



Hazel Hawkins
MEMORIAL HOSPITAL

REGULAR MEETING OF THE BOARD OF DIRECTORS

SAN BENITO HEALTH CARE DISTRICT

911 SUNSET DRIVE, HOLLISTER, CALIFORNIA

THURSDAY, DECEMBER 21, 2023 – 5:00 P.M.

SUPPORT SERVICES BUILDING, 2ND-FLOOR, GREAT ROOM

(Please note this meeting will start immediately following Foundation Meeting of the Member)

Mission Statement - The San Benito Health Care District is a public agency that serves as a responsive, comprehensive health care resource for its patients, physicians, and the health care consumers of the community.

Vision Statement - San Benito Health Care District is committed to meeting community health care needs with quality care in a safe and compassionate environment.

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.

AGENDA

Presented By:

1. Call to Order / Roll Call

(Hernandez)

2. Board Announcements

(Hernandez)

3. Public Comment

(Hernandez)

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, which are not otherwise covered under an item on this agenda. This is the appropriate place to comment on items on the Consent Agenda. Board Members may not deliberate or take action on an item not on the duly posted agenda. Written comments for the Board should be provided to the Board clerk for the official record. Whenever possible, written correspondence should be submitted to the Board in advance of the meeting to provide adequate time for its consideration. Speaker cards are available.

4. Consent Agenda – General Business [\(Page 1 - Page 17\)](#)

(Hernandez)

The Consent Agenda deals with routine and non-controversial matters. The vote on the Consent Agenda shall apply to each item that has not been removed. A Board Member may pull an item from the Consent Agenda for discussion. One motion shall be made to adopt all non-removed items on the Consent Agenda.

- A. Consider and Approve Minutes of the Special Meeting of the Board of Directors – November 14, 2023
- B. Consider and Approve Minutes of the Special and Regular Meeting of the Board of Directors – November 16, 2023
- C. Receive Officer/Director Written Reports - No action required.
 - Provider Services & Clinic Operations
 - Skilled Nursing Facilities Reports (Mabie Southside/Northside)
 - Laboratory and Radiology
 - Foundation Report
 - Marketing/Public Relations
- D. Receive Facilities Committee Meeting Minutes- December 14, 2023

Recommended Action: Approval of Consent Agenda Items (A) through (D).

- ▶ Report
- ▶ Board Questions
- ▶ Motion/Second
- ▶ Action/Board Vote-Roll Call

5. Medical Executive Committee (Page 18)

(Dr. Bogey)

- A. Consider and Approve Medical Staff Credentials: December 20, 2023 **

Recommended Action: Approval of Credentials.

- ▶ Report
- ▶ Board Questions
- ▶ Public Comment
- ▶ Motion/Second
- ▶ Action/Board Vote-Roll Call

6. Receive Informational Reports (Page 19 - Page 123)

- A. Interim Chief Executive Officer (Page 19)

(Casillas)

- ▶ Public Comment

- B. Chief Nursing Officer (Page 20 - Page 20A)

(Posey)

- ▶ Public Comment

- C. Finance Committee

(Robinson)

- 1. Finance Committee Meeting Minutes – December 14, 2023
(Page 21 - Page 23)

2. Review Financial Updates **(Page 24 - Page 50)**
 - Financial Statements –November 2023
 - Finance Dashboard – November 2023
 - HCAI- Consent to DHLP Loan
 - Employee Retention Credit
 - ED Billing –Innova Revenue Group
3. Review FYE June 30, 2023 Reports **(Page 51 - Page 123)**
 - Audited Financial Statement
 - GASB 68 Disclosure
4. Public Comment

7. **Action Items**

- A. Consider Recommendation for Board Approval of DH Leadership Forum 2024 (Robinson)
Annual Dues in the amount of \$53,342.51 **(Page 124 - Page 125)**

Recommended Action: Approval of Annual Dues

- ▶ Report
- ▶ Board Questions
- ▶ Public Comment
- ▶ Motion/Second
- ▶ Action/Board Vote-Roll Call

- B. Consider Recommendation for Board Approval of DH TreanorHL 4D Seismic (Robinson)
Evaluation and MT/CAP- Scoping to Schematic Design Not to Exceed \$152,000.00 **(Page 125 - Page 134)**

Recommended Action: Approval of Proposal

- ▶ Report
- ▶ Board Questions
- ▶ Public Comment
- ▶ Motion/Second
- ▶ Action/Board Vote-Roll Call

- C. Consider Recommendation for Board Approval of Anthem Blue Cross (Robinson)
Commercial Plan Amendment, a Two Year Contract, Effective 01/01/2024
(Page 135 - Page 136)

- D. *Recommended Action: Approval of Amendment*

- ▶ Report
- ▶ Board Questions
- ▶ Public Comment
- ▶ Motion/Second
- ▶ Action/Board Vote-Roll Call

- D. Consider Recommendation for Board Approval of Great Commission Association of Southern Baptist Churches for Fourth Street Clinic Lease Agreement Renewal Effective 2/01/24 - 1/31/29 (5 year contract) in the Amount of \$7,145.00 with a 3% Increase Each Year **(Page 137 - Page 146)** (Robinson)

Recommended Action: Approval of Lease Agreement Renewal

- ▶ Report
- ▶ Board Questions
- ▶ Public Comment
- ▶ Motion/Second
- ▶ Action/Board Vote-Roll Call

- E. Consider Recommendation for Board Approval of Gallagher Core 360 Proposal/Quote for Worker’s Compensation Insurance Effective 1/1/24-1/1/25 in the Amount of \$1,250,295. **(Page 147 - Page 181)** (Robinson)

Recommended Action: Approval of Worker’s Compensation Proposal.

- ▶ Report
- ▶ Board Questions
- ▶ Public Comment
- ▶ Motion/Second
- ▶ Action/Board Vote-Roll Call

- F. Consider Board Resolution 2023-33 Setting 2024 Board Meeting Calendar **(Page 182 - Page 183)** (Hernandez)

Recommended Action: Approval of 2024 Board Meeting Calendar

- ▶ Report
- ▶ Board Questions
- ▶ Public Comment
- ▶ Motion/Second
- ▶ Action/Board Vote-Roll Call

8. **Public Comment** (Hernandez)
 This opportunity is provided for members to comment on the closed session topics, not to exceed three (3) minutes.

9. **Closed Session** (Hernandez)
 (See Attached Closed Session Sheet Information)

10. **Reconvene Open Session / Closed Session Report** (Hernandez)

11. **Adjournment** (Hernandez)

The next Regular Meeting of the Board of Directors is scheduled for Thursday, January 25, 2024 at 5:00 p.m., Great Room.

** To Be Distributed at or Prior to Meeting

The complete Board packet including subsequently distributed materials and presentations is available at the Board Meeting, in the Administrative Offices of the District, and posted on the District's website at <https://www.hazelhawkins.com/news/categories/meeting-agendas/>. All items appearing on the agenda are subject to action by the Board. Staff and Committee recommendations are subject to change by the Board.

Any public record distributed to the Board less than 72 hours prior to this meeting in connection with any agenda item shall be made available for public inspection at the District office. Public records distributed during the meeting, if prepared by the District, will be available for public inspection at the meeting. If the public record is prepared by a third party and distributed at the meeting, it will be made available for public inspection following the meeting at the District office.

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.

**SAN BENITO HEALTH CARE DISTRICT BOARD OF DIRECTORS
DECEMBER 21, 2023**

AGENDA FOR CLOSED SESSION

Pursuant to California Government Code Section 54954.2 and 54954.5, the board agenda may describe closed session agenda items as provided below. No legislative body or elected official shall be in violation of Section 54954.2 or 54956 if the closed session items are described in substantial compliance with Section 54954.5 of the Government Code.

CLOSED SESSION AGENDA ITEMS

- LICENSE/PERMIT DETERMINATION**
(Government Code §54956.7)

Applicant(s): (Specify number of applicants)_____

- CONFERENCE WITH REAL PROPERTY NEGOTIATORS**
(Government Code §54956.8)

- CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION**
(Government Code §54956.9(d)(1))

Name of case: (Specify by reference to claimant's name, names of parties, case or claim numbers):
San Benito Health Care District dba Hazel Hawkins Memorial Hospital, Case No. 23-50544 (United States Bankruptcy Court for the Northern District of California, San Jose Division)

Case name unspecified: (Specify whether disclosure would jeopardize service of process or existing settlement negotiations):_____

- CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION**
(Government Code §54956.9)

Significant exposure to litigation pursuant to Section 54956.9(d)(2) or (3) (Number of potential cases):

Additional information required pursuant to Section 54956.9(e):_____

Initiation of litigation pursuant to Section 54956.9(d)(4) (Number of potential cases):_____

- LIABILITY CLAIMS**
(Government Code §54956.95)

Claimant: (Specify name unless unspecified pursuant to Section 54961):
Agency claimed against: (Specify name):_____

- THREAT TO PUBLIC SERVICES OR FACILITIES**
(Government Code §54957)

Consultation with: (Specify the name of law enforcement agency and title of officer):_____

- PUBLIC EMPLOYEE APPOINTMENT**
(Government Code §54957)

Title:

PUBLIC EMPLOYMENT
(Government Code §54957)

Title:

PUBLIC EMPLOYEE PERFORMANCE EVALUATION
(Government Code §54957)

Title: (Specify position title of the employee being reviewed):

PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE
(Government Code §54957)

(No additional information is required in connection with a closed session to consider discipline, dismissal, or release of a public employee. Discipline includes potential reduction of compensation.)

CONFERENCE WITH LABOR NEGOTIATOR
(Government Code §54957.6)

Agency designated representative:
Employee organization:
Unrepresented employee: Interim CEO

CASE REVIEW/PLANNING
(Government Code §54957.8)

(No additional information is required to consider case review or planning.)

REPORT INVOLVING TRADE SECRET
(Government Code §37606 & Health and Safety Code § 32106)

Discussion will concern: (Specify whether discussion will concern proposed new service, program, or facility):

1. Trade Secrets, Strategic Planning, Proposed New Programs, and Services.

Estimated date of public disclosure: (Specify month and year):

HEARINGS/REPORTS
(Government Code §37624.3 & Health and Safety Code §§1461, 32155)

Subject matter: (Specify whether testimony/deliberation will concern staff privileges, report of medical audit committee, or report of quality assurance committee):

1. Report from Quality, Risk, and Compliance

CHARGE OR COMPLAINT INVOLVING INFORMATION PROTECTED BY FEDERAL LAW (Government Code §54956.86)

(No additional information is required to discuss a charge or complaint pursuant to Section 54956.86.)

ADJOURN TO OPEN SESSION



Hazel Hawkins
MEMORIAL HOSPITAL

**SPECIAL MEETING OF THE BOARD OF DIRECTORS
SAN BENITO HEALTH CARE DISTRICT
SUPPORT SERVICES BLDG., 2ND-GREAT ROOM
TUESDAY, NOVEMBER 14, 2023
1:00 P.M.**

MINUTES

Directors Present

Jeri Hernandez, Board Member
Bill Johnson, Board Member
Devon Pack, Board Member
Rick Shelton, Board Member

Absent

Josie Sanchez, Board Member

Also Present

Mark Robinson, Chief Financial Officer
Amy Breen-Lema, VP Clinic, Ambulatory, & Phys. Services
Andrea Posey, Interim Chief Nursing Officer
Heidi Quinn, District Legal Counsel
Chela Brewer, Executive Assistant
Suzie Mays, Midas System Administrator

1. **Call to Order – Roll Call**

Directors Hernandez, Johnson, Pack, and Shelton were present; attendance was taken by roll call. A quorum was present and the Special Meeting was called to order at 1:00 p.m. by Director Hernandez.

Director Sanchez was absent.

2. **Public Comment**

An opportunity was provided for the public to comment and individuals were given three minutes to address the Board Members and Administration.

3. **Closed Session**

President Hernandez announced the item to be discussed in Closed Session as listed on the posted Agenda is Public Employee Performance Evaluation – Interim Chief Executive Officer, Government Code §54957.

The meeting was recessed into Closed Session at 1:07 p.m.

The Board completed its business of the Closed Session at 2:28 p.m.

4. **Reconvene Open Session/Closed Session Report**

The Board of Directors reconvened into Open Session at 2:28 p.m. District Counsel Quinn reported in Closed Session the Board discussed Public Employee Performance Evaluation – Interim Chief Executive Officer, Government Code §54957.

In accordance with Board Policy 31, President Hernandez appointed Directors Johnson and Shelton to an Ad Hoc Committee to research comparability data of similar organizations and similarly qualified individuals. The Ad Hoc Committee will make a recommendation to the full Board at a regular noticed public meeting regarding any compensation adjustments based on Interim CEO performance review.

5. **Adjournment**

There being no further special business or actions, the meeting was adjourned at 2:39 p.m.

The next Regular Meeting of the Board of Directors is scheduled for Thursday, November 16, 2023 at 5:00 p.m. in the Support Services Building, Great Room.

/tr

Directors Present

Jeri Hernandez, Board Member
Bill Johnson, Board Member
Devon Pack, Board Member
Rick Shelton, Board Member

Absent

Josie Sanchez, Board Member

Also Present

Mary Casillas, Interim Chief Executive Officer
Mark Robinson, Chief Financial Officer
Andrea Posey, Interim Chief Nursing Officer
Amy Breen-Lema, VP, Clinic Ambulatory & Physician Services
Michael Bogey, MD, Chief of Staff
Heidi A. Quinn, District Legal Counsel
Chela Brewer, Executive Assistant
Suzie Mays, Midas System Administrator

1. **Call to Order**

Attendance was taken by roll call; Directors Hernandez, Johnson, Pack, and Shelton were present. A quorum was present and Director Hernandez called the meeting to order at 5:00 p.m.

Director Sanchez was absent.

District Counsel Quinn noted one closed session item will be discussed - Report Involving Trade Secrets. As noted on the Closed Session Agenda, discussion regarding Public Employee Appointment has been deferred.

2. **Public Comment**

There was no public comment.

3. **Closed Session**

President Hernandez announced the item to be discussed in Closed Session as listed on the posted Agenda is Report Involving Trade Secret, Government Code §37606 & Health and Safety Code § 32106.

The meeting was recessed into Closed Session at 5:03 p.m.

4. **Reconvene Open Session/Closed Session Report**

The Board of Directors reconvened Open Session at 5:20 p.m. District Counsel Quinn reported that in Closed Session the Board discussed a Report Involving Trade Secret, Government Code §37606 & Health and Safety Code § 32106. Information was provided and no reportable action was taken.

5. **Board Announcement**

Director Pack apologized for the incorrect information provided at the Special Community Meeting regarding the scope of employees that would be completing a performance evaluation for the Interim CEO.

6. **Public Comment**

An opportunity was provided for public comment and individuals were given three minutes to address the Board Members and Administration.

7. **Consent Agenda - General Business**

A. Consider and Approve Minutes of the Regular Meeting of the Board of Directors – October 26, 2023

B. Receive Officer/Director Written Reports - No action required.

- Interim Chief Nursing Officer
- Provider Services & Clinic Operations
- Skilled Nursing Facilities Reports (Mabie Southside/Northside)
- Laboratory and Radiology
- Foundation Report

C. Consider and Approve Conflict of Interest Waivers for Hooper, Lundy & Bookman Law Firm Regarding the proposed Joint Powers Agency Involving the County of San Benito and Salinas Valley Health

Director Hernandez presented the consent agenda items before the Board for action. This information was included in the Board packet.

MOTION: By Director Hernandez to approve Consent Agenda – General Business, Items (A) through (C), as presented; Second by Director Shelton.

Moved/Seconded/Unanimously Carried. Ayes: Directors Hernandez, Johnson, Pack, and Shelton. Absent: Director Sanchez. Approved 4-0 by roll call.

8. **Report from the Medical Executive Committee Meeting on November 15, 2023 and Recommendations for Board Approval of the following:**

A. **Medical Staff Credentials Report:**

Dr. Bogey, Chief of Staff, provided a review of the Credentials Report dated November 15, 2023, which was included in the packet.

Item: Proposed Approval of the Medical Executive Committee Credentials Report for one (1) New Appointment, one (1) Reappointment, one (1) Additional Privileges, one (1) Advancement, and one (1) Resignation/Retirement.

An opportunity was provided for public comment and individuals were given three minutes to address the Board Members and Administration.

MOTION: By Director Hernandez to approve the Credentials Reports as presented; Second by Director Johnson.

Moved/Seconded/and Unanimously Carried: Ayes: Directors Hernandez, Johnson, Pack, and Shelton. Absent: Director Sanchez. Approved 4-0 by roll call.

B. Consider and Approve Medical Staff and Financial Dues Policy:

Dr. Bogey provided a review of the proposed revisions to the Medical Staff and Financial Dues Policy.

An opportunity was provided for public comment and individuals were given three minutes to address the Board Members and Administration.

MOTION: By Director Hernandez to approve the revised Medical Staff and Financial Dues Policy as presented; Second by Director Shelton.

Moved/Seconded/and Unanimously Carried: Ayes: Directors Hernandez, Johnson, Pack, and Shelton. Absent: Director Sanchez. Approved 4-0 by roll call.

9. Receive Informational Reports

A. Interim Chief Executive Officer

Ms. Casillas provided highlights of the Interim CEO Report, which can be found in the Board packet.

- The Ombudsman group was on-site for two days in early November and will be submitting a second report.
- A Letter of Intent was received from San Benito County (SBC). A Conflict of Interest Waiver regarding the proposed joint powers agency involving SBC and Salinas Valley Health (SVH) was submitted and just approved by the SBHCD Board. This is due to the fact that the law firm used to assist with the transaction process has also been used by SBC and SVH. SBC is working through the due diligence process, and requested information is being provided to them. Directors Hernandez and Johnson are also participating on an ad hoc committee with SBC. Director Pack will provide additional information regarding the status of transactions in the Board's Temporary Advisory Committee update.
- The District is scheduled to attend a bankruptcy hearing the week of December 4, 2023.

An opportunity was provided for public comment and no public comment was received.

B. Board Temporary Advisory Committee Update

Director Pack reported the Temporary Advisory Committee continues to wait for the fair market value appraisal to be completed by HealthCare Appraisers. A Conflict of Interest Waiver was just approved by the Board, which will allow legal counsel to communicate on behalf of the District with SBC in regards to a potential joint powers agreement.

District Counsel Quinn noted the transaction process will be a public process. The Advisory Committee is charged with vetting proposals and bringing them forward to the Board for discussion, direction, and public input.

During discussion, it was recommended to contact B. Riley and inquire as to whether BRIM Management was contacted as a potential candidate for a management arrangement.

The Board will determine what is considered acceptable in terms of finances of a potential partner and how they intend to finance a transaction agreement. It was proposed to add Board Education regarding the transaction process to the December Board agenda.

An opportunity was provided for public comment and no public comment was received.

C. Financial Report

1. Review Finance Updates - Mr. Robinson provided an overview of the financial report for November 16, 2023, as well as the Financial Statements and Finance Dashboard for October 2023, included in the Board packet.

Highlights include:

- The cost report will be filed this month and the final audit should be available for review at the December Board meeting.
- Distressed Hospital Loan Program – work is being done with legal counsel to finalize the language.
- Employee Retention Credit – the District has filed for first and second quarter of 2021. The IRS has a back-log and it could be several months before hearing back.
- Innova – Working with their team, which has made billing adjustments since June 2023. Work is still being done to put the numbers in a presentable format. This should be available for the December Board meeting.

An opportunity was provided for public comment and individuals were given three minutes to address the Board Members and Administration.

8. Action Items

- A. Consider Recommendation for Board Approval of Chief Executive Officer Agreement with Mary Casillas

This item is deferred to a future Board Meeting.

- B. Consider Recommendation for Board Approval of Consider Approval of Resolution 2023-32 Authorizing The District To Enter Into Agreements With Central California Alliance For Health For the Provision of Health Care Services and Benefits

Staff reviewed the proposed Resolution 2023-32, which was included in the Board packet.

An opportunity was provided for public comment and individuals were given three minutes to address the Board Members and Administration.

MOTION: By Director Hernandez to approve Resolution 2023-32 Authorizing The District To Enter Into Agreements With Central California Alliance For Health For the Provision of Health Care Services and Benefits; Second by Director Shelton.

Moved/Seconded/and Unanimously Carried: Ayes: Directors Hernandez, Johnson, Pack, and Shelton. Absent: Director Sanchez. Approved 4-0 by roll call vote.

9. **Adjournment:**

There being no further regular business or actions, the meeting was adjourned at 6:50 p.m.

The next Regular Meeting of the Board of Directors is scheduled for Thursday, December 21, 2023 at 5:00 p.m., and will be conducted in person.

/tr

DRAFT



Hazel Hawkins

MEMORIAL HOSPITAL

To: San Benito Health Care District Board of Directors
From: Amy Breen-Lema, Vice President, Clinic, Ambulatory & Physician Services
Date: December 6, 2023
Re: All Clinics – November 2023

November 2023 Rural Health and Specialty Clinics' visit volumes

Total visits in all outpatient clinics = **4,486**

Orthopedic Specialty	285
Multi-Specialty	607
Sunset Clinic	859
Surgery & Primary Care Clinic	141
San Juan Bautista	142
1st Street	838
4th Street	1069
Barragan	545



Hazel Hawkins
MEMORIAL HOSPITAL

Mabie Southside/Northside Skilled Nursing Facility
Board Report – December 2023

To: San Benito Health Care District Board of Directors

From: Jacqueline Fernandez, MHA, MSN, RN, Senior Director of Acute Care Services,
Interim Director of Nursing, Skilled Nursing Facility

1. Census Statistics: November 2023

Southside	2023	Northside	2023
Total Number of Admissions	7	Total Number of Admissions	5
Number of Transfers from HHH	5	Number of Transfers from HHH	5
Number of Transfers to HHH	3	Number of Transfers to HHH	1
Number of Deaths	1	Number of Deaths	1
Number of Discharges	6	Number of Discharges	6
Total Discharges	7	Total Discharges	7
Total Census Days	1,442	Total Census Days	1,376

Note: Transfers are included in the number of admissions and discharges. Deaths are included in the number of discharges. Total census excludes bed hold days.

