



**AGENDA**

**REGULAR MEETING OF THE FINANCE COMMITTEE  
A COMMITTEE OF THE BOARD OF DIRECTORS**

**Tuesday, February 22, 2022 – 9:00 AM**

**IN AN EFFORT TO PREVENT THE SPREAD OF COVID-19 (CORONAVIRUS), AND IN ACCORDANCE WITH THE GOVERNOR’S EXECUTIVE ORDER N-29-20, THERE WILL BE NO PUBLIC LOCATION FOR ATTENDING THIS BOARD/COMMITTEE MEETING IN PERSON. MEMBERS OF THE PUBLIC MAY LISTEN TELEPHONICALLY BY CALLING THE FOLLOWING NUMBER:**

**Meeting Information:**

Call in number: 1-510-338-9438

Access Code: 2557 015 1430

Passcode: 1234

Meeting Link: <https://sangorgoniomemorialhospital-ajd.my.webex.com/sangorgoniomemorialhospital-ajd.my/j.php?MTID=mb9f092cb1f822080d98b93635bb92988>

**THE TELEPHONES OF ALL MEMBERS OF THE PUBLIC LISTENING IN ON THIS MEETING MUST BE “MUTED”.**

TAB

I. Call to Order

E. Ngo

II. Public Comment

Members of the public who wish to comment on any item on the agenda may speak during public comment or submit comments by emailing [publiccomment@sgmh.org](mailto:publiccomment@sgmh.org) on or before 5:00 PM on Monday, February 21 2022, which will become part of the committee meeting record.

A five-minute limitation shall apply to each member of the public who wishes to address the Finance Committee of the Hospital Board of Directors on any matter under the subject jurisdiction of the Committee. A thirty-minute time limit is placed on this section. No member of the public shall be permitted to “share” his/her five minutes with any other member of the public. (Usually, any items received under this heading are referred to staff for future study, research, completion and/or future Committee Action.) (PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD.)

On behalf of the San Gorgonio Memorial Hospital Board of Directors, we want you to know that the Board/Committee acknowledges the comments or concerns that you direct to this Committee. While the Board/Committee may wish to occasionally respond immediately to questions or comments if appropriate, they often will instruct the CEO, or other Administrative Executive personnel, to do further research and report back to the Board/Committee prior to responding to any issues raised. If you have specific questions, you will receive a response either at the meeting or shortly thereafter. The Board/Committee wants to ensure that it is fully informed before responding, and so if your questions are not addressed during the meeting, this does not indicate a lack of interest on the Board/Committee’s part; a response will be forthcoming.



San Gorgonio Memorial Hospital Board of Directors  
Finance Committee – Regular Meeting  
February 22, 2022

XII. Future Agenda Items

XIII. Next Meeting – March 29, 2022

XIV. Adjournment

E. Ngo

**\* Requires Action**

In accordance with The Brown Act, Section 54957.5, all public records relating to an agenda item on this agenda are available for public inspection at the time the document is distributed to all, or a majority of all, members of the Committee. Such records shall be available at the Hospital office located at 600 N. Highland Springs Avenue, Banning, CA 92220 during regular business hours, Monday through Friday, 8:00 am - 4:30 pm.

**Certification of Posting**

I certify that on February 18, 2022, I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of San Gorgonio Memorial Hospital - Finance Committee, and on the San Gorgonio Memorial Hospital website said time being at least 72 hours in advance of the regular meeting of the Finance Committee  
(Government Code Section 54954.2).

Executed at Banning, California, on February 18, 2022



Ariel Whitley, Executive Assistant

**TAB A**

REGULAR MEETING OF THE  
SAN GORGONIO MEMORIAL HOSPITAL  
BOARD OF DIRECTORS

FINANCE COMMITTEE  
Tuesday, January 25, 2022

The regular meeting of the San Gorgonio Memorial Hospital Board of Directors Finance Committee was held on Tuesday, January 25, 2022. To prevent the spread of COVID-19 (coronavirus), and in accordance with the Governor's Executive Order N-29-20, there was no public location for attending this committee meeting in person. Committee members, staff members, and members of the public participated telephonically.

