant's professional service and shall remain the property of the Consultant and may not be used by the Client for any other purpose without the prior written consent of the Consultant.

**Dispute Resolution:** Any claims or disputes between the Client and the Consultant arising out of the services to be provided by the Consultant or out of this Agreement shall be submitted to non-binding mediation. The Client and the Consultant agree to include a similar mediation agreement with all contractors, sub-consultants, subcontractors, suppliers and fabricators, providing for mediation as the primary method for dispute resolution among all parties.

**Termination and Suspension of Services:** This Agreement may be terminated at any time by either party should the other party fail to perform its obligations hereunder. In the event of termination for any reason whatsoever, the Client shall pay the Consultant for all services rendered to the date of termination and all reimbursable expenses incurred prior to termination and reasonable termination expenses incurred as the result of termination. If the project does not commence within 60 days of executing this agreement through no fault of the Consultant, the Consultant's compensation may be subject to adjustment. If the proposed project schedule is extended by more than 60 days through no fault of the Consultant, the Consultant's compensation may be subject to adjustment.

**It is agreed the above terms and conditions are incorporated into and made a part of the Agreement on the reverse side of this sheet.**

Initialed:      WRP Consultant      \_\_\_\_\_ Client



**Great Commission Association  
of Southern Baptist Churches**

17705 Hale Avenue, Building H, Suite 2  
Morgan Hill, CA 95037  
(408) 748-3500

**Facilities Lease Agreement**

Great Commission Association of Southern Baptist Churches (herein known as GCASBC) desires to promote community service and involvement by allowing their facilities and grounds to be utilized by outside entities, groups and programs not directed, controlled or organized by GCASBC.

In order to protect GCASBC facilities and limit any potential liability they might suffer from allowing these entities to utilize their facilities and grounds the following Facilities Lease Agreement must be acknowledged and signed by outside entities, groups or programs before the facilities are to be reserved and committed to these entities, groups and programs.

Contained within this Facilities Lease Agreement are the following sections:

- Terms and Conditions
- Facilities Use
- General Use
- Insurance Requirements
- Hold Harmless and Indemnification

**Terms and Conditions**

This lease is made between:

Great Commission Association of Southern Baptist Churches at 17705 Hale Avenue, Building H, Suite 2, Morgan Hill, CA 95037 herein called Lessor,

AND

Hazel Hawkins Memorial Hospital, herein called Lessee.

Lessee hereby offers to lease from lessor the premises situated in the City of Hollister, State of California, described as 991 Fourth Street, Hollister, California (and herein referred to as the demised premises) upon the following TERMS AND CONDITIONS:

## 1. Term and Rent

Lessor leases the demised premises for a term of 5 years. Commencing **February 1, 2024**, and terminating on January 31, 2029, or sooner as provided herein at the monthly rate as specified below:

Effective Period	Monthly Rental
February 1, 2024 through January 31, 2025	\$7,145.00
February 1, 2025 through January 31, 2026	\$7,360.00
February 1, 2026 through January 31, 2027	\$7,580.00
February 1, 2027 through January 31, 2028	\$7,808.00
February 1, 2028 through January 31, 2029	\$8,042.00

Rent is payable in advance on the first day of each month for that month's rental, during the term of this lease. All rental payments shall be made to Lessor at the address specified above.

## 2. Use

Tenant shall use the Premises from Monday through Saturday, of each week during the term of this Lease for operating a primary/family and specialty health care outpatient services facility as licensed by the California Department of Health Services, including routine patient examinations and consultative diagnostic and treatment services. There will not be any invasive procedures performed on the Premises. Lessee shall provide a copy of the DHS approval of services to the Lessor. The Premises shall be used on Sunday, and may be used in Lessee's discretion at other times, for religious purposes and worship purposes approved in advance in writing by the Lessor, including through a sub tenancy approved in writing by Lessor. Lessee acknowledges that Lessor is a religious organization and that the continuing use of the Premises for religious and worship purposes is material to Lessor. Lessee shall not permit or suffer the use tobacco or alcohol on the Premises at any time. Religious symbols and/or icons approved in advance by Lessor shall be permitted on the demised premises. The demised premises shall be used for no other purpose without the prior written consent of Lessor, which consent may not be unreasonably withheld.

Lessee shall not use the demised premises for storing, manufacturing or selling any explosives, flammables, or other inherently dangerous substances, chemicals, things, or devices.

## 3. Security Deposit

Security deposit in the amount of \$4,500 and last month's rent in the amount of \$4,500 are hereby acknowledged. Payments were made at the commencement of original lease dated September 1, 2008.