2. Total Admissions: November 2023

Southside	From	Payor	Northside	From	Payor
3	HHMH	Medicare	5	HHMH	Medicare
2	HHMH	Managed Care			
1	St. Louise	Medicare			
Total: 6			Total: 5		

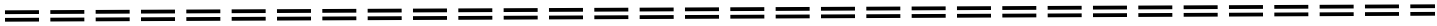
3. Total Discharges by Payor: November 2023

Southside	2023	Northside	2023
Medicare	2	Medicare	6
Medicare MC	1	Medicare MC	0
Medical	2	Medical	0
Medi-Cal MC	0	Medi-Cal MC	0
Hospice	1	Private (self-pay)	0
Private (self-pay)	0	Insurance	1
Insurance	1		
Total:	7	Total:	7

4. Total Patient Days by Payor: November 2023

Southside	2023	Northside	2023
Medicare	157	Medicare	90
Medicare MC	15	Medicare MC	1
Medical	1,199	Medical	1,201
Medi-Cal MC	0	Medi-Cal MC	0
Hospice	2	Private (self-pay)	60
Private (self-pay)	60	Insurance	22
Insurance	2	Bed Hold / LOA	2
Bed Hold / LOA	21		
Total:	1,463	Total:	1,376
Average Daily Census	48.77	Average Daily Census	45.87

To: San Benito Health Care District Board of Directors
 From: Bernadette Enderez, Director of Diagnostic Services
 Date: December 2023
 Re: Laboratory and Diagnostic Imaging



Updates:

Laboratory

1. Service/Outreach
 - Laboratory Outpatient Draw stations closed on December 25 for Christmas Holiday.

2. Quality Assurance/Performance Improvement Activities
 - STAGO compact analyzer validation completed. GO LIVE for patient testing 1/2024.

3. Laboratory Statistics

	October 2023	YTD
Total Outpatient Volume	4062	47244
Main Laboratory	1197	13238
HHH Employee Covid Testing	23	2378
Mc Cray Lab	898	10982
Sunnyslope Lab	397	5070
SJB and 4 th Street	50	773
ER and ASC	1497	14803
Total Inpatient Volume	346	5338

Diagnostic Imaging

1. Service/Outreach
 - Diagnostic Imaging Outpatient closed on December 25 for Christmas Holiday.

2. Quality Assurance/Performance Improvement Activities
 - Procedure charge master review

3. Diagnostic Imaging Statistics

	October 2023	YTD
Radiology	1661	18926
Mammography	720	7371
CT	863	10222
MRI	159	1804
Echocardiography	108	1155
Ultrasound	761	8294



TO: San Benito Health Care District Board of Directors
FROM: Liz Sparling, Foundation Director
DATE: December 2023
RE: Foundation Report

The Hazel Hawkins Hospital Foundation Board of Trustees met on December 14 for our Annual Meeting/Holiday Luncheon. The new slate of officers was announced and voted on: Ann Marie Barragan, President, Irene Davis – Vice President, Irene Recht – Treasurer, Brynn Gho – Secretary and Seth Muenzer – Past President.

Financial Report for November

1. Income	\$ 127,502.71
2. Expenses	\$ 28,447.30
3. New Donors	4
4. Total Donations	98

Allocations

1. \$1717.88 for the balance of EKG Equipment for New Specialty Clinic from the Clinics Fund
2. \$5,000 for new tables and chairs for the waiting room area in the Main Hospital.
(4 tables, 6 Chairs with Arms and 8 Armless Chairs)

Directors Report

- Welcome to our New Board members Gerry Wright, Pat Slatten and Mishel Thomas and thank you to Tisi Stewart and Jill Pagaran for being so wonderful to work with for the last 6 years. Thank you Seth for your past year as president and staying for an additional year.
- November 16th was National Philanthropy Day and our Foundation honored Dr. Armstrong for all of his support over the years.
- Our Scholarship Application will be posted January 1 and due April 1.
- Senator Laird came for a tour and he was very impressed with our Hospital.
- I met with Andie Posey, our CNO and Monica Hamilton our Director of Quality to discuss the future of the Palliative Care program here at HHMH. We then met with Siobhan Green, the CEO of the Hospice Giving Foundation and we had a very productive meeting about future funding and working together again.
- We sent out an end of the year letter to donors and have had a very positive response.















The Foundation is very proud of our accomplishments this year.

Here is a list of items allocated to the Hospital in 2023, totaling over \$98,000!

- \$1702 for a Language Line for the New Surgery Clinic
- \$9112.36 for 4th Street Clinic Waiting Room Furniture
- \$2290.60 for Analyzers for the Barragan Diabetes Center
- \$3031.25 for 10 chairs for Med/Surg for the Nurses
- \$8,000 for batteries and Battery Chargers for Workstation on Wheels
- \$9,007.07 for balance of Sterilizer Installation
- \$9,114.52 for an EKG Machine for the Hazel Hawkins Primary Care & Surgical Specialty Center
- \$15,800 for a Microscope for the Lab Department
- \$35,000 for an Ultrasound Equipment for OB Department
- \$5,000 for Furniture for the waiting room in the Main Hospital

MARKETING

- Social Media Posts**

		REACH	ENGAGEMENTS
	HHH is hiring! Join our team of caring professionals! Click here to see our open positions: https://www.hazelhawkins.com/careers/ Fri, Dec 15	Post reach 53	Engagement 1
	Mission accomplished! We are extremely grateful for our incredibly talented and compassionate staff! Everyone pulled together to get patients moved and comfortable for a couple of hours today in order for us to fix a water leak and keep operations going with as little disruption as possible. Many thanks to our Engineering staff for... Sat, Dec 9	Post reach 819	Engagement 190
	Hazel Hawkins Memorial Hospital has identified a water main leak in a line serving the main hospital building. Water service to the building will be disrupted in order to repair the line. Eleven patients in the main hospital building have been relocated to appropriate patient care areas in the Women's Center, the Surgery Center and the... Sat, Dec 9	Post reach 642	Engagement 35
	-- Thu, Dec 7	Post reach 320	Engagement 13
	Getting a flu vaccine is the best way to tame the worst flu symptoms. A flu vaccine can reduce your risk of getting sick and having a serious flu outcome, like being hospitalized. Learn more at https://bit.ly/3REwAJg Thu, Dec 7	Post reach 347	Engagement 5
	WELCOME TO OUR NEW COUNTY RESIDENTS! If you are new resident or looking to get Health Care Services in San Benito County, please contact your active insurance plan to update your address and review your plans coverage in San Benito County before services are rendered, (excluding Emergency Room Services.) If you are making an... Wed, Dec 6	Post reach 269	Engagement 14
	Consider giving the "Gift of Life" this Holiday Season by donating blood. Our next Blood Drive takes place on Wednesday, December 27th. Thu, Nov 30	Post reach 395	Engagement 16
	Thanks Uriel for your "Dad Jokes"! Who doesn't like to start off their morning with a little bit of humor? Mon, Nov 27	Post reach 2,667	Engagement 386
	Happy Thanksgiving! Thu, Nov 23	Post reach 568	Engagement 73
	Holiday Hours for Hospital Outpatient Services and HHH Clinics Wed, Nov 22	Post reach 625	Engagement 38
	HHH hosted a visit from California State Senator, John Laird, today. Members of the Administrative team along with District Board Chair Jeri Hernandez and Foundation Board Members Ann Marie Barragan and Seth Muenzer welcomed Senator Laird. Tue, Nov 21	Post reach 386	Engagement 64
	HAZEL HAWKINS MEMORIAL HOSPITAL FOUNDATION HONORS DONORS OF THE YEAR The Hazel Hawkins Memorial Hospital Foundation recently held their annual Donor Recognition event, honoring Bonnie and Alan Clark as their Donors of the Year, Community Foundation for San Benito County for Organization Donor of the Year and... Mon, Nov 20	Post reach 955	Engagement 301
	HAZEL HAWKINS MEMORIAL HOSPITAL INKS TWO YEAR CONTRACT WITH ANTHEM BLUE CROSS New Contract Allows Continuum of Care, Higher Reimbursements With Largest Insurer in San Benito County Hazel Hawkins Memorial Hospital announced that it has successfully concluded contract negotiations with Anthem Blue Cross on... Wed, Nov 15	Post reach 469	Engagement 29
	HHH Team Members participated in a decontamination training exercise with fellow first responders at Natividad Medical Center this week. Wed, Nov 8	Post reach 686	Engagement 212

EMERGENCY PREPAREDNESS/DISASTER COMMUNICATIONS

- Prepared social media posts for water main leak incident
- Participated in table top drill for Cyber Data Breach

COMMUNITY

- Announced Veterans Day Parade and Light's On Parade representing the Hospital

EMPLOYEE ENGAGEMENT

Employees:

- Hazel's Headlines
- Food Trucks for the Holidays
- Ugly Sweater Contest
- Hot Chocolate & Cookies for Staff
- Calavera Coffee for Staff

MEDIA

Working with Marcus Young from townKRYER PR agency on proactive PR:

- Working on End of the Year letter to the Editor from Mary

Press Releases

- San Benito County Presents Letter of Intent for Hazel Hawkins Memorial Hospital

Media Requests:

- Answered media request from BenitoLink about COVID resurgence at Mabie Southside.

COST SAVING MEASURES

- Assisting departments with in-house forms creation and printing.

**BOARD OF DIRECTORS
DISTRICT FACILITIES & SERVICE DEVELOPMENT COMMITTEE**

**Thursday, December 14, 2023
4:00 P.M. – Great Room**

MINUTES

I. CALL TO ORDER/ROLL CALL:

The meeting of the District's Facilities & Service Development Committee was called to order by Jeri Hernandez at 4:00p.m.

PRESENT:

Jeri Hernandez, Board President
Bill Johnson, Board Vice President
Mary Casillas, Interim, VP, Chief Executive Officer
Mark Robinson, VP, Chief Finance Officer
Andie Posey, Interim, VP, Chief Nursing Officer
Doug Mays, Senior Director, Support Services
William Pollard, Plant Operations Manager

II. APPROVAL OF MINUTES:

The minutes of the District's Facilities & Service Development Committee of March 16, 2023 were approved.

III. UPDATE ON CURRENT PROJECTS:

- Office Refresh for General Surgeons (Will P.)
Will P. reported that this project has been completed.
- HHH Autoclave Replacement (Will P.)
Will P. reported that this project is currently under HCAI review and awaiting installation date.
- HHH Boiler Replacement (Will P.)
Will P. reported that this project is currently under HCAI review and awaiting installation date.
- HHH Pharmacy Pyxis Locker Installation (Will P.)
Will P. reported that the Pyxis Locker is scheduled to be installed on 1/3/2024.
- HHH Lab Equipment Replacement (Will P.)
Will P. reported that this project will consist of minor case work and installation is scheduled to be completed by the end of the first quarter of 2024.
- IT Split System 5T Pkg. Unit (RTU) Replacement (Will P.)
Will P. reported that this project is in the planning and budgeting stage. We will move this to pending projects.
- HHH Chiller Motor Installation (Will P.)
Will P. reported that this project is in the planning and budgeting stage. We will move this to pending projects.
- HHH Respiratory Therapy TIC POC Case Work (Will P.)
Will P. reported that this project will consist of minor case work and installation is scheduled to be completed by the end of the first quarter of 2024.
- HHH Med Sur Double Door Replacement (Will P.)
Will P. reported that this project is in the planning and budgeting stage. We will move this to pending projects.

- HHH Radiology RTU Replacement (Will P.)
Will P. reported that this project is in the planning and budgeting stage. We will move this to pending projects.

IV. UPDATE ON PENDING PROJECTS:

V. UPDATE ON MASTER PLAN:

- SPC-4d (Will P.)
Will P. reported that the HCAI plan will be submitted prior to January 2024, as required. There will be additional Architectural funding required for additional planning revisions.

VI. PUBLIC COMMENT: None.

VII. OTHER BUSINESS:

- Water Interruption Incident 12/9/2023 (Bill J.)
It was noted by the Committee that the HHMH staff's prompt response to the water interruption on 12/9 was commendable and greatly appreciated. The vendor's quick response and work was extremely efficient and quick. Congratulations to all for a quick repair causing minimal issues to patient care.

VII. ADJOURNMENT:

There being no further business, the meeting was adjourned at 4:25 PM. The next Facilities Committee meeting is scheduled for January 18, 2024.

MEDICAL EXECUTIVE COMMITTEE

(Reports to be distributed at or prior to meeting)

Interim CEO Report December 2023

Financial Emergency Update

- Attended bankruptcy trial December 4 – 7. Decision expected in January 2024.
- Met with temporary Ad Hoc committee to review LOI's.
- Site visit with an interested party on December 19.
- Continue due diligence with interested parties along with Ad Hoc committee.

CEO Activities

- Met with and gave a HHH tour to Senator Laird. We discussed our seismic issues as well as the need for capital funding.
- Met with County/City Ad Hoc committee to give update of financial status.
- Participated in a tabletop disaster drill exercise on campus 12/13. The topic was IT security breach. Member from SBC emergency services were also invited to participate.
- Holiday activities with staff throughout the weeks of December 11 and 18th.

Facilities

- December 8-9 We had a leak in the main water line in the driveway just past the ER. During the time of repair, (8 am – 3 pm Saturday) patients were relocated to other areas of the hospital while we shut off water in the main hospital. There was no break in the continuum of care. The staff in all areas did an amazing job to ensure our patients were taken care of without incident. A huge acknowledgement to the Engineering staff for coordinating the repair efforts.

Chief Nursing Officer Report

November 2023

Andie Posey, Interim CNO

In month of November CNO activities included the following:

Nursing

- Identifying and getting nursing equipment fixed including new scanners for OB, ICU, Med Surg and ED to replace broken scanners and provide cordless scanners to make medication delivery and documentation easier for the nursing staff.
- The batteries for computers on wheels in ICU were not staying charged. Escalated the issue to IT and new batteries were ordered.
- Working with Hicuity health on a remote telemetry monitoring service that would free up nursing from having to watch telemetry and meet the Joint Commission requirements for telemetry monitoring (ongoing).
- Baby Friendly survey was completed. It will be 12 weeks until we receive our results.

Physician

- Two physicians had supply/instrument issues in the OR. New supplies/instruments were ordered and placed on the shelf for them and the non- functioning ones were sent back to the manufacturer.
- Issue with epidurals including proper tubing, the desired epidural catheters and trays were addressed. A meeting was held with the anesthesia group to discuss any other barriers.

Regulatory

- Joint Commission Mock Survey and resulting action items.
- State survey at the SNF validating the correction of a prior complaint. No findings.
- State survey at the SNF following up on staffing requirements. Results are pending.

Employee Health

- Reduced Worker's Comp claims by from 48 cases in 1/1/2021 (\$ 945,325) to 28 cases as of 1/1/2023 (\$171,375). This yielded a cost difference of \$773,950.

New activities for December

- Finance/Nursing/Case Management huddle daily to discuss any patient issues, barriers to care and ensure proper admission status.
- Reviewing financial denials and determining the root cause of the denial, documenting trends and addressing the clinical process issues associated with the denials.



San Benito Health Care District
Board of Directors Meeting
November 2023
Chief Nursing Officer Report

➤ **Emergency Department:**

- Visits: 2,300
- Admitted: 170
- Stroke: 17
- Left Without being seen: 13

➤ **Med / Surg:**

- ADC: 9.96%

➤ **ICU:**

- ADC: 1.66%

➤ **OB**

- Deliveries: 36
- Outpatients Visits: 70

➤ **OR**

- Inpatient: 26
- Outpatient: 17
- ASC cases: 116
- GI: 83
- AM Admit: 0

San Benito Health Care District
Finance Committee Minutes
December 14, 2023 - 4:30pm

Present: Jeri Hernandez, Board President
Rick Shelton, Board Treasurer
Mary Casillas, Interim Chief Executive Officer
Mark Robinson, Chief Financial Officer
Andie Posey, Chief Nursing Officer
Sandra DiLaura, Interim-Controller

1. CALL TO ORDER

The meeting of the Finance Committee was called to order at 4:30pm.

2. APPROVE OCTOBER MEETING MINUTES

Upon motion by Director Shelton, second by Director Hernandez, the Finance Committee approved the minutes of the October 19, 2023 Finance Committee Meeting, as presented.

3. REVIEW FINANCIAL UPDATES

A. November 2023 Financial Statements

The Financial Statements for November 2023 were presented for review. 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 under budget by \$24,033 due to 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 under by \$102,636 and Purchased Services under by \$74,033.

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.

B. November 2023 Finance Dashboard

The Finance Dashboard and Cash Flow Statement were reviewed by the Committee in detail.

C. Other Financial Updates

Other items noted included:

- The District received a letter of consent from HCAL allowing it to obtain the DHLP loan of \$10 million from CHFFA.
- In September of 2023, the District applied for the Employee Retention Credit with the IRS. Due to a backlog of ERC applications, the District does not expect a ruling until early 2024.
- An ED billing comparison for the O/P visits was reviewed for Q3 2022 + Oct. 2022 vs Q3 2023 + Oct. 2023 which showed the average revenue by visit increased by \$239.07. Changes to the ED billing includes charges for injections and infusions. The additional charges can result in increases in the ED Levels.

4. REVIEW FYE JUNE 30, 2023 REPORTS

- Audited Financial Statements FY 2023 are almost done and will be presented at the board meeting December 21, 2023.
- The GASB 68 report includes calculation changes due to the pension plan freeze on 07/03/23 and a lowering of the discount rate to 4.8%.

5. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF DH LEADERSHIP FORUM 2024 ANNUAL DUES

Dues for participation in the District Hospital Leadership Forum. 2024 Annual Dues for period Jan 1, 2024 – Dec 31, 2024 for \$53,342.51. The Finance Committee recommends this resolution for Board approval.

6. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF TREANORHL 4D SEISMIC EVALUATION AND MT/CAP-SCOPING TO SCHEMATIC DESIGN

The general intent of the project is to provide an assessment of the building seismic condition as well as a scoping document for the Original Hospital Building. Total fees include \$45,000 for TreanorHL, \$104,000 for structural engineering, and \$3,000 for reimbursable expenses for shipping, printing/plotting and other miscellaneous costs for a total of \$152,000. A \$50,000 retainer is requested for the design fee. The Finance Committee recommends this resolution for Board approval.

7. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF ANTHEM BLUE CROSS COMMERCIAL PLAN AMENDMENT

Agreement will be presented at boarding meeting.

8. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF GREAT COMMISSION ASSOCIATION OF SOUTHERN BAPTIST CHURCHES FOR FOURTH STREET CLINIC LEASE AGREEMENT RENEWAL

Renewal agreement for the fourth street clinic building effective February 1, 2024, 5 year term with a 3% rate increase year. This is one of our busiest clinics. The Finance Committee recommends this resolution for Board approval.

9. PUBLIC COMMENT

An opportunity was provided for public comment and individuals were given three minutes to address the Board Members and Administration.

10. ADJOURNMENT

There being no further business, the Committee was adjourned at 5:08 pm.