Members Present: Susan DiBiasi, Ehren Ngo (Chair), Ron Rader, Steve Rutledge, Siri Welch

Members Absent: None

Required Staff: Steve Barron (CEO), Pat Brown (CNO/COO), Daniel Heckathorne (CFO), Ariel Whitley (Executive Assistant), Annah Karam (CHRO)

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP
<b>Call To Order</b>	Chair Ngo called the meeting to order at 9:02 am.	
<b>Public Comment</b>	Members of the public who wished to comment on any item on the agenda were encouraged to submit comments by emailing <a href="mailto:publiccomment@sgmh.org">publiccomment@sgmh.org</a> prior to this meeting.  No public comment emails were received.	
<b>OLD BUSINESS</b>		
<b>Proposed Action - Approve Minutes December 28, 2021, regular meeting</b>	Ehren Ngo asked for any changes or corrections to the minutes of the December 28, 2021, regular meeting. There were none.	<b>The minutes of the December 28, 2021, regular meeting will stand correct as presented.</b>
<b>NEW BUSINESS</b>		
<b>Overview of Agenda Items</b>	Dan Heckathorne, CFO, provided a brief written overview of the agenda items that will be discussed.	

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP												
<p><b>Proposed Action – Recommend Approval to Hospital Board of Directors – Updated Self Pay and Charity Care Policy</b></p>	<p>Dan discussed the changes that have been made to the Self Pay and Charity Care Policy. The policy update includes Obstetrical Pricing Packages. There were no actual changes to the Charity Policy which was adopted on January 4, 2022.</p> <p><b>ROLL CALL:</b></p> <table border="1" data-bbox="396 512 1227 627"> <tr> <td>DiBiasi</td> <td>Yes</td> <td>Ngo</td> <td>Yes</td> </tr> <tr> <td>Rader</td> <td>Yes</td> <td>Rutledge</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Yes</td> <td></td> <td></td> </tr> </table> <p>Motion carried.</p>	DiBiasi	Yes	Ngo	Yes	Rader	Yes	Rutledge	Yes	Welch	Yes			<p><b>M.S.C. (Rader/Rutledge), the SGMH Finance Committee voted to recommend approval of the Updated Self Pay and Charity Care Policy to the Hospital Board of Directors.</b></p>
DiBiasi	Yes	Ngo	Yes											
Rader	Yes	Rutledge	Yes											
Welch	Yes													
<p><b>Proposed Action – Recommend approval to Hospital Board to adopt Resolution No. 2022-01 regarding authorizing the execution and delivery of a Loan and Security Agreement, Promissory Note, and certain actions in connection therewith for the California Health Facilities Financing Authority Nondesignated Public Hospital Bridge Loan Program</b></p>	<p>Due to the State’s shifting the Supplemental Funding programs from a fiscal year to a calendar year, many hospitals are experiencing significant cash shortages during this 6 month “black-out” period. The District Hospital Leadership Forum team has worked with the Legislature to enact a loan program for district hospitals that would somewhat help “bridge” this gap. Adopting Resolution No. 2022-01 would allow the Hospital to complete the two loan applications to address our large cash needs to come in Spring.</p> <p>It was noted that the Finance Committee recommends approval to the Hospital Board who will then recommend approval to the Healthcare District Board.</p> <p><b>ROLL CALL:</b></p> <table border="1" data-bbox="396 1310 1227 1425"> <tr> <td>DiBiasi</td> <td>Yes</td> <td>Ngo</td> <td>Yes</td> </tr> <tr> <td>Rader</td> <td>Yes</td> <td>Rutledge</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Yes</td> <td></td> <td></td> </tr> </table> <p>Motion carried.</p>	DiBiasi	Yes	Ngo	Yes	Rader	Yes	Rutledge	Yes	Welch	Yes			<p><b>M.S.C. (Rutledge/Welch), the SGMH Finance Committee voted to recommend approval to adopt Resolution No. 2022-01 regarding authorizing the execution and delivery of a Loan and Security Agreement, Promissory Note, and certain actions in connection therewith for the California Health Facilities Financing Authority Nondesignated Public Hospital Bridge Loan Program.</b></p>
DiBiasi	Yes	Ngo	Yes											
Rader	Yes	Rutledge	Yes											
Welch	Yes													