#### **4. Care and Maintenance of Premises**

**Care:** Lessee acknowledges that the demised premises is in good order and repair, unless otherwise indicated within. Lessee shall, at its own expense and at all times, maintain the demised premises in good and safe condition, including plate glass, electrical wiring, plumbing and heating installations and any other systems or equipment upon the demised premises, and shall surrender the same, at termination hereof, in as good condition as received, normal wear and tear excepted.

**Maintenance:** Lessee shall be responsible for all repairs required, excepting major maintenance and repair of the demised premises, not due to lessee's misuse, waste or neglect or that of his/her employees or visitors which shall be the responsibility of Lessor. Particularly, the roof, exterior walls, structural foundations shall be maintained and repaired by Lessor. Lessee shall also maintain in good condition such portions adjacent to the demised premises, such as parking lots, sidewalks, driveways, lawns and shrubbery, which would otherwise be required to be maintained by Lessor. Lessee shall be responsible for damage caused to the demised premises by Lessee's negligence and that of Lessee's employees and visitors.

*Lessee, as part of the lease agreement, will provide the caretaker and security of all the facilities.*

#### **5. Betterments and Improvements**

Lessee shall not, without first obtaining the written consent of Lessor, make any alterations, additions, or improvements, in, to or about the demised premises. All alterations, additions or improvements made to the demised premises with the consent of the Lessor, with the exception of removable fixtures (any fixtures that are permanently attached (fixed) to real property is remain on demised premises) shall become property of Lessor.

#### **6. Ordinances and Statutes**

Lessee shall comply with all statutes, ordinances and requirements of all municipal, state and federal authorities now in force, and which may hereafter be in force, pertaining to the demised premises, occasioned by the affecting the use thereof the Lessee.

#### **7. Assignment and Subletting**

Lessee shall not assign this lease or sublet any portion of the demised premises without written consent of Lessor, which shall not be unreasonably withheld. Any such assignment or subletting without the prior written consent shall be void and, at the option of Lessor, may terminate this lease.

## **8. Utilities**

All applications and connections for necessary utility services on the demised premises shall be made in the name of Lessee only, and Lessee shall be solely liable for utility charges as they become due, including those for sewer, water, gas, electricity, and telephone services.

## **9. Entry and Inspection**

Lessee shall permit Lessor or Lessor's agent(s) to enter the demised premises at reasonable times and upon reasonable notice, for the purpose of inspecting the same, and shall permit Lessor at any time within sixty (60) days prior to the expiration of this lease, to place upon the demised premises any usual "To Let", "For Lease" or "For Sale" signs, and permit prospective lessees or purchasers desiring to lease the same to inspect the demised premises thereafter.

## **10. Parking**

During the term of this lease, Lessee shall have the nonexclusive use in common with Lessor, and other tenants or lessees of the building, their guests and invitees, of the non-reserved common automobile parking areas, driveways, and foot ways, subject to rules and regulations for the use thereof as prescribed from time to time by Lessor.

## **11. Possession**

~~If Lessor is unable to deliver possession of the demised premises at the commencement hereof, Lessor shall not be liable for any damage cause thereby, not shall this lease be void or voidable, but Lessee shall not be liable for any rent until possession is delivered. Lessee may terminate this lease if possession is not delivered within \_\_\_\_ days of the commencement of the term hereof. This right is only in addition to and shall not restrict any other remedy available to Lessee.~~

## **12. Indemnification of Lessor**

To the extent permitted by law, Lessor shall not be liable for any damage or injury to Lessee, or any other person, or to any property, occurring on the demised premises or any part thereof. Lessee agrees to indemnify and hold Lessor harmless from any claims for damages which arise in connection with any such occurrence. Said indemnification shall include indemnity from any costs or fees which Lessor may incur in defending said claim.

### 13. Insurance

#### General Requirements

- ➔ Insurance carrier must be licensed and approved to write coverage within the state of California on an admitted basis. Insurance carrier must possess a minimum A.M. Best's Insurance Guide rating of "A" (financial strength) "VII" (financial size).
- ➔ Coverage must be written on an "occurrence" basis and Lessor, its officers, employees, agents, and volunteers must be named as "Additional Insureds" on general liability and other policies as specified by the contract.
- ➔ Lessee is responsible for any deductibles or retentions contained within the insurance coverage. Insurance coverage is to be written on a primary basis, and not excess.

#### Coverage Term

Coverage needs to be in force for complete term of contract. If insurance expires during the term of the contract, a new certificate must be received by Lessor at least ten (10) days prior to the expiration of this insurance. This new insurance must still meet the terms of the original contract.

Lessee must provide Lessor a minimum of 30 days advance written notice of cancellation, material change, or nonrenewal of policies required under this contract.