Respectfully submitted,

Sandra DiLaura
Interim-Controller



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		BUDGET		CURRENT MONTH		PRIOR YR		ACTUAL		BUDGET		YEAR-TO-DATE		PRIOR YR	
	11/30/23	11/30/23	11/30/23	11/30/23	POS/NEG	VARIANCE	PERCENT	VARIANCE	11/30/22	11/30/23	11/30/23	11/30/23	POS/NEG	VARIANCE	PERCENT	VARIANCE
GROSS PATIENT REVENUE:																
ACUTE ROUTINE REVENUE	3,180,464	4,362,961	(1,182,497)	(27)	3,964,936	15,536,079	23,355,908	(7,819,829)	(34)	21,125,316						
SNF ROUTINE REVENUE	2,141,400	2,025,000	116,400	6	1,998,750	11,140,558	10,327,500	813,058	8	10,153,850						
ANCILLARY INPATIENT REVENUE	3,651,191	4,855,877	(1,204,686)	(25)	4,317,015	18,827,680	26,046,608	(7,218,928)	(28)	25,175,585						
HOSPITALIST/STAPES 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	9,123,582	11,428,514	(2,304,932)	(20)	10,448,445	46,210,920	60,671,865	(14,460,945)	(24)	57,380,186						
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/STAPES O/P REVENUE	68,100	59,424	8,676	15	68,584	293,179	303,056	(9,877)	(3)	310,795						
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 PATIENT REVENUE	36,223,313	35,870,267	353,046	1	33,690,210	181,009,006	182,624,462	(1,615,456)	(1)	169,855,231						
DEDUCTIONS FROM REVENUE:																
MEDICARE CONTRACTUAL ALLOWANCES	8,865,632	10,275,798	(1,410,167)	(14)	10,755,806	47,880,916	52,508,136	(4,627,220)	(9)	49,907,876						
MEDI-CAL CONTRACTUAL ALLOWANCES	10,534,169	9,812,305	721,864	7	8,317,257	51,731,445	49,662,931	2,068,514	4	41,549,795						
BAD DEBT EXPENSE	695,471	402,993	292,478	73	299,055	3,366,157	2,050,145	1,316,012	64	1,728,181						
CHARITY CARE	48,758	37,633	11,125	30	39,203	269,923	191,536	78,387	41	174,821						
OTHER CONTRACTUALS AND ADJUSTMENTS	4,845,860	4,091,851	754,009	18	2,999,235	21,978,574	20,702,871	1,275,703	6	17,957,720						
HOSPITALIST/STAPES CONTRACTUAL ALLOW	(8,457)	12,473	(20,930)	(168)	5,914	8,310	63,482	(55,172)	(87)	51,886						
TOTAL DEDUCTIONS FROM REVENUE	24,981,432	24,633,053	348,379	1	22,416,469	125,235,325	125,179,101	56,224	0	111,370,278						
NET PATIENT REVENUE	11,241,882	11,237,214	4,668	0	11,273,741	55,773,681	57,445,361	(1,671,680)	(3)	58,484,953						
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 OPERATING REVENUE	11,800,348	11,819,713	(19,365)	0	12,284,190	58,566,825	60,357,856	(1,791,031)	(3)	63,182,064						
OPERATING EXPENSES:																
SALARIES & WAGES	4,648,114	4,611,957	36,157	1	4,849,101	23,390,351	23,459,884	(69,533)	0	24,598,810						
REGISTRY	300,284	200,000	100,284	50	547,646	1,345,571	1,000,000	345,571	35	2,964,784						
EMPLOYEE BENEFITS	2,068,062	2,322,180	(254,118)	(11)	2,981,475	10,289,044	12,224,316	(1,935,272)	(16)	13,528,180						
PROFESSIONAL FEES	1,696,248	1,602,561	93,687	6	1,639,751	7,845,163	8,162,458	(317,295)	(4)	7,850,172						
SUPPLIES	1,049,815	1,141,909	(92,094)	(8)	1,309,747	5,021,591	5,975,258	(953,667)	(16)	6,272,561						
PURCHASED SERVICES	953,691	1,058,396	(104,705)	(10)	1,283,144	5,229,532	5,397,824	(168,292)	(3)	6,228,394						
RENTAL	147,786	130,294	17,492	13	191,544	679,940	655,259	24,681	4	792,208						
DEPRECIATION & AMORT	331,073	320,773	10,300	3	328,045	1,639,626	1,603,873	35,753	2	1,609,469						
INTEREST	29,122	25,417	3,705	15	3,221	159,425	32,340	127,085	25	23,860						
OTHER	440,390	423,085	17,305	4	422,143	2,040,574	2,155,377	(114,803)	(5)	2,195,306						
TOTAL EXPENSES	11,664,585	11,836,572	(171,987)	(2)	13,555,818	57,640,817	60,761,334	(3,120,517)	(5)	66,063,863						
NET OPERATING INCOME (LOSS)	135,762	(16,859)	152,621	(905)	(1,271,628)	926,008	(403,478)	1,329,486	(330)	(2,881,798)						

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

	ACTUAL		BUDGET		CURRENT MONTH		PERCENT		PRIOR YR		YEAR-TO-DATE		PRIOR YR	
	11/30/23	11/30/23	11/30/23	11/30/23	POS/NEG	VARIANCE	11/30/22	VARIANCE	11/30/22	11/30/22	POS/NEG	VARIANCE	11/30/22	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	BUDGET 11/30/23	ACTUAL 11/30/23	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 11/30/22
GROSS PATIENT REVENUE:										
ROUTINE REVENUE	3,180,464	4,362,961	(1,182,497)	(27)	3,964,936	23,355,908	15,536,079	(7,819,829)	(34)	21,125,316
ANCILLARY INPATIENT REVENUE	3,383,166	4,499,654	(1,116,488)	(25)	3,916,847	24,195,109	17,228,236	(6,966,873)	(29)	23,146,855
HOSPITALIST I/P REVENUE	150,527	184,676	(34,149)	(19)	167,744	941,849	706,604	(235,246)	(25)	925,435
TOTAL GROSS INPATIENT REVENUE	6,714,157	9,047,291	(2,333,134)	(26)	8,049,527	48,492,866	33,470,919	(15,021,948)	(31)	45,197,606
ANCILLARY OUTPATIENT REVENUE	27,031,632	24,382,329	2,649,303	11	23,173,181	121,649,541	134,504,907	12,855,366	11	112,164,310
HOSPITALIST O/P REVENUE	68,100	59,424	8,676	15	68,584	303,056	293,179	(9,877)	(3)	310,735
TOTAL GROSS OUTPATIENT REVENUE	27,099,731	24,441,753	2,657,978	11	23,241,765	121,952,597	134,798,086	12,845,489	11	112,475,044
TOTAL GROSS ACUTE PATIENT REVENUE	33,813,888	33,489,044	324,844	1	31,291,292	170,445,463	168,269,005	(2,176,458)	(1)	157,672,651
DEDUCTIONS FROM REVENUE ACUTE:										
MEDICARE CONTRACTUAL ALLOWANCES	9,075,077	10,009,718	(934,641)	(9)	10,520,215	47,025,005	47,025,005	(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	50,915,307	1,786,932	4	40,745,528
BAD DEBT EXPENSE	692,674	392,993	299,681	76	268,246	2,000,145	3,281,068	1,280,923	64	1,689,276
CHARITY CARE	48,758	37,633	11,125	30	39,203	191,536	269,923	78,387	41	174,821
OTHER CONTRACTUALS AND ADJUSTMENTS	4,775,110	4,027,051	748,059	19	2,958,727	20,372,391	21,769,145	1,396,754	7	17,616,869
HOSPITALIST/PEDS CONTRACTUAL ALLOW	(8,457)	12,473	(20,930)	(168)	5,914	63,482	8,310	(55,172)	(87)	51,886
TOTAL ACUTE DEDUCTIONS FROM REVENUE	24,500,404	24,187,357	313,047	1	21,924,334	122,879,253	123,268,757	389,504	0	108,863,417
NET ACUTE PATIENT REVENUE	9,313,484	9,301,687	11,797	0	9,366,958	47,566,210	45,000,248	(2,565,962)	(5)	48,809,234
OTHER OPERATING REVENUE	558,466	582,499	(24,033)	(4)	1,010,450	2,912,495	2,793,144	(119,351)	(4)	4,697,112
NET ACUTE OPERATING REVENUE	9,871,950	9,884,186	(12,236)	0	10,377,408	50,478,705	47,793,392	(2,685,313)	(5)	53,506,346
OPERATING EXPENSES:										
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	1,868,098	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)	(1,389,885)	(1,164,387)	225,498	(16)	(3,386,943)

HAZEL HAWKINS SKILLED NURSING FACILITIES
HOLLISTER, CA
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
GROSS SNF PATIENT REVENUE:										
ROUTINE SNF REVENUE	2,141,400	2,025,000	116,400	6	1,998,750	11,140,558	10,327,500	813,058	8	10,153,850
ANCILLARY SNF REVENUE	268,025	356,223	(88,198)	(25)	400,168	1,599,444	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	12,740,001	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	855,911	1,384,812	(528,901)	(38)	1,322,839
MEDI-CAL CONTRACTUAL ALLOWANCES	616,926	104,816	512,110	489	185,228	816,138	534,556	281,582	53	804,266
BAD DEBT EXPENSE	2,796	10,000	(7,204)	(72)	30,809	85,089	50,000	35,089	70	38,905
CHARITY CARE	0	0	0	0	0	0	0	0	0	0
OTHER CONTRACTUALS AND ADJUSTMENTS	70,751	64,800	5,951	9	40,508	209,429	330,480	(121,051)	(37)	340,852
TOTAL SNF DEDUCTIONS FROM REVENUE	481,028	445,696	35,332	8	492,136	1,966,568	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	10,773,433	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	10,773,433	9,879,151	894,282	9	9,675,719
OPERATING EXPENSES:										
SALARIES & WAGES	918,186	911,304	6,882	1	928,064	4,805,366	4,641,969	163,397	4	4,682,526
REGISTRY	12,367	33,000	(20,633)	(63)	18,000	116,826	165,000	(48,174)	(29)	141,600
EMPLOYEE BENEFITS	498,559	506,967	(8,408)	(2)	663,348	2,389,137	2,609,291	(220,154)	(8)	2,821,027
PROFESSIONAL FEES	2,210	2,337	(127)	(5)	2,210	11,050	11,683	(633)	(5)	11,560
SUPPLIES	98,852	88,310	10,542	12	85,884	493,814	444,690	49,124	11	470,965
PURCHASED SERVICES	73,322	103,994	(30,672)	(30)	97,607	418,072	530,377	(112,305)	(21)	540,303
RENTAL	1,019	1,025	(6)	(1)	1,614	5,047	5,182	(135)	(3)	5,070
DEPRECIATION	39,456	39,453	3	3	39,343	197,154	197,273	(119)	0	197,956
INTEREST	0	0	0	0	0	0	0	0	0	0
OTHER	53,987	56,341	(2,354)	(4)	44,689	237,968	287,279	(49,311)	(17)	299,568
TOTAL EXPENSES	1,697,958	1,742,731	(44,773)	(3)	1,880,757	8,674,435	8,892,744	(218,309)	(3)	9,170,574
NET OPERATING INCOME (LOSS)	230,440	192,796	37,644	20	26,025	2,098,998	986,407	1,112,591	113	595,145
NON-OPERATING REVENUE/EXPENSE:										
DONATIONS	0	0	0	0	0	0	0	0	0	0
PROPERTY TAX REVENUE	30,857	30,856	1	0	29,387	154,285	154,282	3	0	146,935
OTHER NON-OPER EXPENSE	(7,288)	(7,288)	0	0	(8,343)	(36,439)	(36,440)	1	0	(41,713)
TOTAL NON-OPERATING REVENUE/(EXPENSE)	23,569	23,568	1	0	21,044	117,846	117,842	4	0	105,222
NET SURPLUS (LOSS)	254,009	216,364	37,645	17	47,070	2,216,844	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>
BLDG & 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>

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
Met or Exceeded Target				
Within 10% of Target				
Not Within 10%				

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
Net Cash Provided by Operating Activities:	4,412,643	4,629,178	
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
Net Cash Used by Investing Activities	(387,404)	(1,807,799)	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	
Net Cash Used for Financing Activities	(35,210)	(182,573)	
(INCREASE)/DECREASE IN RESTRICTED ASSETS	36,000	41,000	
Net Increase/(Decrease) in Cash	4,510,941	5,199,988	
Cash, Beginning of Period	14,338,443	13,649,396	
Cash, End of Period	\$18,849,384	\$18,849,384	\$0

Cost per day to run the District

\$366,876

Operational Days Cash on Hand

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.

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 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)				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 13c)	3,378,457 . 15	0 . 00	3,378,457 . 15	See Instructions
* 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				
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 <i>Amount you owe</i> 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	See Instructions
* 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)	119,992 . 52	0 . 00	119,992 . 52	See Instructions
* 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)				See Instructions
* Use line 32 only for corrections to quarters beginning after March 31, 2020, and before April 1, 2021.				

- 4,212,066 . 03

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)
Part 3: Enter the corrections for this quarter. If any line doesn't apply, leave it blank. (continued)		2021

	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"/>
	<small>* Use line 33a only for corrections to the second quarter of 2020.</small>		
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"/>
	<small>* Use line 33b only for corrections to the third and fourth quarters of 2020.</small>		
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"/>
	<small>* Use line 34 only for corrections to the second quarter of 2020.</small>		

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
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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 

Print your name here

Print your title here

Date

Best daytime phone

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" value="/ /"/>
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

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.

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.

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 they 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)

Correcting calendar year (YYYY)

Hazel Hawkins Memorial Hospital

94

6034863

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 include items like Wages, tips, and other compensation; Federal income tax withheld; Taxable social security wages; etc.

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				- 971,297 . 47
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)	3,318,481 . 84	0 . 00	3,318,481 . 84	See instructions - 3,318,481 . 84
* 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				- 4,289,779 . 31
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)	6,015,309 . 60	0 . 00	6,015,309 . 60	* 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)	112,946 . 56	0 . 00	112,946 . 56	* 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 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.

Hazel Hawkins Memorial Hospital
 ED Billing Comparison for O/P Visits
 As of December 13, 2023
 Data Provided by Innova Revenue Group

QTR	# Of ED Visits	CHARGES	PAYMENT	PCR	Ave Reimb. Per Visit
Q32022	6,140	\$26,075,256.35	\$5,746,857.72	22.0%	\$ 935.97
Q32023	5,741	\$37,579,590.30	\$7,109,268.33	18.9%	\$ 1,238.33
399 less visits Q32023					\$ 302.36
Increased Revenue:			\$1,362,410.61		
Month	# Of ED Visits	CHARGES	PAYMENT		
Oct-22	1,851	\$8,492,608.67	\$1,935,980.86	22.8%	\$ 1,045.91
Oct-23	2,001	\$12,310,019.98	\$2,185,017.99	17.7%	\$ 1,091.96
150 more visits Oct 2023					\$ 46.05
Increased Revenue:			\$249,037.13		
4 Month	# Of ED Visits	CHARGES	PAYMENT		
Jul- Oct 2022	7,991	\$34,567,865.02	\$7,682,838.58	22.2%	\$ 961.44
Jul-Oct 2023	7,742	\$49,889,610.28	\$9,294,286.32	18.6%	\$ 1,200.50
Increased Revenue:			\$1,611,447.74		\$ 239.07
Annualized			\$ 4,834,343.22		

Notes:

- Changes to ED billing include adding charges for infusions and injections.
- The changes increased patients under higher ED Levels.
- Although Charges are the same, reimbursement is determined by payor.

Audited Financial Statements

SAN BENITO
HEALTH CARE DISTRICT

dba: HAZEL HAWKINS MEMORIAL HOSPITAL

June 30, 2023 and 2022

Audited Financial Statements

SAN BENITO HEALTH CARE DISTRICT

June 30, 2023

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Management's Discussion and Analysis

SAN BENITO HEALTH CARE DISTRICT

June 30, 2023

The management of the San Benito Health Care District (the Hospital) has prepared this annual discussion and analysis in order to provide an overview of the Hospital's performance for the fiscal year ended June 30, 2023 in accordance with the Governmental Accounting Standards Board Statement No. 34, *Basic Financials Statements; Management's Discussion and Analysis for State and Local Governments*. The intent of this document is to provide additional information on the Hospital's historical financial performance as a whole in addition to providing a prospective look at revenue growth, operating expenses, and capital development plans. This discussion should be reviewed in conjunction with the audited financial statements for the fiscal year ended June 30, 2023 and accompanying notes to the financial statements to enhance one's understanding of the Hospital's financial performance.

Financial Highlights

- Total assets and deferred outflows of resources increased by \$16,177,657 over the prior fiscal year due mainly to the pension adjustment. Total operating cash and cash equivalents decreased by \$1,028,903 over the prior year (see the *Statements of Cash Flows* for changes). Net patient accounts receivable decreased by \$561,367 which resulted in net days in patient accounts receivable of 32.88 at June 30, 2023 as compared to 37.73 in the prior year.
- Current assets increased by \$7,437,601 while current liabilities increased by \$2,924,623 over the prior fiscal year. The current ratio was 1.60 as compared to 1.49 for the prior year.
- The operating income was \$3,722,645 for fiscal year 2023 as compared to an operating loss of \$(583,627) for the prior year, representing an increase of \$4,306,272 in operations due mainly to the increase in outpatient volumes for the year.
- The increase in net position was \$344,137 for the current fiscal year as compared to an increase in net position of \$2,670,099 for the prior fiscal year. Without the pension adjustment the increase in net position for the year would have been \$7,635,673.
- Operating revenues increased by \$12,623,453 from the prior year due mainly to the return of patient volumes to the Hospital. Operating expenses increased by \$8,317,181 from the prior year, again due to increased volumes.
- The GASB 68 impact resulted in added assets of \$14,487,652 recorded as deferred outflows. At the same time, GASB 68 increased the pension liability by \$21,779,188 recorded as long-term pension liabilities. Per the actuary, the large increases were due to changes in the discount rate and the effects of the Plan being frozen effective July 3, 2023.
- The Hospital realized a \$7,291,536 additional net pension expense for the year due the continued affects of GASB 68 involving the defined benefit pension plan.

Management's Discussion and Analysis (continued)

SAN BENITO HEALTH CARE DISTRICT

Volumes

- Acute patient days were 6,322 for fiscal year 2023 as compared to 7,544 for the prior year. The average length of stay decreased from 3.25 days in fiscal year 2022 to 2.97 days in fiscal year 2023.
- The Northside skilled nursing facility had an average daily census (ADC) of 45.00 for the fiscal year 2023, equaling a total of 16,424 patient days as compared to 14,002 days (ADC of 38.36) for the prior year.
- The Mabie skilled nursing facility had an ADC of 45.11 for the fiscal year 2023, equaling a total of 16,466 patient days. The prior year ADC was 43.95 for a total of 16,042 patient days.
- Surgery cases for the fiscal year 2023 were slightly lower than the prior year. There were 2,134 cases as compared to 1,919 cases for the prior fiscal year. The increase in surgery cases was caused by related volume increases.
- There was a decrease in outpatient visits; 160,515 in the fiscal year 2023 as compared to 172,154 for the prior fiscal year.
- There was an increase in emergency room visits; 25,132 in the fiscal year 2023 as compared to 23,594 for the prior year.
- There was a decrease in rural health care clinic visits; 49,496 visits in the year 2023 as compared to 51,140 visits for the prior year as the Hospital continues to operate five rural health care clinics.
- Home health care visits decreased to 3,128 in the year 2023 as compared to 6,124 in the prior year.

Cash and Investments

For the fiscal year ended June 30, 2023, the Hospital's operating and board designated cash and investments totaled \$13,710,102 as compared to \$14,738,363 in fiscal year 2022. At June 30, 2023, days cash on hand were 32.63 thus meeting the required bond covenant of 30 days cash on hand. At June 30, 2022, days cash on hand were 37.11. The Hospital maintains sufficient cash and cash equivalent balances to pay all short-term liabilities.

Current Liabilities

As previously noted, current liabilities of the Hospital increased by \$2,924,623. Changes in the current liability categories were: (1) current maturities increased by \$5,354,606 due to new debt from CHFPA; (2) accounts payable and accrued expenses decreased by \$7,906,315 as there repayments on advances on supplemental programs; and (3) accrued payroll and related liabilities increased by \$5,476,332 due mainly to a substantial increase in pension liabilities.

Management's Discussion and Analysis (continued)

SAN BENITO HEALTH CARE DISTRICT

Capital Assets

There were \$2,945,008 of new additions and transfers of construction-in-progress costs to capital assets during the year. Certain capital projects were completed and came "on-line" or put into service. Depreciation and amortization expense for the year was \$4,076,319 as compared to \$3,928,677 for the prior year. The Hospital has \$880,124 of remaining costs in construction in progress at year end with an estimated cost of approximately \$1 million left to complete all projects.

Gross Patient Charges

The Hospital charges all its patients equally based on its established pricing structure for the services rendered. Acute inpatient and skilled nursing gross patient charges for the year decreased by \$5,616,777 due to changes in volumes from the prior year coupled with some moderate rate increases.

The Hospital experienced significant increases in the outpatient areas as gross charges increased by \$38,185,601. These outpatient increases were again due mainly to volume increases in outpatient visits and related outpatient ancillary service areas, coupled with moderate rate increases.

Deductions From Revenue

Deductions from revenue are comprised of contractual allowances and provisions for bad debts. Contractual allowances are computed deductions based on the difference between gross charges and the contractually agreed upon rates of reimbursement with third party government-based programs such as Medicare and Medi-Cal and other third party payors such as Blue Cross.

Contractual allowances, traditional charity care, the provision for bad debts, and other discounts for fiscal year 2023 and fiscal year 2022 were \$258,377,580 and \$240,015,430, respectively. The increase in these deductions from revenue continues to be affected by State supplemental payments as well as the Hospital's change to a Critical Access (CAH) designation for Medicare reimbursement. Deductions from revenue (contractual allowances, provision for bad debts, charity, etc.) as a percentage of gross patient charges were 62.88% for fiscal year 2023 as compared to 63.44% for prior fiscal year. The overall decrease in the percentage is related to the supplemental program revenues and the pandemic relief payments as previously mentioned.

Net Patient Service Revenues

Net patient service revenues are the resulting difference between gross patient charges and the deductions from revenue. Net patient service revenues increased by \$14,206,674 in fiscal year 2023 over the prior year due to the issues already mentioned.

Management's Discussion and Analysis (continued)

SAN BENITO HEALTH CARE DISTRICT

Critical Access Designation

During the prior fiscal years, the acute hospital's average daily census was between 16 to 16.5. Therefore, the Hospital decided to apply for certification as a Critical Access Hospital (CAH). Effective March 26, 2020, CMS designated the Hospital as a CAH. This change in designation has increased Medicare funding and the reimbursement to the Hospital substantially during the year. The average daily acute care patient as of June 30, 2023 and 2022 were 17.32 and 20.67, respectively

Operating Expenses

Total operating expenses were \$155,495,079 for fiscal year 2023 compared to \$147,323,392 for the prior fiscal year, an increase of \$8,317,181. The 5.54% increase is due primarily to:

- A \$4,199,992 increase in salaries, wages and benefits. Paid full time equivalents (FTE's) increased from 534.75 in fiscal year 2022 to 546.16 in fiscal year 2023. Productive FTE's were 502.94 in 2022 and 501.97 in 2023. Salaries and benefits per paid FTE increased from \$164,598 per FTE in 2022 to \$168,849 per FTE in 2023. Registry expense decreased from \$5,447,939 in 2022 to \$4,217,289 in 2023.
- Other operational expense changes experienced modest increases and decreases and were somewhat comparable with prior year expenses. Increases were generally due to a combination of volume changes and the pandemic.

Bankruptcy Proceedings

On May 23, 2023 the Hospital filed a voluntary petition for relief under Chapter 9 of title 11 of the United States Code (the Bankruptcy Code). The Hospital is represented by legal counsel in a pending reorganization under Chapter 9 of Title 11 United States Code (the Bankruptcy Code) in the United States Bankruptcy Court - Northern District of California - San Jose Division. The purpose of the Hospital's plan of reorganization is to restructure certain classifications of the Hospital's debt and provide for their payment in whole or part. Certain debt may be susceptible to being discharged or rendered unenforceable. The ultimate success of the plan will depend primarily on the ability of the Hospital's management to operate the hospital at a level of increased cash flows and thereby generate sufficient cash flows, coupled with Hospital property taxes, to meet their obligations in the normal course of hospital operations. Hospital management is continuing a program of cost reductions and revenue enhancement which it believes will result in improved cash flows.

Management's Discussion and Analysis (continued)

SAN BENITO HEALTH CARE DISTRICT

Economic Factors and Next Fiscal Year's Budget

The Hospital's board approved the fiscal year ending June 30, 2024 budget at the District board meeting on August 24, 2023. For fiscal year 2024, the Hospital is budgeted to increase net position by \$2.12 million. The increase is due to several assumptions:

- Both inpatient volumes were budgeted to increase as well as outpatient volumes, 1% and 2%, respectively. Patient rate charges were also slated to increase slightly at the acute facility.
- Operating expenses are expected to decrease by \$9.73 million (6.3%).