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP												
<p><b>Proposed Action – Recommend Approval to Hospital Board of Directors - Monthly Financial Report (Unaudited) – December 2021</b></p>	<p>Daniel Heckathorne, CFO, reviewed the Unaudited December 2021 finance report as included in the board packets.</p> <p>Mr. Heckathorne reported that December had a \$5.07M EBIDA compared to budgeted earnings of \$4.06M. Adjustments and unusual items that occurred in December include no IGT Fees booked and low inpatient workloads. Adjusted Patient Days, Patient Days, and Emergency Visits were under budget while Surgeries (93 vs 95) were basically on budget. He also discussed plans for the Hospital to acquire financing to cover the delay in the State’s Supplemental Funding programs during the current fiscal year and indicated that more information will be forthcoming to the Committee and Boards in the near future.</p> <p>It was noted that approval is recommended to the Hospital Board.</p> <p><b>ROLL CALL:</b></p> <table border="1" data-bbox="394 915 1219 1031"> <tr> <td>DiBiasi</td> <td>Yes</td> <td>Ngo</td> <td>Yes</td> </tr> <tr> <td>Rader</td> <td>Yes</td> <td>Rutledge</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Yes</td> <td></td> <td></td> </tr> </table> <p>Motion carried.</p>	DiBiasi	Yes	Ngo	Yes	Rader	Yes	Rutledge	Yes	Welch	Yes			<p><b>M.S.C. (DiBiasi/Welch), the SGMH Finance Committee voted to recommend approval of the Unaudited December 2021 Financial report to the Hospital Board of Directors.</b></p>
DiBiasi	Yes	Ngo	Yes											
Rader	Yes	Rutledge	Yes											
Welch	Yes													
<p><b>HFMA Blog/Article – Informational</b></p>	<p>Dan Heckathorne, CFO, included an HFMA blog titled “Hospital margins increased in November, but labor expenses remained a drag on finances.”</p>													
<p><b>Future Agenda Items</b></p>	<ul style="list-style-type: none"> <li>• Bridge Loan</li> </ul>													
<p><b>Next Meeting</b></p>	<p>The next regular Finance Committee meeting will be held on February 22, 2022.</p>													
<p><b>Adjournment</b></p>	<p>The meeting was adjourned 10:32 am.</p>													

In accordance with The Brown Act, *Section 54957.5*, all reports, and handouts discussed during this Open Session meeting are public records and are available for public inspection. These reports and/or handouts are available for review at the Hospital Administration office located at 600 N. Highland Springs Avenue, Banning, CA 92220 during regular business hours, Monday through Friday, 8:00 am - 4:30 pm.

Minutes respectfully submitted by Ariel Whitley, Executive Assistant

**TAB B**



# ***SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT (the “District”)***

## ***2022 GENERAL OBLIGATION REFUNDING BONDS MEMORANDUM***

**TO:** Finance Committee, Board of Directors Meetings, CEO and CFO

**FROM:** Gary Hicks, President, G.L. Hicks Financial, LLC

**DATE:** February 15, 2022

**SUBJECT: 2022 Refunding General Obligation Bonds – March 1, 2022 Board Meeting**

On March 1, 2022, the District’s Board of Directors (the “Board”) will be asked to approve Resolution No. 2022-03 (the “Initial Resolution”) authorizing certain officers of the District to take steps necessary for the issuance of general obligation refunding bonds (the “2022 Refunding GO Bonds”) in an amount necessary to provide for the refunding of the District’s outstanding 2014 General Obligation Refunding Bonds, (the “2014 Bonds”). **Adoption of this resolution does not give management the authority to issue the 2022 Refunding GO Bonds as final authority for issuance of these bonds is not expected to be sought until its Board meeting on April 5, 2022, and that approval will be subject to the facts, circumstances and conditions that exist at that time.**

Information regarding the 2014 Bonds to be refunded is provided below as background information:

	<b><u>2014 Bonds</u></b>
Original Par Amount	\$64,425,000
Outstanding Par Amount	\$57,530,000
Interest Rate (Average Coupon)	5.04%
Final Bond Maturity	August 1, 2039
Use of Funds	Refi 2009 Bonds
Call Premium	0.00% at Par