Lessee must provide Lessor a completed Certificate of Insurance, containing the following information:

- ➔ Name and address of agent, phone number, e-mail address, and fax number;
- ➔ Name of insurance company(ies) and policy numbers(s)
- ➔ Policy Period
- ➔ Name and address of insured
- ➔ Description of coverage(s)
- ➔ Policy limits
- ➔ Special instructions or terms of coverage (e.g., additional insured, etc.)

Certificate should state the following in the "Description of Operations/Locations/Vehicles/Exclusions Added By Endorsement/Special Provisions" section: *Great Commission Association of Southern Baptist Churches, its board, trustees, officers, employees, agents and volunteers are included as additional insured's under the General Liability using form CG2010 and CG2037 (copies attached) or the equivalent, and under the*



*Commercial Automobile policy (with Umbrella following form) and the pollution liability on a primary and non-contributory basis. The General Liability, Automobile and Workers' Compensation shall include a waiver of Subrogation in favor of the additional insured (waivers attached).*

#### Commercial Property – Coverage

- Contents coverage - limit determined by Lessee
- Betterment and Improvements covered under property/inland marine
- Business Interruption at \$100,000 minimum coverage limit

#### Commercial General Liability- Coverage

- General Liability: \$1,000,000/\$2,000,000
- Fire Legal Liability: \$1,000,000
- Premises Medical: \$15,000
- Student Medical: \$15,000 (if formal school operations)
- Sexual Misconduct Coverage: \$500,000/\$1,000,000
- Non-Owned Hired Automobile: \$1,000,000
- Directors and Officers Liability: \$1,000,000
- Employment Practices Liability: \$250,000
- Employee Benefits Liability: \$1,000,000 (if applicable)

#### Umbrella Liability – Coverage and Limits

An umbrella liability policy (or excess liability) may be used to provide additional commercial general liability, automobile liability, and employers' liability limits to meet HHCOA minimum coverage requirements.

#### Business Automobile – Coverage and Limits

Lessee shall maintain motor vehicle liability limits of not less than \$1,000,000 each accident limit for bodily injury and property damage including hired and non-owned hired motor vehicle coverage.

#### Workers' Compensation and Employers Liability

Lessee shall maintain statutory workers' compensation and employer's liability coverage for all its employees who will be engaged in the performance of the contract, including special coverage extensions where applicable. Employer's liability limits of \$1,000,000 shall be required.

*NOTE: If the demised premises or any other part of the building is damaged by fire or other casualty resulting from an act of negligence of Lessee or any of Lessee's agents, employees, or invitees, rent shall not be diminished or abated while such damages are under repair, and Lessee shall be responsible for the costs of repair not covered by insurance.*

#### **14. Eminent Domain**

If the demised premises, or any part thereof of any estate therein, or any other part of the building materially affecting Lessee's use of the demised premises, shall be taken by eminent domain, this lease shall terminate on the date when title vests pursuant to such taking. The rent, and any additional rent, shall be apportioned as of the termination date, and any rent paid for any period beyond that date shall be repaid to Lessee. Lessee shall not be entitled to any part of the award for such taking or any payment in lieu thereof, but Lessee may file a claim for any taking of fixtures and improvements owned by Lessee, and for moving expenses.

#### **15. Destruction of Premises**

Lessee shall give Lessor immediate notice in case of fire or other damage or casualty to the demised premises, or any part thereof. In the event of partial destruction of the demised premises during the term thereof, from any cause, Lessor shall forthwith repair the same, provided that such repairs can be made within sixty (60) days under existing governmental laws and regulations, but such partial destruction shall not terminate this lease, except that Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made, based upon the extent to which the making of such repairs shall interfere with the business of Lessee on the demised premises.

If such repairs cannot be made within the said sixty (60) days, Lessor, at Lessor's option, may make the same within a reasonable time, this lease continuing in effect with the rent proportionally abated as aforesaid, and in the event that Lessor shall not elect to make such repairs which cannot be made within sixty (60) days, this lease may be terminated at the option of either party. In the event that the building in which the demised premises may be situated is destroyed to an extent of not less than one-third of the replacement costs thereof, Lessor may elect to terminate this lease whether the demised premises be injured or not. A total destruction of the building in which the demised premises may be situated shall terminate this lease.

#### **16. Lessor's Remedies on Default**

If any default is made in the payment of rent, or any part thereof, at the times hereinbefore specified, or if any default is made in the performance of or compliance with any of the terms or conditions hereof, this lease, at the option of Lessor and to the extent permitted by law, shall terminate and be forfeited. Lessor may give Lessee notice of such default and if Lessee does not cure any such default within thirty (30) days after the giving of such notice (or if such other default of such nature that it cannot be completely cured within such period, if Lessee does not commence such curing within thirty (30) days and thereafter proceed with reasonable diligence and in good faith to cure default) then Lessor may terminate this lease on not less than fifteen (15) days' notice to Lessee.