In order to increase the number of inpatients at the acute facility, the Hospital is continuing its search for physicians and specialists. New primary care physicians are being recruited in order to increase outpatient referrals.

JWT & Associates, LLP

A Certified Public Accountancy Limited Liability Partnership

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Report of Independent Auditors

The Board of Directors
San Benito Health Care District
Hollister, California

Opinion

We have audited the accompanying financial statements of the San Benito Health Care District, *dba* Hazel Hawkins Memorial Hospital (the Hospital) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of June 30, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emphasis of Matter - GASB 96 and GASB 87

As discussed in Note A, the Hospital analyzed GASB 96 for year fiscal year ended June 30, 2023 and GASB 87 for the fiscal year ended June 30, 2022. As discussed in Note A, after analysis, GASB 96 had no impact on the Hospital's financial presentation. Also discussed in Note A, the Hospital adopted GASB 87 for the year beginning July 1, 2021 and ending June 30, 2022. Our opinion is not modified with respect to this matter.

Emphasis of Matter - Bankruptcy Uncertainties

As more fully described in Note P, on May 23, 2023, the Hospital filed a voluntary petition for relief under Chapter 9 of title 11 of the United States Code (the Bankruptcy Code). The Hospital has incurred negative cash flows from hospital operations and was unable to meet certain of its future obligations. These conditions raised substantial doubt about the Hospital's ability to continue hospital operations in the future. The Hospital's plans in regard to these matters are also more fully described in Note P. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of assets or the amounts and classifications of liabilities that resulted from the inability of the Hospital to meet its obligations from continued hospital operations.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America *Government Auditing Standards*, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Schedule

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedule as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. In our opinion, the supplementary schedule as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023, on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

JW7 & Associates, LLP

Fresno, California
December 14, 2023

Statements of Net Position

SAN BENITO HEALTH CARE DISTRICT

	June 30	
Assets	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 13,413,099	\$ 14,442,002
Restricted trust funds available for current debt service	2,830,800	2,684,733
Patient accounts receivable, net of allowances	13,739,152	14,300,519
Other receivables	8,381,301	3,661,313
Estimated third party payor settlements	2,286,546	152,427
Inventories	4,057,812	3,146,161
Prepaid expenses and deposits	<u>2,042,543</u>	<u>926,497</u>
Total current assets	46,751,253	39,313,652
Assets limited as to use	143,920	2,037,674
Capital assets, net of accumulated depreciation	57,288,673	60,491,774
Other assets	<u>1,212,567</u>	<u>1,788,631</u>
Total assets	105,396,413	103,631,731
Deferred outflows of resources, net of inflows	<u>18,756,288</u>	<u>4,343,313</u>
	<u><u>\$124,152,701</u></u>	<u><u>\$107,975,044</u></u>
Liabilities		
Current liabilities:		
Current maturities of debt borrowings	\$ 7,966,376	\$ 2,611,770
Accounts payable and accrued expenses	5,379,082	13,285,397
Accrued payroll and related liabilities	<u>15,956,445</u>	<u>10,480,113</u>
Total current liabilities	29,301,903	26,377,280
Other payables	658,946	4,317,341
Long-term pension liabilities	36,485,864	14,706,676
Debt borrowings, net of current maturities	<u>34,163,981</u>	<u>39,375,877</u>
Total liabilities	100,610,694	84,777,174
Net position (deficit)		
Invested in capital assets, net of related debt	17,582,628	20,785,729
Restricted, by contributors and indenture agreements	2,677,717	4,424,046
Unrestricted (deficit)	<u>3,281,662</u>	<u>(2,011,905)</u>
Total net position	<u>23,542,007</u>	<u>23,197,870</u>
	<u><u>\$124,152,701</u></u>	<u><u>\$107,975,044</u></u>

See accompanying notes and auditor's report

Statements of Revenues, Expenses and Changes in Net Position

SAN BENITO HEALTH CARE DISTRICT

	Year Ended June 30	
	<u>2023</u>	<u>2022</u>
Operating revenues		
Net patient service revenue	\$152,533,693	\$138,327,019
Other operating revenue	<u>6,684,031</u>	<u>8,267,252</u>
Total operating revenues	159,217,724	146,594,271
Operating expenses		
Salaries and wages	57,801,570	56,772,326
Employee benefits	34,416,763	31,246,015
Registry	4,217,289	5,447,939
Professional fees	20,482,577	17,339,122
Supplies	12,878,484	13,944,423
Purchased services and repairs	14,776,517	12,719,664
Utilities and phone	2,666,037	2,127,648
Building and equipment rent	1,803,465	1,707,887
Insurance	1,106,998	963,929
Depreciation and amortization	3,808,755	3,749,096
Other operating expenses	<u>1,536,624</u>	<u>1,159,849</u>
Total operating expenses	<u>155,495,079</u>	<u>147,177,898</u>
Operating income (loss)	3,722,645	(583,627)
Nonoperating revenues (expenses)		
District tax revenues	4,847,384	4,475,770
Investment income, net of unrealized gains and losses	218,106	116,543
Interest expense	(1,759,392)	(1,528,522)
Grants, contributions and other gains and losses	<u>592,634</u>	<u>300,852</u>
Total nonoperating revenues (expenses)	<u>3,898,732</u>	<u>3,364,643</u>
Excess of revenues over expenses	7,621,377	2,781,016
GASB 68 pension affect	(7,291,536)	(145,494)
Other increases (decreases) in net position	<u>14,296</u>	<u>34,577</u>
Net increase in net position	344,137	2,670,099
Net position at beginning of the year	<u>23,197,870</u>	<u>20,527,771</u>
Net position at end of the year	<u>\$ 23,542,007</u>	<u>\$ 23,197,870</u>

See accompanying notes and auditor's report

Statements of Cash Flows

SAN BENITO HEALTH CARE DISTRICT

	Year Ended June 30	
	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash received from patients and third-parties on behalf of patients	\$147,302,546	\$136,872,654
Cash received from operations, other than patient services	1,964,043	4,764,499
Cash payments to suppliers and contractors	(47,381,798)	(52,229,954)
Cash payments to employees and benefit programs	<u>(86,983,018)</u>	<u>(87,277,932)</u>
Net cash provided by operating activities	14,901,773	2,129,267
Cash flows from noncapital financing activities:		
District tax revenues	2,689,536	2,427,679
Grants, contributions and changes in restricted assets	<u>1,038,223</u>	<u>300,852</u>
Net cash provided by noncapital financing activities	3,727,759	2,728,531
Cash flows from capital financing activities:		
District tax revenues related to capital acquisitions	2,157,848	2,048,091
Net purchase of capital assets and changes in other assets	(24,044,000)	(9,545,670)
Proceeds from sale of capital assets	1,536,366	
Principal borrowings on debt borrowings	3,090,086	4,331,582
Principal payments on debt borrowings	(2,605,136)	(2,365,537)
Interest payments, net of capitalized interest	<u>(1,759,392)</u>	<u>(1,528,522)</u>
Net cash (used in) capital financing activities	(21,624,228)	(7,060,056)
Cash flows from investing activities:		
Net (purchase) or sale of assets limited as to use	1,747,687	(1,980,909)
Investment income, net of unrealized gains and losses	<u>218,106</u>	<u>116,543</u>
Net cash provided by investing activities	<u>1,965,793</u>	<u>(1,864,366)</u>
Net (decrease) in cash and cash equivalents	(1,028,903)	(4,066,624)
Cash and cash equivalents at beginning of year	<u>14,442,002</u>	<u>18,508,626</u>
Cash and cash equivalents at end of year	<u>\$ 13,413,099</u>	<u>\$ 14,442,002</u>

See accompanying notes and auditor's report

Statements of Cash Flows (continued)

SAN BENITO HEALTH CARE DISTRICT

	Year Ended June 30	
	<u>2023</u>	<u>2022</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 3,722,645	\$ (729,121)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	3,808,755	3,749,096
Provision for bad debts and other	4,707,915	3,551,085
Changes in operating assets, liabilities and other:		
Patient accounts receivables, net of allowances	(4,146,548)	(5,005,450)
Other receivables	(4,719,988)	(1,124,420)
Inventories	(911,651)	(301,726)
Prepaid expenses and deposits	(1,116,046)	(421,548)
Accounts payable and accrued expenses	(7,906,315)	2,510,387
Accrued payroll and related liabilities	5,235,315	885,903
Estimated third party payor settlements and other liabilities	(5,792,514)	(2,378,333)
Net long-term pension liability	21,779,188	2,462,758
Health insurance claims payable (IBNR)	<u>241,017</u>	<u>(1,069,364)</u>
Net cash provided by operating activities	<u>\$ 14,901,773</u>	<u>\$ 2,129,267</u>

See accompanying notes and auditor's report

NOTE A - ORGANIZATION AND ACCOUNTING POLICIES

Reporting Entity: San Benito Health Care District, (dba: Hazel Hawkins Memorial Hospital), heretofore referred to as (the Hospital) is a public entity organized under Local Hospital District Law as set forth in the Health and Safety Code of the State of California. The Hospital is a political subdivision of the State of California and is generally not subject to federal or state income taxes. The Hospital is governed by a five-member Board of Directors, elected from specified areas within the district to specified terms of office. The Hospital is located in Hollister, California. It is licensed for 25 acute care beds, a home health agency, several rural health clinics, and 119 convalescent beds divided between two locations at and near the Hospital's campus. The Hospital provides health care services primarily to individuals who reside in the local geographic area.

Basis of Preparation: The accounting policies and financial statements of the Hospital generally conform with the recommendations of the audit and accounting guide, *Health Care Organizations*, published by the American Institute of Certified Public Accountants. The financial statements are presented in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB). For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operational revenues and expenses.

The Hospital uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on GASB Statement Number 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, the Hospital has elected to apply the provisions of all relevant pronouncements as the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Management's Discussion and Analysis: Effective July 1, 2002, the Hospital adopted the provisions of GASB 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (Statement 34), as amended by GASB 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and Statement 38, *Certain Financial Statement Note Disclosures*. Statement 34 established financial reporting standards for all state and local governments and related entities. Statement 34 primarily relates to presentation and disclosure requirements. One of the main components of these new provisions allows the inclusion of a management's discussion and analysis to accompany the financial statement presentation.

The management's discussion and analysis is a narrative introduction and analytical overview of the Hospital's financial activities for the year being presented. This analysis is similar to the analysis provided in the annual reports of organizations in the private sector. As stated in the opinion letter, the management's discussion and analysis is not a required part of the financial statements but is supplementary information and therefore not subject to audit procedures or the expression of an opinion on it by auditors.

NOTE A - ORGANIZATION AND ACCOUNTING POLICIES (continued)

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents and Investments: The Hospital considers cash and cash equivalents to include certain investments in highly liquid debt instruments, when present, with an original maturity of a short-term nature or subject to withdrawal upon request. Exceptions are for those investments which are intended to be continuously invested. Investments in debt securities are reported at market value. Interest, dividends and both unrealized and realized gains and losses on investments are included as investment income in nonoperating revenues when earned.

Patient Accounts Receivable: Patient accounts receivable consist of amounts owed by various governmental agencies, insurance companies and private patients. The Hospital manages its receivables by regularly reviewing the accounts, inquiring with respective payors as to collectibility and providing for allowances on their accounting records for estimated contractual adjustments and uncollectible accounts. Significant concentrations of patient accounts receivable are discussed further in the footnotes.

Inventories: Inventories are consistently reported from year to year at cost determined by average costs and replacement values which are not in excess of market. The Hospital does not maintain levels of inventory values such as those under a first-in, first out or last-in, first out method.

Assets Limited as to Use: Assets limited as to use include contributor restricted funds, amounts designated by the Board of Directors for replacement or purchases of capital assets, and other specific purposes, and amounts held by trustees under specified agreements. Assets limited as to use consist primarily of deposits on hand with local banking and investment institutions, and bond trustees.

Capital Assets: Capital assets consist of property and equipment and are reported on the basis of cost, or in the case of donated items, on the basis of fair market value at the date of donation. Routine maintenance and repairs are charged to expense as incurred. Expenditures which increase values, change capacities, or extend useful lives are capitalized. Depreciation of property and equipment and amortization of property under capital leases are computed by the straight-line method for both financial reporting and cost reimbursement purposes over the estimated useful lives of the assets, which range from 10 to 30 years for buildings and improvements, and 3 to 10 years for equipment. The Hospital periodically reviews its capital assets for value impairment. As of June 30, 2023 and 2022, the Hospital has determined that no capital assets are impaired.

NOTE A - ORGANIZATION AND ACCOUNTING POLICIES (continued)

Deferred Outflows of Resources: Deferred outflows of resources are comprised of deferred financing cost of the issuance of various bonds. Amortization of these issuance costs is computed by the effective interest method and the straight line method over the life of the repayment agreements. For current and advance refundings which result in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt, together with any unamortized deferred financing costs, is deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, in accordance with GASB 23. Amortization expense was \$74,676 and \$76,991 for the years ended June 30, 2023 and 2022, respectively.

Deferred outflows of resources is also comprised of defined benefit pension resources of \$19,213,714 of deferred outflows netted against \$928,425 of deferred inflows for a net \$18,285,289 for the year ended June 30, 2023 and \$8,322,871 of deferred outflows netted against \$ 4,525,234 of deferred inflows for a net \$3,797,637 for the year ended June 30, 2022.

Compensated Absences: The Hospital's employees earn vacation benefits at varying rates depending on years of service. Employees also earn sick leave benefits. Both benefits can accumulate up to specified maximum levels. Employees are not paid for accumulated sick leave benefits if they leave either upon termination or before retirement. However, accumulated vacation benefits are paid to an employee upon either termination or retirement. Accrued vacation liabilities as of June 30, 2023 and 2022 are \$4,211,368 and \$4,273,485, respectively.

Risk Management: The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and medical malpractice. Commercial insurance coverage is purchased for claims arising from such matters. In the case of employee health coverage, the Hospital is self-insured for those claims and is discussed further in the footnotes.

Net Position: Net position (formerly net assets) are presented in three categories. The first category is net position "invested in capital assets, net of related debt". This category of net position consists of capital assets (both restricted and unrestricted), net of accumulated depreciation and reduced by the outstanding principal balances of any debt borrowings that were attributable to the acquisition, construction, or improvement of those capital assets.

The second category is "restricted" net position. This category consists of externally designated constraints placed on those net position by creditors (such as through debt covenants), grantors, contributors, law or regulations of other governments or government agencies, or law or constitutional provisions or enabling legislation.

The third category is "unrestricted" net position. This category consists of net position that do not meet the definition or criteria of the previous two categories.

NOTE A - ORGANIZATION AND ACCOUNTING POLICIES (continued)

Net Patient Service Revenues: Net patient service revenues are reported in the period at the estimated net realized amounts from patients, third-party payors and others including estimated retroactive adjustments under reimbursement agreements with third-party programs. Normal estimation differences between final reimbursement and amounts accrued in previous years are reported as adjustments of current year's net patient service revenues.

Revenue Recognition: As previously stated, net patient service revenues are reported at amounts that reflect the consideration to which the Hospital expects to be entitled in exchange for patient services. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and include variable consideration for retroactive revenue adjustments due to settlement of third-party payor audits, reviews, and investigations. Generally, the Hospital bills the patients and third-party payors several days after the patient receives healthcare services at the Hospital. Revenue is recognized as services are rendered.

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per day, discharge or visit, reimbursed costs, discounted charges and per diem payments. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Gifts of long-lived assets such as land, buildings, or equipment are reported as net assets without donor restrictions unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit donor restrictions that specify how the asset is to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived asset is placed in service. Cash received in excess of revenue recognized is deferred revenue.

Contributions are recognized as revenue when they are received or unconditionally pledged. Donor stipulations that limit the use of the donation are recognized as contributions with donor restrictions. When the purpose is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from donor restrictions. Donor restricted contributions whose restriction expire during the same fiscal year are recognized as net assets without donor restrictions. Absent donor imposed restrictions, the Hospital records donated services, materials, and facilities as net assets without donor restrictions.

From time to time, the Hospital receives grants from various governmental agencies and private organizations. Revenues from grants are recognized when all eligibility requirements, including time requirements are met. Grants may be restricted for either specific operating purposes or capital acquisitions. These amounts, when recognized upon meeting all requirements, are reported as components of the statement of revenues, expenses and changes in net position.

SAN BENITO HEALTH CARE DISTRICT

NOTE A - ORGANIZATION AND ACCOUNTING POLICIES (continued)

Charity Care: The Hospital accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the Hospital. Essentially, these policies define charity services as those services for which no payment is anticipated. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenues. Services provided are recorded as gross patient service revenues and then written off entirely as an adjustment to net patient service revenues.

District Tax Revenues: The Hospital receives approximately 3% of its financial support from property taxes. These funds are used to support operations and meet required debt service agreements. They are classified as non-operating revenue as the revenue is not directly linked to patient care. Property taxes are levied by the County on the Hospital's behalf during the year, and are intended to help finance the Hospital's activities during the same year. Amounts are levied on the basis of the most current property values on record with the County. The County has established certain dates to levy, lien, mail bills, and receive payments from property owners during the year. Property taxes are considered delinquent on the day following each payment due date

Operating Revenues and Expenses: The Hospital's statement of revenues, expenses and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, which is the Hospital's principal activity. Operating expenses are all expenses incurred to provide health care services, other than financing costs. Nonoperating revenues and expenses are those transactions not considered directly linked to providing health care services.

Recently Adopted Accounting Pronouncement: In June, 2017 the Governmental Accounting Standards Board released GASB 87 regarding changes in the way leases are accounted for. GASB 87 superceded GASB 13 and GASB 62 and more accurately portrays lease obligations by recognizing lease assets and lease liabilities on the statement of net position and disclosing key information about leasing arrangements. The District has adopted GASB 87 effective July 1, 2021 in accordance with the timetable established by GASB 87.

Recently the Governmental Accounting Standards Board released GASB 96 regarding changes in the way certain IT contracts are accounted for. The Hospital analyzed the possible impact of GASB 96 noting that there were no contracts which materially qualified under this new pronouncement and therefore no changes in the financial presentation were considered necessary.

SAN BENITO HEALTH CARE DISTRICT

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS

As of June 30, 2023 and 2022, the Hospital had operating deposits invested in various financial institutions in the form of cash and cash equivalents amounted to \$14,364,758 and \$17,196,019. All of these funds were held in deposits, which are collateralized in accordance with the California Government Code (CGC), except for \$250,000 per account that is federally insured.

Under the provisions of the CGC, California banks and savings and loan associations are required to secure the Hospital's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the Hospital's deposits. California law also allows financial institutions to secure Hospital deposits by pledging first trust deed mortgage notes having a value of 150% of the Hospital's total deposits. The pledged securities are held by the pledging financial institution's trust department in the name of the Hospital. Investments consist of U.S. Government securities and state and local agency funds invested in U. S. Government securities and are stated at quoted market values. Changes in market value between years are reflected as a component of investment income in the accompanying statement of revenues, expenses and changes in net position.

NOTE C - NET PATIENT SERVICE REVENUES

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. These combined open settlements are classified as current assets. A summary of the payment arrangements with major third-party payors follows:

Medicare: Payments for acute care services rendered to Medicare program beneficiaries are paid on cost reimbursement principles. The Hospital was classified as a critical access hospital during the fiscal year ended June 30, 2020. The Hospital is paid for services at an interim rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. At June 30, 2023, cost reports through June 30, 2021 have been audited or otherwise final settled.

Medi-Cal: Payments for inpatient services rendered to Medi-Cal patients are made based on reasonable costs through December 31, 2013. Effective January 1, 2014, the State of California's Medi-Cal program changed inpatient reimbursement to Diagnosis-Related Groups (DRG), similar to the Medicare inpatient payment methodology. Outpatient payments continue to be paid on pre-determined charge screens. Additionally, on November 1, 2013, San Benito County transitioned to Medi-Cal Managed Care through Anthem Blue Cross. The Medi-Cal recipients in the County are now able to choose between managed care or fee for service. At June 30, 2023, cost reports through June 30, 2021, have been final settled.

Other: Payments for services rendered to other than Medicare and Medi-Cal patients are based on established rates or on agreements with certain commercial insurance companies, health maintenance organizations and preferred provider organizations which provide for various discounts from established rates.

Notes to Financial Statements (continued)

SAN BENITO HEALTH CARE DISTRICT

NOTE C - NET PATIENT SERVICE REVENUES (continued)

Net patient service revenues summarized by payor are as follows:

	<u>2023</u>	<u>2022</u>
Daily hospital acute care routine services	\$ 46,889,961	\$ 49,340,302
Skilled nursing routine services	24,725,200	21,120,560
Inpatient ancillary services	58,674,847	65,445,923
Outpatient services	<u>280,621,265</u>	<u>242,435,664</u>
Gross patient service revenues	410,911,273	378,342,449
Less contractual allowances and provision for bad debts	<u>(258,377,580)</u>	<u>(240,015,430)</u>
Net patient service revenues	<u>\$152,533,693</u>	<u>\$138,327,019</u>

Medicare and Medi-Cal revenue accounts for approximately 60% of the Hospital's net patient revenues for each year. Laws and regulations governing the Medicare and Medi-Cal programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

NOTE D - CONCENTRATION OF CREDIT RISK

The Hospital grants credit without collateral to its patients and third-party payors. Patient accounts receivable from government agencies represent the only concentrated group of credit risk for the Hospital and management does not believe that there are any credit risks associated with these governmental agencies. Contracted and other patient accounts receivable consist of various payors including individuals involved in diverse activities, subject to differing economic conditions and do not represent any concentrated credit risks to the Hospital. Concentration of patient accounts receivable at June 30, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Medicare	\$ 17,944,182	\$ 14,468,671
Medi-Cal	15,902,192	17,069,532
Other third party payors	8,901,492	9,126,239
Self pay and other	<u>6,485,776</u>	<u>4,902,719</u>
Gross patient accounts receivable	49,233,642	45,567,161
Less allowances for contractual adjustments and bad debts	<u>(35,494,490)</u>	<u>(31,266,642)</u>
Net patient accounts receivable	<u>\$ 13,739,152</u>	<u>\$ 14,300,519</u>

Notes to Financial Statements (continued)

SAN BENITO HEALTH CARE DISTRICT

NOTE D - CONCENTRATION OF CREDIT RISK (continued)

Financial Instruments: Financial instruments, potentially subjecting the Hospital to concentrations of credit risk, consist primarily of bank deposits in excess of the Federal Deposit Insurance Corporation (FDIC) limits of \$250,000. There are two accounts as of June 30, 2023 that exceed the FDIC limit, however Management believes that there is no risk of material loss for these funds as of June 30, 2023 and 2022 due to the high financial quality of the banking institutions with which the Hospital does business. Management further believes that there is no risk of material loss due to government held investments in the Local Agency Investment Fund (LAIF) due to the nature of this account as government owned.

NOTE E - OTHER RECEIVABLES

Other receivables as of June 30, 2023 and 2022 were comprised of the following:

	<u>2023</u>	<u>2022</u>
Receivable due from the State for supplemental programs	\$ 7,627,745	\$ 2,948,679
San Benito County property taxes	156,958	139,262
Lease receivable - current portion	559,307	526,489
Other various receivables	<u>37,291</u>	<u>46,883</u>
	<u>\$ 8,381,301</u>	<u>\$ 3,661,313</u>

NOTE F - ASSETS LIMITED AS TO USE

Assets limited as to use as of June 30, 2023 and 2022 were comprised of the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents restricted by contributors	\$ 125,193	\$ 124,099
Cash designated by the board for specific purposes	297,003	298,361
Cash and cash equivalents and debt securities held under bond indenture agreements for debt service requirements	<u>2,552,524</u>	<u>4,299,947</u>
	2,974,720	4,722,407
Less amounts available for current obligations	<u>(2,830,800)</u>	<u>(2,684,733)</u>
	<u>\$ 143,920</u>	<u>\$ 2,037,674</u>

Interest income, dividends, and other like-kind earnings are recorded as investment income. Unrealized gains and (losses) are also recorded as investment income.

Notes to Financial Statements (continued)

SAN BENITO HEALTH CARE DISTRICT

NOTE G - CAPITAL ASSETS

Capital assets as of June 30, 2023 and 2022 were comprised of the following:

	<u>Balance at June 30, 2022</u>	<u>Transfers & Additions</u>	<u>Disposals & Retirements</u>	<u>Balance at June 30, 2023</u>
Land and land improvements	\$ 3,237,474	\$ 133,000		\$ 3,370,474
Buildings and improvements	97,716,675	2,381,699		100,098,374
Equipment	41,539,565	1,762,643		43,302,208
Construction-in-progress	<u>4,284,247</u>	<u>(1,436,464)</u>	<u>(1,967,659)</u>	<u>880,124</u>
Totals at historical cost	146,777,961	2,840,878	(1,967,659)	147,651,180
Less accumulated depreciation for:				
Land and land improvements	(1,461,273)	(69,668)		(1,530,941)
Buildings and improvements	(48,786,190)	(2,568,021)		(51,354,211)
Equipment	<u>(36,038,724)</u>	<u>(1,438,631)</u>		<u>(37,477,355)</u>
Total accumulated depreciation	<u>(86,286,187)</u>	<u>(4,076,320)</u>		<u>(90,362,507)</u>
Capital assets, net	<u>\$ 60,491,774</u>	<u>\$ (1,235,442)</u>	<u>\$ (1,967,659)</u>	<u>\$ 57,288,673</u>

	<u>Balance at June 30, 2021</u>	<u>Transfers & Additions</u>	<u>Disposals & Retirements</u>	<u>Balance at June 30, 2022</u>
Land and land improvements	\$ 3,237,474			\$ 3,237,474
Buildings and improvements	97,184,444	\$ 532,231		97,716,675
Equipment	39,899,483	1,640,082		41,539,565
Construction-in-progress	<u>425,000</u>	<u>3,859,247</u>		<u>4,284,247</u>
Totals at historical cost	140,746,401	6,031,560		146,777,961
Less accumulated depreciation for:				
Land and land improvements	(1,397,965)	(63,308)		(1,461,273)
Buildings and improvements	(46,201,278)	(2,584,912)		(48,786,190)
Equipment	<u>(34,758,267)</u>	<u>(1,280,457)</u>		<u>(36,038,724)</u>
Total accumulated depreciation	<u>(82,357,510)</u>	<u>(3,928,677)</u>		<u>(86,286,187)</u>
Capital assets, net	<u>\$ 58,388,891</u>	<u>\$ 2,102,883</u>	<u>\$</u>	<u>\$ 60,491,774</u>

Notes to Financial Statements (continued)

SAN BENITO HEALTH CARE DISTRICT

NOTE H - DEBT BORROWINGS

As of June 30, 2023 and 2022, debt borrowings were as follows:

	<u>2023</u>	<u>2022</u>
San Benito Healthcare District 2014 General Obligation Refunding Bonds (election 2005); interest at 3.58% due semiannually; principal due in annual amounts ranging from \$760,000 on June 30, 2020 to \$2,755,000 on June 30, 2035; collateralized by property taxes:	\$ 23,035,000	\$ 24,150,000
San Benito Health Care District Insured Refunding Revenue Bonds, Series 2021; interest charged at 4.0% due semiannually; principal due in annual amounts ranging from \$1,340,000 on March 1, 2022 to \$1,800,000 on March 1, 2029; collateralized by Hospital revenues and other property:	9,810,000	11,230,000
California Health Facilities Financing Authority (CHFFA) Bridge Loan; no interest charged; entire outstanding principal due September, 2024; collateralized by security agreement:	3,090,086	
California Health Facilities Financing Authority (CHFFA) Help II Loan; interest charged at 2%; payable in monthly installments of \$9,602; final payment due November 1, 2041; collateralized by Hospital revenues:	1,780,472	1,850,608
California Health Facilities Financing Authority (CHFFA) Nondesignated Public Hospital Bridge Loans; no interest charged and principal payments due in full upon receipt of supplemental payments from the State of California's QIP program:	2,475,438	2,475,438
Premiums, net of accumulated accretion:	<u>1,939,361</u>	<u>2,281,601</u>
	42,130,357	41,987,647
Less current maturities of debt borrowings	<u>(7,966,376)</u>	<u>(2,611,770)</u>
	<u>\$ 34,163,981</u>	<u>\$ 39,375,877</u>

Future principal maturities for debt borrowings for the next succeeding years are: \$7,966,376 in 2024; \$3,333,365 in 2025; \$3,123,761 in 2026; \$3,310,452 in 2027; and \$3,507,177 in 2028.

Bank Line of Credit: The Hospital had a line of credit available for \$1 million. Shortly after the declaration of fiscal emergency in November, 2022, the Bank cancelled the line of credit. There were no outstanding balances on this line of credit as of June 30, 2023 and 2022.

SAN BENITO HEALTH CARE DISTRICT

NOTE H - DEBT BORROWINGS - (continued)

Bonds Payable: On July 7, 2005, the Hospital issued the San Benito Health Care District 2005 General Obligation Bonds (the 2005 Bonds) in order to finance construction projects at the Hospital. The offering was for \$31,000,000 with interest at rates varying from 4.50% to 5.00%. Effective May 3, 2005, the Hospital exercised its authority to levy a special district property tax assessment to be used to meet debt service obligations for the 2005 Bonds. Taxes are collected by San Benito County and are used to meet the debt service obligations as they become due and payable to the bondholders. The total debt service obligation paid by San Benito County on behalf of the Hospital for the 2005 Bonds amounted to \$656,531 for the year ended June 30, 2015. These amounts, as well as County fees to administer the debt, have been recognized as income by the Hospital for the respective fiscal year ends. Additional accumulated tax collections by San Benito County under this arrangement as of June 30, 2015 are considered minor. During the year ended June 30, 2015, the 2005 bonds were refunded with the sale of the 2014 bonds.

In December, 2014, the Hospital issued the San Benito Health Care District 2014 General Obligation Refunding Bonds (the 2014 Bonds) in order to refund the 2005 Bonds. The offering was for \$30,030,000 with interest rate set at 3.58%. In order to service this debt, the Hospital exercised its authority to levy a special district property tax assessment to be used to meet debt service obligations for the 2014 Bonds. Taxes are collected by San Benito County and are used to meet the debt service obligations as they become due and payable to the bondholders. The total debt service obligation taxes collected by San Benito County on behalf of the Hospital for the 2005 Bonds were less than \$10,000 and is considered minimal. The total debt service obligation paid by San Benito County on behalf of the Hospital for the 2014 Bonds amounted to \$1,979,570 and \$1,921,086 for the years ended June 30, 2023 and 2022, respectively. These amounts, as well as County fees to administer the debt, have been recognized as income by the Hospital for the respective fiscal year ends. Additional accumulated tax collections by San Benito County under this arrangement as of June 30, 2023 and 2022 are considered minor.

In January, 2021, the Hospital issued Series 2021 San Benito Health Care District Insured Refunding Revenue Bonds, Series 2021 (the 2021 Bonds) in the amount of \$12,750,000 for the purpose of defeasing the San Benito Health Care District Insured Revenue Bonds, Series 2013 Bonds. The 2021 Bonds were issued at a \$1,982,753 premium. The 2021 Bonds are the obligation of the Hospital and mature on or before March 1, 2029 and will not be subject to optional redemption prior to maturity. The Hospital is required under the 2021 bond indenture agreement to deposit certain amounts on a monthly basis with the Trustee which approximate the succeeding year's debt service. The indenture agreement provides for certain Hospital covenants that include, among other things, restrictions on consolidation, merger, sale or transfer of Hospital assets, a requirement to maintain proper licensing and qualification for federal, state and local government reimbursement programs, and to fix, charge and collect rates, fees and charges which are reasonably projected to, in each fiscal year, provide a debt service coverage ratio (DSCR) of not less than 1.25. For June 30, 2023 and 2022, the DSCR was 1.68 and 2.91, respectively. Other requirements are to maintain a current ratio of at least 1.5 to 1 and at least 30 days cash on hand. For June 30, 2023 and 2022, the current ratio was 1.60 and 1.49 and the days cash on hand are 32.61 and 37.11, respectively.

SAN BENITO HEALTH CARE DISTRICT

NOTE I - RETIREMENT PLANS

Through December 31, 2003, the Hospital provided retirement benefits for substantially all of its full-time employees under a defined contribution matching plan (Plan I). Plan I became effective January 1, 1995 with a plan year end of December 31. Employees who have attained the age of 18 and completed one year of full-time service or part-time service were eligible for Plan I. Employees who worked on a per-diem, leased or contract basis were not eligible. The Hospital's contributions matched the contributions of the employees up to a 3.5% limit, subject to certain limitations under Plan I. In addition to the 3.5% contribution by the Hospital, employees could have contributed up to \$12,000. Employees become fully vested in the employer contributions after completion of 5 years of service. Total Plan I assets were \$33,956,744 and \$31,598,692 as of June 30, 2023 and 2022 respectively. No employer contributions have been made to this part of Plan I after December 31, 2003. A part of Plan I, however, still includes the 457 plan that employees still currently contribute to.

Effective January 1, 2005, the Hospital began a single-employer defined benefit plan (Plan II). Plan II became effective January 1, 2005 with a plan year end of December 31. Benefitted full and part-time employees are eligible following three years of consecutive employment. The retirement formula is based on a percentage of the employee's compensation in each calendar year. Credit for past service is given to benefitted full and part-time employees during the period of 1999 through current at the same retirement formula of the employee's compensation in each consecutive calendar year in which the employee completed 1,000 hours of service.

The Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, became effective for fiscal years beginning after June 15, 2014. The statement established accounting and financial reporting standards for the recognition and disclosure requirements for employers with a liability to a defined benefit pension plan, as in the case of the Hospital's Plan II. GASB 68 requires that the Hospital's liability to Plan II be measured as the portion of the present value of projected benefit payments to be provided through Plan II to current active and inactive employees that is attributed to the employee's past periods of service, less the amount of Plan II's net position. The statement also requires employers to present information about the changes in the net pension liability and the related ratios, including Plan II's net position as a percentage of total pension liability, and the net pension liability as a percentage of covered-employee payroll. Under GASB 68, the Hospital is required to recognize a liability of the net position of Plan II, and to recognize pension expense and report deferred outflows and inflows, when present. The Hospital is also required to present a 10-year schedule containing the net pension liability and certain related ratios, and information about statutorily or contractually required contributions and related ratios. However, until a full 10-year trend is compiled, the Hospital will present information for only those years for which information is available.

The net effect in implementing GASB 68 for the Hospital was the recognition of additional pension expense for the year ended June 30, 2015 in the amount of \$748,158 and the reclassification of net position of \$8,325,745 as a long-term non-current unfunded actuarial net pension liability.

Notes to Financial Statements (continued)

SAN BENITO HEALTH CARE DISTRICT

NOTE I - RETIREMENT PLANS - (continued)

For the years ended June 30, 2023 and 2022, the Hospital recognized pension expense under Plan II of \$7,268,787 and \$3,034,944, respectively. At June 30, 2023 and 2022, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2023</u>	<u>2022</u>
Deferred outflows of resources:		
Differences between expected and actual experience	\$ 1,312,573	\$ 629,832
Changes in assumptions	12,900,689	6,124,663
Contributions to pension plan after measurement date		1,567,876
Net difference between projected and actual earnings on investments	<u>5,000,452</u>	<u> </u>
	19,213,714	8,322,871
Deferred inflows of resources:		
Changes in assumptions and other differences	<u>(928,425)</u>	<u>(4,525,234)</u>
Net deferred outflows and inflows related to pension	<u>\$ 18,285,289</u>	<u>\$ 3,797,637</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions (net) will be recognized in pension expense as follows:

Year ended June 30:		
2024		\$ 4,058,911
2025		4,500,175
2026		4,602,595
2027		4,460,207
2028		663,401
Thereafter		<u>-0-</u>
		<u>\$ 18,285,289</u>

The following is the aggregate pension expense for the year:

	<u>2023</u>	<u>2022</u>
Service costs, plus related administrative expense	\$ 2,280,614	\$ 2,107,206
Interest on the total pension liability	3,394,641	3,176,715
Recognized difference between expected and actual experience	117,029	(84,400)
Recognized changes of assumptions	3,422,209	1,483,642
Projected earnings on pension plan investments and contributions	(3,006,371)	(2,602,875)
Recognized differences between projected and actual earnings	<u>1,060,665</u>	<u>(1,045,344)</u>
Aggregate pension expense	<u>\$ 7,268,787</u>	<u>\$ 3,034,944</u>

Notes to Financial Statements (continued)

SAN BENITO HEALTH CARE DISTRICT

NOTE I - RETIREMENT PLANS - (continued)

Plan administrative expenses are not displayed in the above pension expense table. Since the expected investment rate of return of 4.80% is net of administrative expenses, administrative expenses are excluded from the above table but, implicitly included as part of investment earnings.

The net pension liability is as follows:

	<u>2023</u>	<u>2022</u>
Total Pension Liability		
Service costs	\$ 2,257,746	\$ 2,084,768
Interest on the total pension liability	3,394,641	3,176,715
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>
Net change in total pension liability	15,692,760	8,548,623
Total pension liability at the beginning of the year	<u>55,930,557</u>	<u>47,381,934</u>
Total pension liability at the end of the year	<u><u>\$ 71,623,317</u></u>	<u><u>\$ 55,930,557</u></u>
Plan Fiduciary Net Position		
Contributions - employer (Hospital)	\$ 1,545,627	\$ 2,738,385
Contributions - employees	310,498	262,258
Net investment income	(6,596,677)	4,315,008
Administrative expense	(22,868)	(22,438)
Benefit payments, including refunds of employee contributions	<u>(1,323,008)</u>	<u>(1,207,348)</u>
Net change in Plan Fiduciary Net Position	(6,086,428)	6,085,865
Total plan fiduciary net position at the beginning of the year	<u>41,223,881</u>	<u>35,138,016</u>
Total plan fiduciary net position at the end of the year	<u><u>\$ 35,137,453</u></u>	<u><u>\$ 41,223,881</u></u>
Hospital's net pension liability (liability less net position)	<u><u>\$ 36,485,864</u></u>	<u><u>\$ 14,706,676</u></u>
Plan fiduciary net position as a % of the total liability	49%	74%
Covered employee payroll	\$ 25,765,287	\$ 24,420,350
Hospital's net pension liability as a % of covered employee payroll	142%	60%
Schedule of Hospital Contributions		
Actuarially determined contributions	\$ 3,154,060	\$ 3,438,240
Contributions in relation to the actuarially determined contributions	<u>(1,856,125)</u>	<u>(2,738,385)</u>
Contribution deficiency (excess)	<u><u>\$ 1,297,935</u></u>	<u><u>\$ 699,855</u></u>

SAN BENITO HEALTH CARE DISTRICT

NOTE I - RETIREMENT PLANS - (continued)

The following table summarizes the actuarial assumptions used to determine net pension liability and plan fiduciary net position as of June 30, 2023:

Valuation date	Actuarially determined contributions are calculated as of December 31, six months prior to the end of the fiscal year in which contributions are reported
Methods and assumptions:	
Actuarial cost method	Entry age normal cost method
Amortization method	Straight line amortization
Asset valuation method	Market value as of the measurement date
Salary increases	Salary scale (1) CNA at 4% a year; (2) NUHW at 3.5% a year; (3) all others at 3.00% a year; in 2023
Merit increases	5% per year for 1-5 years; 10%-20% every 5 years for CNA; 10%-25% every 5 years for NUHW
Investment rate of return	4.80%, net of pension plan investment expense, including inflation
Retirement age	65
Mortality	PubG-2010 Public Retirement Mortality Tables for Males & Females with projection scale MP2021

Other disclosures about Plan II are as follows or available upon request:

Description of the Plan: Effective January 1, 2005, the Hospital began a single-employer defined benefit plan. This plan became effective on that date with a plan year end of December 31.

Benefits provided: Benefitted full and part-time employees are eligible following three years of consecutive employment. The retirement formula is based on a percentage of the employee's compensation in each calendar year. Credit for past service is given to benefitted full and part-time employees during the period of 1999 through current, at the same retirement formula of the employee's compensation in each consecutive calendar year in which the employee completed 1,000 hours of service.

SAN BENITO HEALTH CARE DISTRICT

NOTE I - RETIREMENT PLANS - (continued)

Employees covered by benefit terms: As of January 1, 2023, there are currently 288 active participants in the plan, 138 retired participants, 137 terminated vested participants entitled to future benefits, 13 active participants (frozen status) for a total of 576 total participants.

Contributions: For the fiscal year ended June 30, 2023, the actuarially determined contributions for the Hospital for the plan year was \$3,154,060 with actual contributions of \$1,856,125 leaving a contribution deficiency of \$1,297,935 on a covered employee payroll of \$25,765,287. For the fiscal year ended June 30, 2022, the actuarially determined contributions for the Hospital for the plan year was \$3,438,240 with actual contributions of \$2,738,385 leaving a contribution deficiency of \$699,855 on a covered employee payroll of \$24,420,350.

Discount rate: The discount rate used to measure the total pension liability was 4.80%. In the previous valuation, the discount rate used to measure the total pension liability was 5.90%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the net pension liability to changes in the discount rate: It is estimated that a 1% decrease in the discount rate from 4.80% to 3.80% would increase the net liability by about \$10.6 million dollars and a 1% increase in the discount rate from 4.80% to 5.80% would decrease the net liability by about \$8.7 million dollars.

Freeze: Effective July 3, 2023 Plan II, the single-employer defined benefit plan, was frozen.

NOTE J - COMMITMENTS AND CONTINGENCIES

Construction-in-Progress: As of June 30, 2023, the Hospital had recorded \$880,124 as construction-in-progress representing cost capitalized for various remodeling, major repair, and expansion projects on the Hospital's premises. No interest was capitalized during the years ended June 30, 2023 and 2022 related to these projects. Estimated cost to complete these projects as of June 30, 2023 is approximately \$1 million.

Operating Leases: The Hospital leases various equipment and facilities under operating leases expiring at various dates. Those which qualified under GASB 87 are disclosed in Note N. Total building and equipment rent expense for the years ended June 30, 2023 and 2022 (including GASB 87 qualifiers), were \$1,803,465 and \$1,707,887, respectively. Future minimum lease payments for the succeeding years under operating leases as of June 30, 2023 other than those disclosed in Note N, that have initial or remaining lease terms in excess of one year are not considered material.

NOTE J - COMMITMENTS AND CONTINGENCIES (continued)

Litigation: The Hospital may from time-to-time be involved in litigation and regulatory investigations which arise in the normal course of doing business. After consultation with legal counsel, management estimates that matters existing as of June 30, 2023, other than the bankruptcy issue, will be resolved without material adverse effect on the Hospital's future financial position, results from operations or cash flows.

Employee Health Insurance: The Hospital provides health benefits to employees through a self-funded plan financed by the Hospital operations. Estimated liabilities are recorded for claims which most likely have been incurred but are not yet reported for claims processing and payment (IBNR). As of June 30, 2023 and June 30, 2022, this amount was estimated at \$1,352,538 and \$1,111,531, respectively. Commercial insurance is provided for "stop-loss" coverage.

Workers Compensation Program: Prior to June 30, 2008, the Hospital was a participant in the Association of California Hospital District's Beta Fund, which administers a self-insured worker's compensation plan for participating hospital employees of its member hospitals. The Hospital terminated this coverage effective July 1, 2008 and became enrolled with coverage provided by a commercial insurance company for worker's compensation coverage. Effective July 1, 2013, the Hospital was issued a Certificate of Consent to self-insure by the State of California's Department of Industrial Relations. The Hospital purchases excess liability insurance to provide coverage for workers' compensation claim exposures over its self-insurance retention limit of \$500,000. The plan is administered by Quality Comp, Inc., a division of Monument, LLC.