On the date specified in such notice, the term of this lease shall terminate, and Lessee shall then quit and surrender the premises to Lessor, without extinguishing Lessee's liability. If this lease shall have been so terminated by Lessor, Lessor may at any time thereafter resume possession of the premises by any lawful means and remove Lessee or other occupants and their effects. No failure to enforce any term shall be deemed a waiver.

#### **17. Taxes and Assessments**

Lessee shall be responsible for all taxes and assessments upon the land and building in which the demised premises are situated. In the event there is any increase during any year of the term of this lease in the City, County or State real estate taxes and assessments over and above the amount of such taxes assessed for the tax year during which the term of this lease commences, whether because of increased rate of valuation, Lessee shall pay to Lessor upon presentation of paid tax bills an amount equal to 100% of the increase in taxes and assessments upon the land and building in which the demised premises extending beyond the term of the lease, the obligation of Lessee shall be proportionate to the portion of the lease term included in such year.

#### **18. Common Area Expenses**

In the event the demised premises is situated in a shopping center or in a commercial building in which there are common areas, Lessee agrees to pay his pro-rata share of maintenance, taxes, and insurance for the common areas.

#### **19. Attorney's Fees**

In case a suit should be brought for recovery of the demised premises, or any sum due hereunder, or because of any act which may arise out of the possession of the demised premises, by either party, the prevailing party shall be entitled to all costs incurred in connection with such action, including reasonable attorney's fee.

#### **20. Waiver**

No failure of Lessor to enforce any term hereof shall be deemed to be a waiver.

#### **21. Notices**

All notices pursuant to this agreement shall be in writing.

#### **22. Heirs, Assigns, Successors**

This lease is binding upon and inures to the benefit of heirs, assigns and successors in interest to the parties.

### **23. Option to Review**

Provided that Lessee is not in default in the performance of this lease, upon agreement of Lessor and Lessee, negotiated no less than sixty (60) days prior to the lease renewal, Lessee shall have the option to renew the lease for thirty-six (36) additional months commencing at the expiration of the initial lease term.

All of the terms and conditions of the lease shall apply during the renewal term except that the monthly rent shall be negotiated at that time. The current annual rate of rent increase is 3% per year. The option shall be exercised by written notice given to Lessor not less than ninety (90) days prior to the expiration of the initial lease term. If notice is not given in the manner provided herein within the time specified, this option shall expire.

**24. Subordination.** This lease is and shall be subordinated to all existing and future liens and encumbrances against the property.

### **25. Radon Gas Disclosure**

As required by law, Lessor makes the following disclosure: "Randon Gas" is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon gas that exceed federal and state guidelines have been found in buildings in California. Additional information regarding radon gas and radon testing may be obtained from your county public health unit.

**26. Entire Agreement.** The foregoing constitutes the entire agreement between two parties and may be modified only by a writing signed by both parties.

**27. Liability.** Lessor shall be liable of any loss, expense or damage to any person or property, unless it is due to Lessor's negligence. Lessee is responsible for all acts or negligence of Lessee's employees, visitors and invitees.

**28. Paragraph Headings.** The paragraph leadings are for convenience only.

**29. Choice of Law.** This lease shall be governed by the laws of the State of California, and all disputes shall be subject to the jurisdiction of the Courts of the State of California.

**30. Obligation to Deliver Notices.** If Lessee receives notice of any proceeding to recover the demised premises or to recover the possession thereof, Lessee shall immediately inform Lessor of such proceeding, and shall also deliver to Lessor the notice, if it is in writing. Lessee shall be responsible to Lessor for all damages which Lessor may sustain by reason of omission by Lessee of the above obligations.

IN WITNESS WHEREOF, the parties have executed this lease on the day indicated below.

Lessee Signature: \_\_\_\_\_  
Hazel Hawkins Memorial Hospital  
By: Sandra Di Laura, \_\_\_\_\_  
Date

Witness Signature: \_\_\_\_\_  
Hazel Hawkins Memorial Hospital \_\_\_\_\_  
Date

Lessor Signature: \_\_\_\_\_  
Great Commission Association of Southern  
Baptist Churches \_\_\_\_\_  
By: Dr. Michael J. Stewart, Executive Director of Missions  
Date

Witness Signature: \_\_\_\_\_  
Santiago Rodriguez, Properties Manager \_\_\_\_\_  
Date

NOTICE: State law establishes rights and obligations for parties to rental agreements. If you have a question about the interpretation or legality of a provision of this agreement, you may want to seek assistance from a lawyer or other qualified person in your state. Contact your local county real estate board for additional forms that may be required to meet your specific needs.