Health Insurance Portability and Accountability Act: The Health Insurance Portability and Accountability Act (HIPAA) was enacted August 21, 1996, to ensure health insurance portability, reduce health care fraud and abuse, guarantee security and privacy of health information, and enforce standards for health information. Organizations are subject to significant fines and penalties if found not to be compliant with the provisions outlined in the regulations. Management believes the Hospital is in compliance with HIPAA as of June 30, 2023 and 2022.

Health Care Reform: The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medi-Cal fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital is in compliance with fraud and abuse as well as other applicable government laws and regulations. While no material regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

SAN BENITO HEALTH CARE DISTRICT

NOTE K -INVESTMENTS

The Hospital's investment balances and average maturities were as follows at June 30, 2023 and 2022:

<i>As of June 30, 2023</i>	Fair Value	Investment Maturities in Years		
		Less than 1	1 to 5	Over 5
U. S. government obligations	\$ 123,315	\$ 984	\$ 42,496	\$ 79,835
Local agency investment fund	169,439	169,439		
Corporate bonds and notes	97,979	2,971	57,866	37,142
Money market and mutual funds	14,264	14,264		
Total investments	<u>\$ 404,997</u>	<u>\$ 187,658</u>	<u>\$ 100,362</u>	<u>\$ 116,977</u>

<i>As of June 30, 2022</i>	Fair Value	Investment Maturities in Years		
		Less than 1	1 to 5	Over 5
U. S. government obligations	\$ 113,387	\$ 4,863	\$ 46,933	\$ 61,591
Local agency investment fund	166,550	166,550		
Corporate bonds and notes	120,075	3,996	79,244	36,835
Money market and mutual funds	3,455	3,455		
Total investments	<u>\$ 403,467</u>	<u>\$ 178,864</u>	<u>\$ 126,177</u>	<u>\$ 98,426</u>

The Hospital's investments are reported at fair value as previously discussed. The Hospital's investment policy allows for various forms of investments generally set to mature within a few months to others over 15 years. The policy identifies certain provisions which address interest rate risk, credit risk and concentration of credit risk.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the Hospital manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a position of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for hospital operations. Information about the sensitivity of the fair values of the Hospital's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the preceding schedules that shows the distribution of the Hospital's investments by maturity.

Credit Risk: Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization, such as Moody's Investor Service, Inc. The Hospital's investment policy for corporate bonds and notes is to invest in companies with total assets in excess of \$500 million and having a "A" or higher rating by agencies such as Moody's or Standard and Poor's.

SAN BENITO HEALTH CARE DISTRICT

NOTE K -INVESTMENTS (continued)

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer), the Hospital will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Hospital’s investments are generally held by broker-dealers or bank’s trust departments used by the Hospital to purchase securities.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the Hospital’s investment in a single issuer. The Hospital’s investment allows concentrations of over 5% in government-backed securities.

Investment Hierarchy - The Hospital categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant other unobservable inputs. The Hospital investments are solely measured by Level 1 inputs and does not have any investments that are measured using Level 2 or 3 inputs.

NOTE L - OTHER DECREASES IN NET POSITION

The Hospital has recorded increases in net position of \$14,296 and \$34,577 as other decreases in net position as of June 30, 2023 and 2022, respectively, within the statement of revenues, expenses and changes in net position. For the year ended June 30, 2023, these amounts were comprised of restricted contributions and net assets released from restriction for a net amount of \$14,296. For the year ended June 30, 2022, these amounts were also comprised of net assets released from restriction for a net amount of \$34,577.

NOTE M - RESTRICTED BY CONTRIBUTORS

Restricted assets by contributors as of June 30, 2023 and 2022 are available for the following purposes:

	<u>2023</u>	<u>2022</u>
Restricted by the foundation for capital assets and other purposes	\$ 38,672	\$ 38,442
Restricted by the auxiliary for capital assets and other purposes	33,028	32,465
Restricted for scholarships and tuitions	<u>53,493</u>	<u>53,192</u>
Total restricted net position, by contributor	<u>\$ 125,193</u>	<u>\$ 124,099</u>

Notes to Financial Statements (continued)

SAN BENITO HEALTH CARE DISTRICT

NOTE N - LEASES

As of July 1, 2021 the Hospital adopted the Governmental Accounting Standards Board (GASB) 87 requiring certain changes in the way the Hospital accounted for leases, both as a lessee and as a lessor.

Lessee: The Hospital leases space for various clinic and other health care services under operating leases. Lease commencement occurs on the date the Hospital takes possession or control of the property. Original terms for the capitalized leases range from four to five years. Capitalized leases have either an option to extend the contract or open contracts after the end of the lease term. Annual rent increases to base rent are based on the Consumer Price Index (CPI) or a fixed contractual rate that approximates CPI increases.

These leases does not contain a readily determinable discount rate. The estimated borrowing rate of 5.0% was used to discount the remaining cash flows for these operating leases.

These leases requires payment of common area maintenance and real estate taxes which represent the majority of variable lease costs. Variable lease costs are excluded from the present value of lease obligations due to their immateriality.

The Hospital's lease agreements do not contain any material restrictions, covenants, or any material residual value guarantees.

Lessee -lease related assets and liabilities as of June 30, 2023 and 2022 consist of the following:

Assets:	<u>2023</u>	<u>2022</u>
Operating lease - current portion	\$ 559,307	\$ 526,489
Operating lease - noncurrent portion	<u>569,689</u>	<u>1,145,753</u>
Total lease assets	<u>\$ 1,128,996</u>	<u>\$ 1,672,242</u>
Liabilities:		
Operating lease - current portion	\$ 508,395	\$ 520,961
Operating lease - noncurrent portion	<u>658,946</u>	<u>1,167,341</u>
Total lease liabilities	<u>\$ 1,167,341</u>	<u>\$ 1,688,302</u>

The future minimum rental payments required under operating lease obligations as of June 30, 2023, having initial or remaining non-cancelable lease terms in excess of one year are summarized as follows:

Notes to Combined Financial Statements (continued)

SAN BENITO HEALTH CARE DISTRICT

NOTE N - LEASES (continued)

Years ending June 30,

	2024	\$	554,482
	2025		359,223
	2026		163,716
	2027		116,547
	Thereafter		<u>63,032</u>
	Total		1,257,000
	Less: interest		<u>(89,659)</u>
liabilities	Present value of lease		<u>\$ 1,167,341</u>

The weighted average for the remaining lease term of these operating leases is an average of 3.06 and the weighted average discount rate for this operating leases is 5%

Lessor: The Hospital had no leases as lessor which qualified under GASB 87.

NOTE O - RELATED PARTY TRANSACTIONS

The Hazel Hawkins Hospitals Foundation (the Foundation), has been established as a nonprofit public benefit corporation under the Internal Revenue Code Section 501(c)(3) to solicit contributions on behalf of the Hospital. Substantially all funds raised except for funds required for operation of the Foundation, are distributed to the Hospital or held for the benefit of the Hospital. The Foundation's funds, which represent the Foundation's unrestricted resources, are distributed to the Hospital in amounts and in period determined by the Foundation's Board of Trustees, who may also restrict the use of funds for Hospital property and equipment replacement or expansion or other specific purposes. Donations were \$712,342 and \$164,302 for the years ended June 30, 2023 and 2022, respectively.

The Hazel Hawkins Auxiliary (the Auxiliary) is a similar non-profit organization to help solicit contributions for the Hospital. Donations by the Auxiliary were \$15,000 and \$50,000 for the years ended June 30, 2023 and 2022. Both of these entities are considered component units of the Hospital due to their relationship.

SAN BENITO HEALTH CARE DISTRICT

NOTE P - CHAPTER 9 BANKRUPTCY

On May 23, 2023, the Hospital filed a voluntary petition for relief under Chapter 9 of title 11 of the United States Code (the Bankruptcy Code). The Hospital is represented by legal counsel in a pending reorganization under Chapter 9 of Title 11 United States Code (the Bankruptcy Code) in the United States Bankruptcy Court - Northern District of California - San Jose Division. The purpose of the Hospital's plan of reorganization is to restructure certain classifications of the Hospital's debt and provide for their payment in whole or part. Certain debt may be susceptible to being discharged or rendered unenforceable. The ultimate success of the plan will depend primarily on the ability of the Hospital's management to operate the hospital at a level of increased cash flows and thereby generate sufficient cash flows, coupled with Hospital property taxes, to meet their obligations in the normal course of hospital operations. Hospital management is continuing a program of cost reductions and revenue enhancement which it believes will result in improved cash flows.

The financial statements do not include any adjustments relating to the recoverability and classification of asset amounts or the amounts and classification of liabilities that might be necessary should the Hospital be unable to continue hospital operations.

NOTE Q - GASB 68 IMPACT

For the year ended June 30, 2023 the Hospital realized a pension adjustment of \$7,291,536 which had an affect of decreasing net position for that year. In contrast, for the year ended June 30, 2022 the Hospital realized a pension adjustment of \$145,494 which also decreased net position for that year. According to the consulting group contracted by the Hospital as the actuaries for the Plan II, the single-employer defined benefit plan, the reason for the significant difference between the two years was a result of the change in discount rate due to the Plan II being frozen on July 3, 2023.

NOTE R - SUBSEQUENT EVENTS

Management evaluated the effect of subsequent events on the financial statements through December 14, 2023, the date the financial statements are issued, and determined that there are no material subsequent events that have not been disclosed.

Supplementary Schedule

Bond Covenant Requirements

SAN BENITO HEALTH CARE DISTRICT

	Year Ended June 30	
	<u>2023</u>	<u>2022</u>
Debt Service Coverage Ratio		
Excess of revenues over expenses	\$ 344,137	\$ 2,670,099
Less district taxes for general obligation bond debt service	(2,157,848)	(2,048,091)
Add in interest expense related to general obligation bonds	<u>864,570</u>	<u>901,086</u>
Revised excess of revenues over expenses	(949,141)	1,523,094
Add in other interest expense	472,891	509,273
Add in depreciation and amortization	<u>3,808,755</u>	<u>3,749,096</u>
Total adjusted excess of revenues over expenses	<u>\$ 3,332,505</u>	<u>\$ 5,781,463</u>
Debt service requirements for fiscal year ended June 30		
Capital lease debt service requirements	\$ 115,221	\$ 115,221
Series 2021 revenue bond requirements	<u>1,872,400</u>	<u>1,869,200</u>
Total debt service requirements - next fiscal year (2024)	<u>\$ 1,987,621</u>	<u>\$ 1,984,421</u>
Debt Service Coverage Ratio	<u>1.68</u>	<u>2.91</u>
Required by covenants	<u>1.25</u>	<u>1.25</u>
Current Ratio		
Current assets	<u>\$ 46,751,253</u>	<u>\$ 39,313,652</u>
Current liabilities	<u>\$ 29,301,903</u>	<u>\$ 26,377,280</u>
Current ratio	<u>1.60</u>	<u>1.49</u>
Required by covenants	<u>1.50</u>	<u>1.50</u>
Days Cash on Hand		
Cash and cash equivalents	\$ 13,413,099	\$ 14,442,002
Board designated funds	<u>297,003</u>	<u>296,361</u>
Total available cash on hand	<u>\$ 13,710,102</u>	<u>\$ 14,738,363</u>
Operating expenses	\$155,495,079	\$147,177,898
Add in interest expense	1,759,392	1,528,522
Less depreciation and amortization	<u>(3,808,755)</u>	<u>(3,749,096)</u>
Net expenses to be covered by available cash on hand	<u>\$153,445,716</u>	<u>\$144,957,324</u>
Days in the year	<u>365</u>	<u>365</u>
Average daily cash requirements	<u>\$ 420,399</u>	<u>\$ 397,143</u>
Days cash on hand	<u>32.61</u>	<u>37.11</u>
Required by covenants	<u>30.00</u>	<u>30.00</u>

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Independent Auditors Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Board of Directors
San Benito Health Care District
Hollister, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the San Benito Health Care District, *dba* Hazel Hawkins Memorial Hospital (the Hospital) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Hospital's financial statements, and have issued our report thereon dated December 14, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hospital's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given those limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

JW7 & Associates, LLP

Fresno, California
December 14, 2023

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
Reporting Date for Employer under GASB 68:	Jun 30, 2023	Jun 30, 2022
Measurement Date for Employer under GASB 68:	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%
Contributions for fiscal year ending June 30:		
Actuarially Determined Contributions ¹	\$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%
Demographic data for fiscal year ending June 30²:		
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
Key assumptions as of June 30:		
Discount Rate	4.80%	5.90%
Projected salary Increases	NUHW: 3.5% per year Other: 3.0% per year	

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

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

Section I Management Summary

B) Important Information about Actuarial Valuation

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
Total Pension Liability		
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>
Net change in Total Pension Liability	\$15,692,760	\$8,548,623
Total Pension Liability – beginning	<u>\$55,930,557</u>	<u>47,381,934</u>
Total Pension Liability – ending (a)	<u>\$71,623,317</u>	<u>\$55,930,557</u>
Plan Fiduciary Net Position		
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
Net change in Plan Fiduciary Net Position	(\$6,086,428)	\$6,085,865
Plan Fiduciary Net Position – beginning	<u>\$41,223,881</u>	<u>\$35,138,016</u>
Plan Fiduciary Net Position – ending (b)	<u>\$35,137,453</u>	<u>\$41,223,881</u>
Net Pension Liability – ending (a) – (b)	\$36,485,864	\$14,706,676
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	49%	74%
Covered employee payroll	\$25,765,287	\$24,420,350
Plan Net Pension Liability as percentage of covered employee payroll	141.6%	60.2%

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)
Measurement as of December 31, 2021:	\$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
Measurement as of December 31, 2022:	\$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%
Total Equity	60%	4.94%
Core Bond	20%	0.80%
Core Plus / Multi-Sector	15%	0.75%
Cash/Short-term	5%	0.13%
Total Fixed Income	40%	1.68%
Total	100%	6.62%

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
Components of Pension Expense:		
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
Beginning Total Pension Liability	\$55,930,557	100%	5.90%	\$3,299,903
Service Cost	\$2,257,746	100%	5.90%	133,207
Benefit payments, including refunds¹	(\$1,323,008)	50%	5.90%	<u>(38,469)</u>
Total Interest on the TPL				\$3,394,641

¹Includes 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
Beginning plan fiduciary net position	\$41,223,881	100%	6.50%	\$2,679,552
Employer contributions	\$1,545,627	50%	6.50%	49,442
Employee contributions	\$310,498	50%	6.50%	9,932
Benefit payments, including refunds¹	(\$1,323,008)	50%	6.50%	(42,321)
Administrative expense and other	(\$22,868)	50%	6.50%	(732)
Total Projected Earnings				\$2,695,873

¹Includes 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

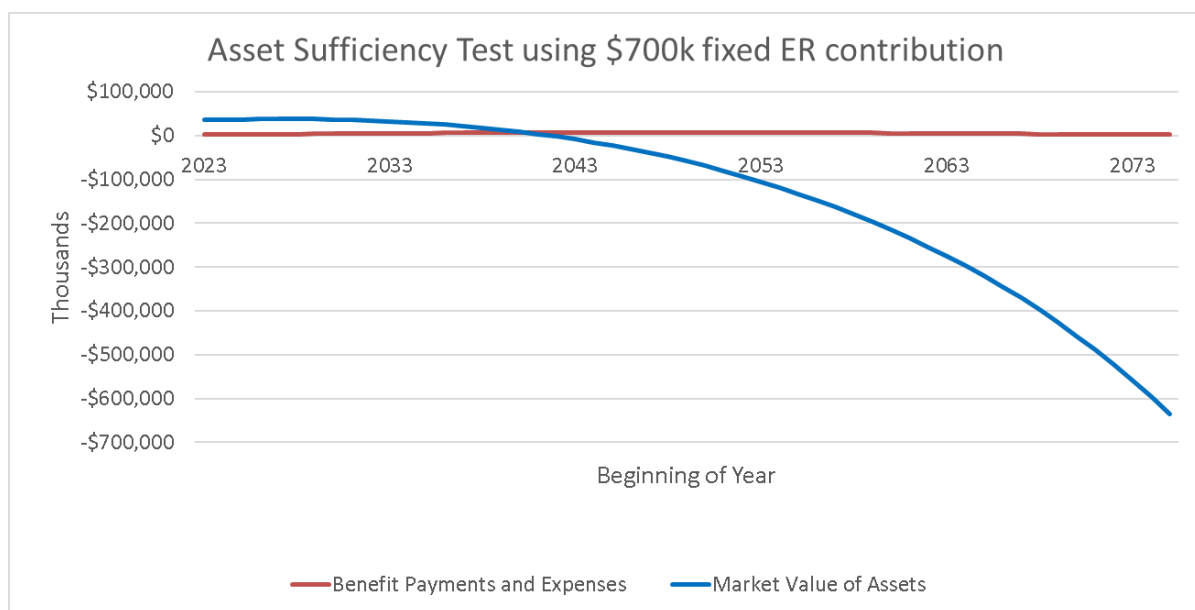
Section II GASB 68 Exhibits

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&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 ¹	Contributions in Relation to the Actuarially Determined Contributions ²	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

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

² 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	-
Net Increase (Decrease) in Pension Expense			3,422,209	3,422,209	3,284,084	3,075,947	2,392,017	600,956	-

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	-
Net Increase (Decrease) in Pension Expense			117,029	117,029	57,453	63,017	209,680	62,445	-

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	-
Net Increase (Decrease) in Pension Expense			1,060,665	519,673	1,158,638	1,463,631	1,858,510	-

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

A) Participant Data

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

A) Actuarial Assumptions

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

B) Actuarial Methods

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

A) Plan Provisions

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 st 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

A) Plan Provisions (Continued)

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

A) Plan Provisions (Continued)

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

A) Plan Provisions (Continued)

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

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**

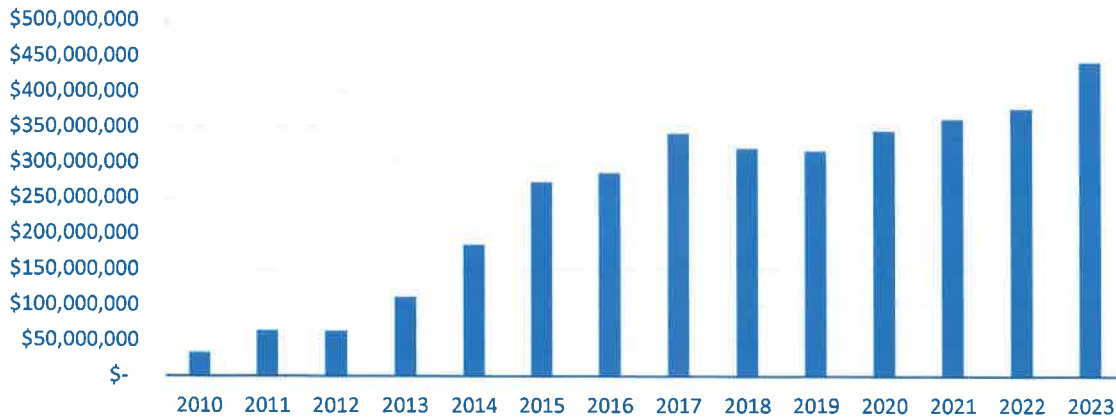
Mail To:

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 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



180 Montgomery Street
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Sacramento
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San Diego
San Francisco
Silicon Valley

buehlerengineering.com

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

**1st AMENDMENT TO THE
ANTHEM BLUE CROSS
FACILITY AGREEMENT**

This Amendment is to the Facility Agreement ("Agreement") dated January 1, 2023, and entered into between Blue Cross of California doing business as Anthem Blue Cross (hereinafter referred to as "Anthem") and Hazel Hawkins Memorial Hospital (hereinafter "Facility") and is incorporated into the Agreement as follows:

BASE PROVISIONS

**ARTICLE VIII
TERM AND TERMINATION**

1. The 8.1 Provision is hereby deleted in its entirety and replaced with the following for compensation:
 - 8.1 Term of Agreement. The initial term of this Agreement shall commence at 12:01 AM on January 1, 2024 (the "Effective Date") and shall continue in effect for a term of two (2) years ("Initial Term"), automatically renewing for consecutive one (1) year terms unless otherwise terminated as provided herein.

RATE SHEET

2. The existing Rate Sheet(s) is deleted in its entirety and replaced with the attached revised Rate Sheet(s).

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.

Except as expressly set forth herein, nothing contained herein shall be construed to modify the Agreement. To the extent this Amendment conflicts with any provision of the Agreement, this Amendment shall control.

Each party to this Amendment warrants that it has full power and authority to enter into this Amendment and the person signing this Amendment on behalf of either party warrants that he/she has been duly authorized and empowered to enter into this Amendment.

THE EFFECTIVE DATE OF THIS AMENDMENT IS: January 1, 2024

FACILITY LEGAL NAME: Hazel Hawkins Memorial Hospital

By: _____
Signature, Authorized Representative of Facility(s) Date _____

Printed: _____
Name Title _____

Address _____
Street City State Zip

Tax Identification Number (TIN): 946034863

Blue Cross of California doing business as Anthem Blue Cross

By: _____
Signature, Authorized Representative of Anthem Date _____

Printed: _____
Name _____

Address _____
Street City State Zip



**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: _____ Date _____
Hazel Hawkins Memorial Hospital
By: Sandra Di Laura,

Witness Signature: _____ Date _____
Hazel Hawkins Memorial Hospital

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

Witness Signature: _____ Date _____
Santiago Rodriguez, Properties Manager

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.



Proposal of Insurance

San Benito Health Care District

911 Sunset Drive
Hollister, CA 95023-5695

Presented: December 18, 2023

Workers' Compensation Effective: 1/1/2024 – 1/1/2025

Caroline Stevens

Area Senior Vice President

Arthur J. Gallagher Risk Management Services LLC

341 Tres Pinos Road, Suite 207A

Hollister, CA 95023

(831) 637-9241

Caroline_Stevens@ajg.com

AJG License Nos. IL 100292093 / CA 0D69293



Gallagher

Insurance | Risk Management | Consulting

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Service Team

Caroline Stevens has primary service responsibility for your company. We operate using a team approach. Your Service Team consists of:

NAME / TITLE	PHONE / ALT. PHONE	EMAIL	ROLE
Caroline Stevens	559-256-6516	Caroline_Stevens@ajg.com	Area Senior Vice President
Don Winn	831-634-4328 800-559-9466	Don_Winn@ajg.com	Area President
Caroline Barrientos	831-637-9241 800-559-9466	Caroline_Barrientos@ajg.com	Client Service Manager
Belinda Gonzalez	831-637-9241 800-559-9466	Belinda_Gonzalez@ajg.com	Client Service Associate - Certificates
Veronica Harrington	831-634-4357 800-559-9466	Veronica_Harrington@ajg.com	Area Assistant Vice President – Workers' Compensation
Lupe Hernandez	831-634-4335 800-559-9466	Lupe_Hernandez@ajg.com	Risk Service Manager
Shana Strohn	831-637-9241 800-559-9466	Shana_Strohn@ajg.com	Client Service Supervisor

Arthur J. Gallagher Risk Management Services LLC

Main Office Phone Number: (831) 637-9241



Service Commitment

Account Service

At Gallagher, our goal is to provide you with an exceptional insurance and risk management program delivered by a world class service organization. Gallagher is committed to partnering with our clients to ensure we consistently deliver the highest quality service possible.

Renewals

We use a standard Renewal Timeline and start early to make sure your needs are met and we are able to offer you the most comprehensive and competitively priced insurance program. At each renewal, we will meet with you to establish a renewal game plan, determine how many markets should be approached, discuss pricing in the insurance marketplace, and identify what specific needs must be addressed. We will then approach markets that we feel will offer the best alternatives. These alternatives will be presented at renewal as an option, even if we feel the incumbent program is strongest. We will demonstrate how we have created competition within the marketplace to ensure that you receive the best renewal terms.

We make ourselves accountable by working with you to develop a written service schedule that meets your needs. You can track our service by referring to our written service commitment. Service becomes especially important as your type of organization continues to change and prosper.

As a top national broker, we have access to over 150 insurance companies and wholesalers. This maximizes your insurance options in any given policy year situation. In addition, our integrity and influence in the marketplace have resulted in excellent relationships with our markets. These factors are especially important to consider as the insurance needs of your organization become more complex and require more sophisticated solutions.

Acquisitions

On request, we will perform an insurance due-diligence review on all products and acquisitions.

Profit Center Premium Allocations

We will provide premium breakdown by entities and/or location schedule.

Phone Calls

Phone calls will be returned within one working day of receipt.

Certificates of Insurance

Certificates of Insurance will be issued within one working day of request.

Quarterly Account Review

Quarterly account reviews will include review of claims, exposures, audits, and service.

Claims

Claims will be reported to the company within two working days of receipt, and acknowledgment of receipt will be sent to you. We will follow up with the carrier within ten working days after receipt of a claim.

Loss Control

We will coordinate all loss control activities between you and the carrier.

Program Structure



Named Insured

Named Insured Schedule:

Add / Change / Delete	Named Insured	Workers' Compensation
	San Benito Health Care District	X

Note: Any entity not named in this proposal may not be an insured entity. This may include affiliates, subsidiaries, LLCs, partnerships, and joint ventures.



Market Review

We approached the following carriers in an effort to provide the most comprehensive and cost effective insurance program.

INSURANCE COMPANY	LINE OF COVERAGE	RESPONSE	PREMIUM
Quality Comp Inc	Workers' Compensation	Quoted	\$1,250,295.00



Location Schedule

LINE OF COVERAGE	LOCATIONS #	LOCATION ADDRESS
Workers' Compensation	1	911 Sunset Drive (Hazel Hawkins Memorial Foundation) Hollister, CA 95023
	2	301 The Alameda, Suite B-3 San Juan Bautista, CA 95045
	4	321 First Street Hollister, CA 95023
	7	900 Sunset Drive Hollister, CA 95023
	9	910 Sunset Drive Hollister, CA 95023
	10	920 Sunset Drive Hollister, CA 95023
	11	930 Sunset Drive Hollister, CA 95023
	13	961 Sunset Drive Hollister, CA 95023
	14	991 Fourth Street (Clinic) Hollister, CA 95023
	15	920 Sunnyslope Road (Lab Draw Station) Hollister, CA 95023
	16	101 McCray Street, Suite 108 Hollister, CA 95023
	17	591 McCray Street, Suite 111 Hollister, CA 95023
	18	890 Sunset Drive, A-2A Hollister, CA 95023
	19	930 Sunnyslope Road, C-4 Hollister, CA 95023
20	340 Hawkins Street Hollister, CA 95023	
21	930 Sunnyslope, Suite A-2 Hollister, CA 95023	

Program Details

Coverage: Workers' Compensation

Carrier: Quality Comp Inc

Policy Period: 1/1/2024 to 1/1/2025

Coverage:

Quality Comp Annual Contribution					\$1,250,295
Class Code	Classification	Est. Payroll	2023 QC Rates	2024 QC Rates	Funding
8810	Clerical Office Health for the Home Healthcare Agency	If Any	0.40	0.57	\$0
8827	Public Health Nursing Association	If Any	5.21	4.43	\$0
8834	Physicians-All Employees	\$5,930,535	1.12	0.97	\$57,526
9043	Hospitals-All Employees	\$56,798,524	2.07	2.10	\$1,192,769
	TOTALS	\$62,729,059			\$1,250,295
					Estimated Annual Contributions
10 Equal Installments (Due the 1 st of the Month January thru October)					\$125,030

Self-Insured Retention:

COVERAGE	AMOUNT
Workers' Compensation (The first \$500k of a claim is paid by Quality Comp and after that, it is picked up by the excess carrier)	\$500,000

Experience Modification Factor(s):

DESCRIPTION	FACTOR
2024 - 2025	1.24
2023 - 2024	1.36

States:

DESCRIPTION	STATE
States Covered:	CA
States Excluded:	OH, ND, WA, WY

Executive Officers/Partners:

NAME	TITLE	INCLUDE/EXCLUDE
*District Hospital-Non-Profit-No Officers/Owners		Excluded

Exclusions include, but are not limited to:

DESCRIPTION
Voluntary Compensation
Longshore & Harbor Workers' Act
Owners or Officers
Bodily Injury to an Employee While Employed in Violation of Law
Bodily Injury Intentionally Caused by Insured
Federal Employers' Liability Act
Assumptions under Contract
Outer Continental Shelf Act

Binding Requirements:

DESCRIPTION
Subject To:
-Acord 130
- Any updates to the attached Scope of Responsibility Spreadsheet

Other Significant Terms and Conditions/Restrictions:

DESCRIPTION
At Binding, you commit to any provisions contained herein such as Minimum Earned Premiums. There is no Flat Cancellations

Subject to Audit: Annual

Premium	\$1,250,295.00
ESTIMATED PROGRAM COST	\$1,250,295.00
TRIA/TRIPRA PREMIUM (+ Additional Surcharges, Taxes and Fees as applicable)	INCLUDED

Premium Summary

The estimated program cost for the options are outlined in the following table:

LINE OF COVERAGE		EXPIRING PROGRAM		PROPOSED PROGRAM	
		CARRIER	EXPIRING COST	CARRIER	ESTIMATED COST
Workers' Compensation	Premium	Quality Comp Inc (Quality Comp Inc)	\$1,328,882.00	Quality Comp Inc (Quality Comp Inc)	\$1,250,295.00
	Estimated Cost		\$1,328,882.00		\$1,250,295.00
	Annualized Cost		-		-
	TRIA Premium		Included		Included
Total Estimated Program Cost			\$1,328,882.00		\$1,250,295.00

Quote from **Quality Comp Inc (Quality Comp Inc)** is valid until **1/1/2024**

Premiums are due and payable as billed and may be financed, subject to acceptance by an approved finance company. Following acceptance, completion (and signature) of a premium finance agreement with the specified down payment is required. Note: Unless prohibited by law, Gallagher may earn compensation for this optional value-added service.

Gallagher is responsible for the placement of the following lines of coverage:

Workers' Compensation

It is understood that any other type of exposure/coverage is either self-insured or placed by another brokerage firm other than Gallagher. If you need help in placing other lines of coverage or covering other types of exposures, please contact your Gallagher representative.

This proposal of insurance features insurance policies which contain cancellation provisions to refund premium other than on a pro-rata basis for such occurrences including but not limited to non-payment of premium (short rate penalty provisions). At your request, we can detail the terms of such cancellation provisions.

****Expiring Payrolls: \$64,442,579**

Premium Financing

Gallagher is pleased to offer Premium Financing for our clients.

What is Premium Financing?

Premium financing is a short-term loan that provides premium payment flexibility. By financing, you have the option to spread out your premium payments instead of paying in full at the time of policy purchase or renewal.

Why Premium Financing May be Good for Your Business?

- May improve **capital and cash flow management** by spreading out premium payments over the policy period.
- Allows for **consolidation of** multiple policies into one premium finance agreement with a single monthly or quarterly payment.
- Provides automated **ACH options and flexible payment** terms.

Want to Learn More?

If you are interested in learning more or obtaining a quote, contact your Client Service Manager.



Payment Plans

CARRIER / PAYABLE CARRIER	LINE OF COVERAGE	PAYMENT SCHEDULE	PAYMENT METHOD
Quality Comp Inc (Quality Comp Inc)	Workers' Compensation	10 Equal Installments: \$125,030 (Due the 1st of the Month January thru October)	Direct Bill



Carrier Ratings and Admitted Status

PROPOSED INSURANCE COMPANIES	A.M. BEST'S RATING & FINANCIAL SIZE CATEGORY *	ADMITTED/NON-ADMITTED **
Quality Comp Inc	NR	Admitted

*Gallagher companies use A.M. Best rated insurers and the rating listed above was verified on the date the proposal document was created.

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**If coverage placed with a non-admitted carrier, it is doing business in the state as a surplus lines or non-admitted carrier, and is neither subject to the same regulations as an admitted carrier nor do they participate in any state insurance guarantee fund.

Gallagher companies make no representations and warranties concerning the solvency of any carrier, nor does it make any representation or warranty concerning the rating of the carrier which may change.

Proposal Disclosures



Proposal Disclosures

The following disclosures are hereby made a part of this proposal. Please review these disclosures prior to signing the Client Authorization to Bind or e-mail confirmation.

Proposal Disclaimer

IMPORTANT: The proposal and/or any executive summaries outline certain terms and conditions of the insurance proposed by the insurers, based on the information provided by your company. The insurance policies themselves must be read to fully understand the terms, coverages, exclusions, limitations and/or conditions of the actual policy contract of insurance. Policy forms will be made available upon request. We make no warranties with respect to policy limits or coverage considerations of the carrier.

Compensation Disclosure

1. Gallagher Companies are primarily compensated from the usual and customary commissions, fees or, where permitted, a combination of both, for brokerage and servicing of insurance policies, annuity contracts, guarantee contracts and surety bonds (collectively "insurance coverages") handled for a client's account, which may vary based on market conditions and the insurance product placed for the client.

2. In placing, renewing, consulting on or servicing your insurance coverages, Gallagher companies may participate in contingent and supplemental commission arrangements with intermediaries and insurance companies that provide for additional compensation if certain underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company, not on an individual policy basis. As a result, Gallagher may be considered to have an incentive to place your insurance coverages with a particular insurance company. If you do not wish to have your commercial insurance placement included in consideration for additional compensation, contact your producer or service team for an Opt-out form.

3. Gallagher Companies may receive investment income on fiduciary funds temporarily held by them, or from obtaining or generating premium finance quotes, unless prohibited by law.

4. Gallagher Companies may also access or have an ownership interest in other facilities, including wholesalers, reinsurance intermediaries, captive managers, underwriting managers and others that act as intermediaries for both Gallagher and other brokers in the insurance marketplace some of which may earn and retain customary brokerage commission and fees for their work.

If you have specific questions about any compensation received by Gallagher and its affiliates in relation to your insurance placements, please contact your Gallagher representative for more details.

TRIA/TRIPRA Disclaimer

If this proposal contains options to purchase TRIA/TRIPRA coverage, the proposed TRIA/TRIPRA program may not cover all terrorism losses. While the amendments to TRIA eliminated the distinction between foreign and domestic acts of terrorism, a number of lines of coverage excluded under the amendments passed in 2005 remain excluded including commercial automobile, burglary and theft insurance; surety insurance, farm owners multiple perils and professional liability (although directors and officers liability is specifically included). If such excluded coverages are required, we recommend that you consider purchasing a separate terrorism policy. Please note that a separate terrorism policy for these excluded coverages may be necessary to satisfy loan covenants or other contractual obligations. TRIPRA includes a \$100 billion cap on insurers' aggregate liability.

TRIPRA is set to expire on December 31, 2027. There is no certainty of extension, thus the coverage provided by your insurers may or may not extend beyond December 31, 2027. In the event you have loan covenants or other contractual obligations requiring that TRIA/TRIPRA be maintained throughout the duration of your policy period, we recommend that a separate "Stand Alone" terrorism policy be purchased to satisfy those obligations.



Terms and Conditions

It is important that we clearly outline the nature of our mutual relationship. The following terms and conditions (these "Terms") govern your relationship with Gallagher unless you have separately entered into a written services agreement with Gallagher relative to the policies and services outlined in this Proposal, in which case that services agreement will govern and control with respect to any conflicts with these Terms. These Terms will become effective upon your execution of the Client Authorization to Bind Coverage (the "CAB") included in this Proposal and shall survive for the duration of your relationship with Gallagher relative to the policies placed pursuant to the CAB or otherwise at your request.

Services

Gallagher will represent and assist you in all discussions and transactions with insurance companies relating to the lines of insurance coverage set forth in the CAB and any other lines of insurance coverage with which you request Gallagher's assistance. Gallagher will consult with you regarding any matters involving these or other coverages for which you have engaged Gallagher. You have the sole discretion for approving any insurance policies placed, as well as all other material decisions involving your risk management, risk transfer and/or loss prevention needs.

Although you are responsible for notifying applicable insurance companies directly in connection with any claims, demands, suits, notices of potential claims or any other matters as required by the terms and conditions of your policies, Gallagher will assist you in determining applicable claim reporting requirements.

Treatment of Information

Gallagher understands the need to protect the confidentiality and security of your confidential and sensitive information and strives to comply with applicable data privacy and security laws. Your confidential and sensitive information will be protected by Gallagher and only used to perform services for you; provided that Gallagher may disclose and transfer your information to our affiliates, agents or vendors that have a need to know such information in connection with the provision of such services (including insurance markets, as necessary, for marketing, quoting, placing and/or servicing insurance coverages). We may also disclose such information as required by applicable data protection laws or the order of any court or tribunal, subject to our providing you with prior notice as permitted by law.

We will (i) implement appropriate administrative, physical and technical safeguards to protect personal information; (ii) timely report security incidents involving personal information to affected parties and/or regulatory bodies; (iii) create and maintain required policies and procedures; and (iv) comply with data subjects' rights, as applicable. To the extent applicable under associated data protection laws, you are a "business" or "controller" and Gallagher is a "service provider" or "data processor." You will ensure that any information provided to Gallagher has been provided with any required notices and that you have obtained all required consents, if any and where required, or are otherwise authorized to transfer all information to Gallagher and enable Gallagher to process the information for the purposes described in this Proposal and as set forth in Gallagher's Privacy Policy located at <https://www.ajg.com/privacy-policy/>. Gallagher may update its Privacy Policy from time to time and any updates will be posted to such site.

Dispute Resolution

Gallagher does not expect that it will ever have a formal dispute with any of its clients. However, in the event that one should arise, we should each strive to achieve a fair, expedient and efficient resolution and we'd like to clearly outline the resolution process.

A. If the parties have a dispute regarding Gallagher's services or the relationship governed by this Proposal ("Dispute"), each party agrees to resolve that Dispute by mediation. If mediation fails to resolve the Dispute, you and Gallagher agree to binding arbitration. Each party waives all rights to commence litigation in court to resolve a Dispute, and specifically waives all rights to pursue relief by class action or mass action in court or through arbitration. However, the parties do not waive the ability to seek a court order of injunction in aid of the mediation and arbitration required by these Terms.

B. The party asserting a Dispute must provide a written notice ("Notice") of the claim to the other party and to the American Arbitration Association ("AAA") in accordance with its Commercial Arbitration Rules and Mediation Procedures. All Dispute resolutions will take place in Chicago, IL, unless you and Gallagher agree to another location. The parties will equally divide all costs of the mediation and arbitration proceedings and will each pay their own attorneys' fees. All matters will be before a neutral, impartial and disinterested mediator or arbitrator(s) that have at least 20 years' experience in commercial and insurance coverage disputes.

C. Mediation will occur within sixty (60) days of filing the Notice with the AAA. Mediation results will be reduced to a memorandum of understanding signed by you, Gallagher and the mediator. A Dispute that is not resolved in mediation will commence to binding arbitration. For Disputes in excess of \$500,000, either party may elect to have the Dispute heard by a panel of three (3) arbitrators. The award of the arbitrator(s) must be accompanied by a reasoned opinion prepared and signed by the arbitrator(s). Except as may be required by law, neither you, Gallagher, nor a mediator or arbitrator may disclose the existence, content or results of any Dispute or its dispute resolution proceeding without the prior written consent of both you and Gallagher.

Electronic Delivery

In lieu of receiving documents in paper format, you agree, to the fullest extent permitted by law, to accept electronic delivery of any documents that Gallagher may be required to deliver to you (including, but not limited to, insurance policies and endorsements, account statements and all

other agreements, forms and communications) in connection with services provided by Gallagher. Electronic delivery of a document to you may be made via electronic mail or by other electronic means, including posting documents to a secure website.

Miscellaneous Terms

Gallagher is engaged to perform services as an independent contractor and not as your employee or agent, and Gallagher will not be operating in a fiduciary capacity.

Where applicable, insurance coverage placements and other services may require the payment of federal excise taxes, surplus lines taxes, stamping or other fees to the Internal Revenue Service, various State(s) departments of revenue, state regulators, boards or associations. In such cases, you will be responsible for the payment of the taxes and/or fees, which Gallagher will separately identify on related invoices.

The Proposal and these Terms are governed by the laws of the State of Illinois, without regard to its conflict of law rules.

If an arbitrator/court of competent jurisdiction determines that any provision of these Terms is void or unenforceable, that provision will be severed, and the arbitrator/court will replace it with a valid and enforceable provision that most closely approximates the original intent, and the remainder of these Terms will remain in effect.

Except to the extent in conflict with a services agreement that you may enter into with Gallagher, these Terms and the remainder of the Proposal constitute the entire agreement between you and Gallagher with respect to the subject matter of the Proposal, and supersede all prior negotiations, agreements and understandings as to such matters.

Client Signature Requirements



Coverages for Consideration

Overview

Gallagher recommends that you consider purchasing the following additional coverages for which you have exposure. A Proposal for any of the coverages below can be provided.

- Cyber Liability
- Flood

Please note the recommendations and considerations summarized in this section are not intended to identify all potential exposures. Gallagher is not an expert in all aspects of your business and assumes no responsibility to independently investigate the risks your business faces. Gallagher has relied upon the information you provided in making our insurance Proposals. If you are interested in pursuing additional coverages other than those listed above, please list the additional coverages in the Client Authorization to Bind.



Client Authorization to Bind Coverage

After careful consideration of Gallagher's proposal dated 1/18/2024, we accept the following coverage(s). Please check the desired coverage(s) and note any coverage amendments below:

COVERAGE/CARRIER	
<input type="checkbox"/> Accept <input type="checkbox"/> Re ject	Workers' Compensation
	Quality Comp Inc
<i>TRIA Cannot Be Rejected</i>	

Additional Recommended Coverages

Gallagher recommends that you purchase the following additional coverages for which you have exposure. By checking the box(es) below, you are requesting that Gallagher provide you with a Proposal for this coverage. By not requesting a Proposal for this coverage, you assume the risk of any uncovered loss.

Other Coverages to Consider

- Cyber Liability
- Flood

The above coverage(s) does not necessarily represent the entirety of available insurance products. If you are interested in pursuing additional coverages other than those listed in the Additional Recommended Coverages, please list below:

Coverage Amendments and Notes:

Exposures and Values

You confirm the payroll, values, schedules, and any other information pertaining to your operations, and submitted to the underwriters, were compiled from information provided by you. If no updates were provided to Gallagher, the values, exposures and operations used were based on the expiring policies. You acknowledge it is your responsibility to notify Gallagher of any material change in your operations or exposures.

Additional Terms and Disclosures

Gallagher is not an expert in all aspects of your business. Gallagher's Proposals for insurance are based upon the information concerning your business that was provided to Gallagher by you. Gallagher expects the information you provide is true, correct and complete in all material respects. Gallagher assumes no responsibility to independently investigate the risks that may be facing your business, but rather have relied upon the information you provide to Gallagher in making our insurance Proposals.

Gallagher's liability to you arising from any of Gallagher's acts or omissions will not exceed \$20 million in the aggregate. The parties each will only be liable for actual damages incurred by the other party, and will not be liable for any indirect, special,



exemplary, consequential, reliance or punitive damages. No claim or cause of action, regardless of form (tort, contract, statutory, or otherwise), arising out of, relating to or in any way connected with the Proposal, any of Gallagher's services or your relationship with Gallagher may be brought by either party any later than two (2) years after the accrual of the claim or cause of action.

Gallagher has established security controls to protect Client confidential information from unauthorized use or disclosure. For additional information, please review Gallagher's Privacy Policy located at <https://www.ajg.com/privacy-policy/>.

You have read, understand and agree that the information contained in the Proposal and all documents attached to and incorporated into the Proposal, is correct and has been disclosed to you prior to authorizing Gallagher to bind coverage and/or provide services to you. By signing below, or authorizing Gallagher to bind your insurance coverage through email when allowed, you acknowledge you have reviewed and agree with terms, conditions and disclosures contained in the Proposal.

By: _____

Print Name (Specify Title)

Company

Signature

Date: _____



Additional Insured and or Subrogation Certificates Agreement

San Benito Health Care District agrees and understands that in order for an Additional Insured endorsement and/or Waiver of Subrogation endorsement to apply, a written contract is required in accordance with the terms and conditions of its insurance policy.

Coverage: Workers' Compensation

Policy Period: 1/1/2024 to 1/1/2025

Insured Signature

Date



Appendix



Bindable Quotations & Compensation Disclosure Schedule

Client Name: San Benito Health Care District

COVERAGE(S)	CARRIER NAME(S)	WHOLESALE, MGA, OR INTERMEDIARY NAME ¹	EST. ANNUAL PREMIUM ²	COMM.% OR FEE ³	GALLAGHER U.S. OWNED WHOLESALE, MGA, OR INTERMEDIARY %
Workers' Compensation	Quality Comp Inc (Quality Comp Inc)	Risk Placement Services	\$1,250,295.00	7.5%	2.5% Retained by Gallagher

1 We were able to obtain more advantageous terms and conditions for you through an intermediary/ wholesaler.

2 If the premium is shown as an indication: The premium indicated is an estimate provided by the market. The actual premium and acceptance of the coverage requested will be determined by the market after a thorough review of the completed application.

* A verbal quotation was received from this carrier. We are awaiting a quotation in writing.

3 The commission rate is a percentage of annual premium excluding taxes & fees.

* Gallagher is receiving ___% commission on this policy. The fee due Gallagher will be reduced by the amount of the commissions received.



Binding Requirements

Coverage (Issuing Carrier)	Binding Requirements
Workers' Compensation Quality Comp Inc	Subject To:
	-Acord 130
	- Any updates to the attached Scope of Responsibility Spreadsheet



Claims Reporting By Policy

Immediately report all claims. Each insurer requires notice of certain types of claims depending on the potential exposure or particular injury types. It is important to thoroughly review your policy to ensure you are reporting particular incidents and claims, based upon the insurer's policy requirements.

If you are using a third party administrator ("TPA"), your TPA may or may not report claims to an insurer on your behalf. Although we will assist you where requested, it is important that you understand whether your TPA will be completing this notification.

Reporting Direct to Carrier [Only When Applicable]

COVERAGE(S): Workers Compensation	IMMEDIATELY REPORT CLAIMS DIRECTLY TO:
Insurer: Quality Comp, Inc Policy Term: 1/1/2024 to 1/1/2025	Insurer/TPA Name: Quality Comp, Inc Phone: Fax: Email: MonumentNewClaims@AthensAdmin.com Web:

Reporting to Gallagher or Assistance in Reporting

COVERAGE(S):	IMMEDIATELY REPORT CLAIMS DIRECTLY TO:
Gallagher Claim Center Policy Number: Policy Term:	Phone: 855-497-0578 Fax: 225-663-3224 Email: ggb.nrcclaimscenter@ajg.com





Reduce Your Risk and Simplify Training

Safety training programs and educational materials for employees are critical for reducing accidents, increasing retention, and minimizing your total cost of risk now and in the future.

Gallagher Safety Training Education Platform (STEP) is our proprietary learning management system (LMS) that supports your safety program, provides real-time access to your loss control plans and keeps employees up to date with the latest safety standards.

Key Benefits of Gallagher STEP

- **Register** for up to 10 complimentary modules every year from a library of over 100 training and safety shorts. In addition, monthly bulletins are available, covering topics such as general and environmental safety, human resources, and health and wellness.
- **Save** valuable time by assigning employee training and monitoring their latest progress and completion.
- **Simplify** the process of training to stay in compliance and avoid costly penalties.
- **Onboard and train** an unlimited number of users while enhancing your overall risk control program.
- **Customize** your platform with your company's logo, training content and modules tailored to your business, and personalized procedures and forms for an added fee.

Please visit ajg.com/us/gallagher-step/ to learn more.

Most Popular Training Modules

- Sexual Harassment and Discrimination
- Slip, Trip and Fall Training
- Electrical Safety Training
- Back Safety Training
- Bloodborne Pathogens
- Safe Lifting Practices
- Defensive Driving Basics
- Fire Prevention Basics
- Personal Protective Equipment
- GHS Hazard Communication

Gallagher CORE360®



Gallagher CORE360® is our unique, comprehensive approach of evaluating your risk management program that leverages our analytical tools and diverse resources for custom, maximum impact on six cost drivers of your total cost of risk.

Sample of Available Training Modules and Safety Shorts

Human Resources Training

- Americans with Disabilities Act (ADA)
- California Ethics
- California Sexual Harassment & Discrimination—Employees (English and Spanish)
- California Sexual Harassment and Discrimination—Supervisors (English and Spanish)
- Connecticut Sexual Harassment Prevention and Response
- Diversity
- Drug-Free Workplace—Supervisor
- Ethics in Action
- Fair and Accurate Credit Transaction Act (FACTA)
- Family Medical Leave Act (FMLA)
- Interviewing Strategies
- Job Applications
- Maine Sexual Harassment Prevention and Response
- Personnel Files
- Sensitivity Basics: Creating Positive Working Relationships
- Sexual Harassment and Discrimination—Employees
- Sexual Harassment and Discrimination—Supervisors
- New York City Sexual Harassment and Discrimination—Employees (English and Spanish)
- New York City Sexual Harassment and Discrimination—Supervisors (English and Spanish)
- New York State Sexual Harassment and Discrimination—Employees (English and Spanish)
- New York State Sexual Harassment and Discrimination—Supervisors (English and Spanish)
- Smart Hiring
- Smart Risk Management—Core Principles
- Theft
- Unsafe Acts
- Violence Prevention
- Workers Compensation Essentials
- Workplace Investigations Basics
- Wrongful Termination

Safety Training

- Accident Investigation Techniques
- Asbestos Awareness (General Industry)
- Basic Conveyor Safety
- Bloodborne Pathogens (English and Spanish)
- Creating a Safe Holiday Celebration
- Common Fire and Life Safety Hazards
- Continuity of Operations Planning
- Defensive Driving—Accident Scene Management
- Defensive Driving—Backing Safely, R is for Reverse
- Defensive Driving Basics—Part I (English and Spanish)
- Defensive Driving—Changing Lanes Safely
- Defensive Driving—Driving Safely in School Zones
- Defensive Driving—General Auto Risk Management
- Defensive Driving—Intersections
- Defensive Driving—Reducing Deer-Related Incidents
- Defensive Driving—Safe Following Distance
- Defensive Driving—Spring Weather Conditions
- Defensive Driving—Winter Weather Conditions
- Determining the Root Cause of Accidents
- Disaster Planning 101
- Electrical Safety (English and Spanish)
- Ladder Safety
- Employee and Family Disaster Planning
- Evacuation Planning and Procedures
- Fire Prevention Practices (English and Spanish)
- Forklift Safety Basics for General Industry
- Hazard Communication (English and Spanish)
- Hearing Protection
- Housekeeping—Custodial, Safe Housekeeping Practices
- Identifying Strain and Exertion Exposures (English and Spanish)
- Lead-Based Paint
- Lockdown Procedures
- Lockout/Tagout (English and Spanish)
- Machine Guarding (English and Spanish)
- Means of Egress (English and Spanish)
- Mold
- Office Ergonomics Defined
- Office Ergonomics—Working in Comfort
- Office Workstation Safety
- Office Workstation Safety for Supervisors
- Personal Protective Equipment (English and Spanish)
- Portable Fire Extinguishers I
- Portable Fire Extinguishers II
- Power Tool Safety
- Preparation for Physical Activity
- Preventing Back Injuries (English and Spanish)
- Preventing Slips, Trips and Falls (English and Spanish)
- Preventing Injuries When Lifting, Moving and Transferring Residents
- Safety Pays for Life
- Temp Staffing Services. Employee Safety Orientation (English and Spanish)

Safety Shorts

Two safety shorts are considered one module selection.

- Bloodborne Pathogens
- Electrical Safety
- Emergency Procedures
- Fire Prevention and Protection
- Hand and Power Tools
- Hazard Communication
- Housekeeping/Custodial—Before You Start
- Housekeeping/Custodial—Cleaning by Hand
- Housekeeping/Custodial—Emptying Trash
- Housekeeping/Custodial—Mopping and Emptying Buckets
- Housekeeping/Custodial—Preventing Slips, Trips and Falls
- Housekeeping—General
- Ladder Safety
- Lockout/Tagout
- Personal Protective Equipment
- Safe Lifting Practices
- Slip, Trip and Fall

The Gallagher Way.
 Since 1927. **Page 175**

Please visit ajg.com/us/gallagher-step/ to learn more.

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 GGB43790

Overview and Login Information

The Gallagher eRiskHub® portal provides you with exclusive risk management tools and best practices to improve your organization's cyber risk posture. This important resource serves your cyber risk management strategies by enhancing your capabilities in cyberattack prevention, loss mitigation and cyber risk transfer techniques.

To access the Gallagher eRiskHub® now:

1. Navigate to <https://eriskhub.com/gallagher>
2. Complete the new user registration at the bottom of the page. Choose your own user ID and password. The access code is **447597**.
3. After registering, you can access the hub immediately using your newly created credentials in the member login box located at the top right of the page.

If you have any questions about the Gallagher eRiskHub®, please reach out the eRiskHub® support staff at support@eriskhub.com

Key Features of the Gallagher eRiskHub®

- **Risk Manager Tools**—A collection of tools for risk managers including research of known breach events, information to calculate the potential cost of a breach event, sample policies, breach response planning and more.
- **Learning Center**—An extensive collection of thought leadership articles, webinars, videos and blog posts covering everything from emerging cyber threats to data protection and more.
- **Security and Privacy Training**—Resources for creating an effective security training program for your employees.
- **Strategic Third-Party Relationships and Partner Resources**—Information on third-party vendors that can assist your organization improve your overall cyber risk, as well as access to exclusive Gallagher discounts on tools.

Gallagher's Cyber Capabilities

Gallagher's Cyber practice has the expertise to deliver a full complement of cyber risk management and insurance services to help your team stay protected. We take a consultative, action-based approach to address the sophisticated and evolving nature of cyber liability to design custom solutions that meet your unique needs. For more information, please contact us.

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Insurance | Risk Management | Consulting

The information contained herein is offered as insurance industry guidance and provided as an overview of current market risks and available coverages and is intended for discussion purposes only. This publication is not intended to offer legal advice or client-specific risk management advice. Any description of insurance coverages is not meant to interpret specific coverages that your company may already have in place or that may be generally available. General insurance descriptions contained herein do not include complete Insurance policy definitions, terms, and/or conditions, and should not be relied on for coverage interpretation. Actual insurance policies must always be consulted for full coverage details and analysis.

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Business Continuity and Resilience Services

Businesses face so many challenges in today's marketplace that can disrupt operations or interrupt a supply chain, including:

- Cyber attacks
- COVID-19
- Natural disasters

Having a plan in place and being prepared to successfully manage these situations should be a critical component of any operating model.

The turbulence of 2020, especially the global COVID-19 pandemic, revealed to many organizations just how underprepared they are to effectively respond to and recover from major business disruptions or crises.

Organizations suddenly found they had to deal with unprecedented direct and indirect challenges to their businesses, including major supply chain disruptions, sudden shifts in customer demand and increased cyberthreats since a large portion of the workforce was operating remotely.

However, the incidence of these types of threats was escalating well before COVID-19, as were threats posed by workplace violence, societal unrest and natural disasters as a result of climate change.

To make matters worse, organizations are now faced with increased costs for insurance coverage as a result of a hard market.

Building resilient and recoverable operations has proven to be more difficult than ever. Organizations often struggle to develop a comprehensive yet pragmatic business continuity management framework to identify, assess and manage threats/vulnerabilities.

Underpreparedness has consequences. A minor incident can escalate to a major crisis that can consume an organization, and impact its brand/reputation and financial results for months, if not years.

According to Oxford Metrica, "Of the companies that faced a crisis, on average, more than three-quarters experienced a 20%-30% drop in their stock price as a result of the way the incident was managed."

For companies to achieve long-term resilience, they must be agile enough to respond and recover from any crisis, regardless of its nature or origin.

If COVID-19 taught us anything, it is that the ability to recover critical business processes builds confidence among key stakeholders such as employees, regulators, customers, investors, the media, the public and insurers.

Resilient organizations manage uncertainty. As a trusted partner and advisor, Gallagher's **Business Continuity and Resilience Services** team works with organizations to first assess their level of business resilience and then develop custom programs to improve it. We have developed business continuity, crisis management, crisis communications and supply chain risk management programs for clients in virtually every industry.

Oxford Metrica study 2020

Business Continuity

A business continuity plan reduces the operational impact of an incident by directly targeting the recovery of an organization's value drivers—those business processes that directly drive revenue and reputation—and enables an organization to recover more efficiently and effectively following a major business disruption or crisis.

Crisis Management

Crisis management plans prevent or mitigate risks to people, brands, reputations and financial results, and provide the overarching framework for all response and recovery activities within the organization. Moreover, these plans improve coordination and accelerate decision-making at all levels of an organization in the event of a crisis.

Crisis Communications

Crisis communication plans communicate promptly, accurately and confidently to all stakeholders during an incident or actual crisis, and enable organizations to better coordinate internal and external global communications with media, employees, regulators, customers, investors and the public at large.

Supply Chain Risk Management

A supply chain risk management program will help assess and manage third-party risks and vulnerabilities to ensure that products/services continue to be delivered both during and following a major disruption.

Leaders Where it Counts

Gallagher was founded on a culture of ethics, service and a common interest—doing what's in our clients' best interest, not ours. That's one of the reasons why Gallagher has been named as one of the World's Most Ethical Companies® by Ethisphere for 11 consecutive years.

We are proud to be the only insurance broker to receive this recognition honoring companies who understand the importance of leading, making hard but values-based decisions, and exemplifying overall commitment to integrity.



Insurance | Risk Management | Consulting

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Gallagher provides risk services consultation that is tailored to our clients' particular loss history, industry risk factors, and insurance program structure. Our services, summaries and recommendations can include claim advocacy, evaluation of loss frequency and severity, loss prevention strategy, sufficiency of self-insured retentions, risk transfer options, identification of risk exposures, and insurance coverage for particular claims. Our work can also include collaboration with carriers, our client's legal counsel, loss prevention or actuarial consultants. We emphasize that any of the above risk services, risk management opinions, and advice provided directly to clients or to clients' third-party vendors, is both confidential and intended for our clients' use and not for distribution. We also only offer the advice from an insurance/risk management perspective and it is NOT legal advice or intended to supplant the advice or services provided to clients from legal counsel and advisors. We recommend that our clients seek advice from legal counsel and third-party professionals to become fully apprised of all legal and financial implications to their businesses.

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Arthur J. Gallagher & Co. named one of the World's Most Ethical Companies® for 2022.

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A Next Generation Engagement Solution

Gallagher Insight is a user-friendly web portal that allows secure, real-time collaboration between you and your Gallagher team. It empowers Clients with 24/7 access to their summary insurance information and an array of materials needed to run your risk management program, all at your fingertips on any device. Gallagher Insight is a password-protected portal accessible through any browser on your mobile phone, tablet or PC. Insight offers a modern design, robust features and upgraded functionality, including:

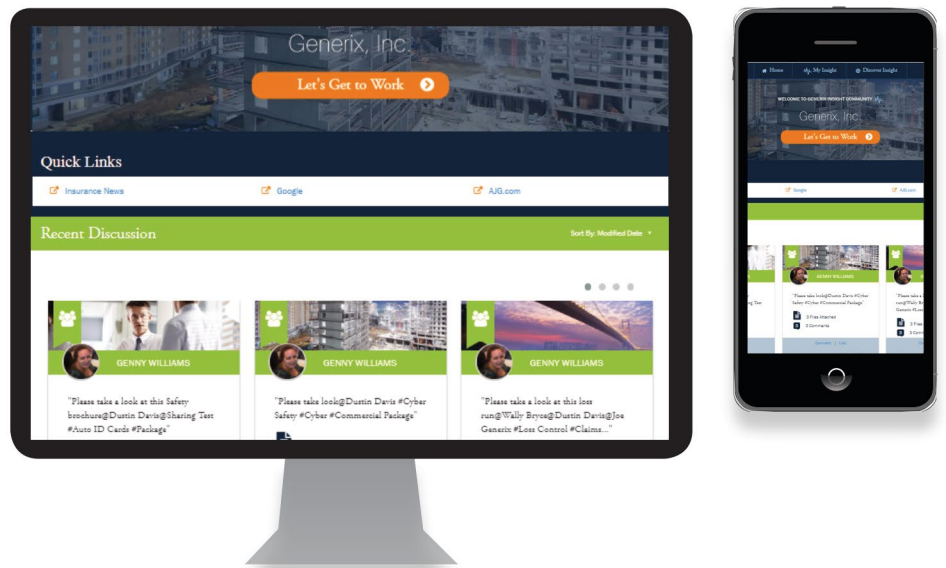
- Secure web-based document libraries for our clients
- Policy and document sharing with your Gallagher account team
- A private social network between your global team and ours
- Stewardship through goals, events and tasks set up by you and your Gallagher team
- Access to Gallagher's resource library
- Submission and tracking of service requests

Insight can be accessed from any electronic device using a secure ID and password to login.



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Contractual Risk Compliance



Insurance | Risk Management | Consulting



Verified Testimonial

Gallagher Verify monitors expiration dates, insurance limits and other details across thousands of COIs. In addition, their team delivers a very consultative, custom approach, which has allowed us to significantly improve our overall risk exposure.

Mitigate contractual risk with confidence

There is more to managing compliance than just collecting your third-party vendors' certificates. **Gallagher Verify**SM ensures you are tracking all the information you need to keep your company organized, compliant and properly protected. Take advantage of our intelligent technology and experienced compliance experts to gain insight into your level of risk, giving you the freedom to focus on your day-to-day operations.

Protect your business from unknown risk

A majority of organizations face unknown risk. In fact, research shows that most organizations average only 20% compliance for vendor insurance. Gallagher Verify limits your unknown risk and significantly improves compliance. Most companies that use Gallagher Verify average over 80% compliance.*

Track more than just certificates of insurance (COIs)

Our cloud software has the capability to track and verify compliance for any type of document your business is required to keep on file. These documents can include but are not limited to:

W-9 forms	OSHA mod rates	Background checks
MVRs	Contracts	Certifications and licenses

Gallagher Verify brings big benefits to your business

- Increased profitability due to reduced internal administrative costs
- Insurance consulting with a risk advisor
- Reports and dashboards to manage compliance trends
- Ongoing monitoring of A.M. Best insurance carrier ratings and vendor compliance with A.M. Best ratings
- Easy-to-use cloud software used to track and record incoming COIs
- Proactive compliance calls to vendors
- Industry-specific software configurations

*Tier 2 model.



Learn More About CORE360®

Gallagher Verify is part of Gallagher CORE360, our unique, comprehensive approach to evaluating your risk management program that leverages our analytical tools and diverse resources for custom, maximum impact on six cost drivers of your total cost of risk.

We consult with you to understand your **contractual liability**, and how to mitigate risks and associated costs.

This will empower you to know, control and minimize your total cost of risk, and improve your profitability.

Tiers of service tailored to the needs of your organization

	Tier 1	Tier 2
Gallagher Verify cloud software	✓	✓
Dedicated implementation project managers (includes data entry and software configuration)	✓	✓
Automated COI endorsement and document compliance verification	✓	✓
Automated noncompliance and renewal notifications to vendors	✓	✓
Client access to software support	✓	✓
Customizable daily, weekly and monthly reports, and historical compliance dashboard widgets	✓	✓
Risk management consulting for clients (insurance requirement exception guidance)		✓
Outgoing vendor compliance enforcement and educational phone calls (up to four phone calls per certificate of insurance)		✓
Weekly or monthly client stewardship calls with a risk advisor		✓
Unlimited phone support for vendors with insurance and contract-related questions		✓

Verified Testimonial

When we initially implemented Gallagher Verify, our third-party insurance compliance was less than 20%. Today, compliance is more than 90%. The aggressive tracking of insurance requirements and vendor compliance mitigates financial exposure, should there be a claim.

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The information contained herein is offered as insurance industry guidance and provided as an overview of current market risks and available coverages and is intended for discussion purposes only. This publication is not intended to offer legal advice or client-specific risk management advice. Any description of insurance coverages is not meant to interpret specific coverages that your company may already have in place or that may be generally available. General insurance descriptions contained herein do not include complete insurance policy definitions, terms, and/or conditions, and should not be relied on for coverage interpretation. Actual insurance policies must always be consulted for full coverage details and analysis.

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RESOLUTION NO. 2023-33

A RESOLUTION FIXING THE TIMES AND DATES OF THE REGULAR MEETINGS OF THE SAN BENITO HEALTH CARE DISTRICT BOARD OF DIRECTORS, FROM FEBRUARY 22, 2024 THROUGH JANUARY 23, 2025

WHEREAS, the practice of meeting once a month at **five o'clock p.m.** is valuable and should be continued;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN BENITO HEALTH CARE DISTRICT that the times for holding regular meetings of the Board of Directors for the San Benito Health Care District beginning Thursday, February 22, 2024, be and the same are hereby fixed at five o'clock p.m., on each of the following days, to wit:

*The Board of Directors for the San Benito Health Care District
Has fixed 5:00 p.m. on each of the following days:*

**2024
THURSDAY**

**2025
THURSDAY**

February 22

January 23

March 28

April 25

May 23

June 27

July 25

August 22

September 26

October 24

November 21

December 19

San Benito Health Care District
Resolution No. 2022-22
December 21, 2022
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BE IT FURTHER RESOLVED that nothing in this resolution shall be construed as preventing the calling of a special meeting of the Board of Directors of the San Benito Health Care District at any time as provided by the Ralph M. Brown Act and the laws of the State of California.

BE IT FINALLY RESOLVED that the special rule be, and hereby is adopted, to the effect that when there is a complex question or matter embracing more than one question before the Board for consideration, any board member, as a right, may demand the division of such questions.

PASSED BY THE BOARD OF DIRECTORS this 21st day of December 2023, by the following vote:

	Hernandez	Johnson	Pack	Sanchez	Shelton
Ayes					
Noes					
Abstain					
Absent					

Jeri Hernandez, Board President
Board of Directors
San Benito Health Care District

RESOLUTION NO 2023-33