We believe that favorable interest rates are currently available that offer the District an opportunity to generate significant debt service savings as compared with debt service associated with the 2014 Bonds. While interest rates are not determined until the bonds are actually sold, the current interest rate environment suggests a possible all-in true interest cost of approximately 3.35% for privately placed bonds with a final maturity on August 1, 2039, based upon discussions with the District’s placement agent, Piper Sandler. We will work with Piper Sandler and the District to secure a commitment from one or more banks to purchase refunding general obligation “Cinderella” bonds that initially will yield a taxable interest rate that will convert to a tax-exempt interest rate within 90 days of the first optional call date of the 2014 Bonds. Without increasing the average weighted maturity of the 2014 Bonds, we estimate that total debt service savings over the remaining life of the 2014 Bonds, based on current market conditions, to be approximately \$5.0 million or approximately \$4.0 million on a net present-value basis, which equates to approximately 7.00% of the par amount of the 2014 Bonds being refunded. This estimated savings, if achieved, would reduce the District’s debt service on the 2014 Bonds by approximately \$300,000 annually. We will evaluate both a private placement and a public offering of the 2022 Refunding GO Bonds and will work with the District to decide whether a private placement or a public offering would generate the greatest amount of savings for the District and its taxpayers.

The following summarizes the purpose and general content of the Initial Resolution and the Deposit & Transfer Agreement Resolution to be considered for approval by the Board on March 1, 2022.

**Initial Resolution No. 2022-03.** The Initial Resolution allows management of the District to move forward with the proposed refinancing of its 2014 Bonds and is preliminary to a final resolution planned to be considered for approval by the Board on or after its regular meeting of April 5, 2022, subject to the facts, circumstances and conditions that exist at that time. This Initial Resolution describes the use of proceeds of the 2022 Refunding GO Bonds, and engages various consultants to provide legal, placement agent and financial advisory services the District needs to complete the proposed refinancing. The Initial Resolution authorizes the Chair of the Board, the District's Chief Executive Officer, its Chief Financial Officer, and other appropriate officers and officials of the District to take any and all necessary action needed to carry out the intended purposes of this Initial Resolution but it does not commit the District to sell bonds. Requires majority approval.

**Deposit & Transfer Agreement Resolution No. 2022-04.** The Deposit & Transfer Agreement Resolution, with respect to the proposed issuance of the 2022 Refunding GO Bonds, provides for the flow of voter approved ad valorem tax revenues from Riverside County to US Bank, as agent for the District, who then transfers the amount needed to BNY Mellon, as paying agent for the District's outstanding general obligation bonds, to make the semi-annual debt service payments to bondholders. This resolution describes how the District's voter approved ad valorem tax revenues are structured to provide for a flow of these revenues that are needed to improve the security for holders of the District's general obligation bonds so that interest rates received from the sale of these bonds will be lower than otherwise available. This resolution approves the Deposit & Transfer Agreement, in substantially final form, and authorizes the Chair of the Board, the District's Chief Executive Officer, its Chief Financial Officer or their designees to execute and deliver the Deposit & Transfer Agreement. Requires majority approval.

This same Deposit & Transfer Agreement, provides similar benefits to the District with respect to the proposed issuance of the 2022 Revenue Bonds and future revenue bonds secured by the District's non-voter approved ad valorem tax revenues, by providing for the flow of funds from Riverside County to US Bank, as agent for the District, who then transfers the amount needed for payment of the District's semi-annual debt service payments on its revenue bonds. This resolution describes how the District's non-voter approved ad valorem tax revenues are structured to improve the security for holders of the District's revenue bonds so that interest rates received from the sale of these bonds will be lower than would otherwise be available.

**TAB C**

**SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT**

**RESOLUTION NO. 2022-03**

**RESOLUTION AUTHORIZING THE COMMENCEMENT OF PROCEEDINGS IN CONNECTION WITH THE PROPOSED ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS AND DESIGNATING A FINANCIAL ADVISOR, BOND COUNSEL, DISTRICT COUNSEL AND A PLACEMENT AGENT IN CONNECTION THEREWITH**

RESOLVED, by the Board of Directors (the "Board") of the San Gorgonio Memorial Healthcare District, a California local health care district (the "District"):

WHEREAS, the District proposes to issue its general obligation refunding bonds (the "Bonds") to refund its outstanding San Gorgonio Memorial Healthcare District (Riverside County, California) 2014 General Obligation Refunding Bonds (the "Bonds"); and

WHEREAS, it is appropriate that the Board formally authorize commencement of proceedings, to designate a financial advisor, bond counsel, District counsel and a placement agent and to approve certain preliminary actions in connection with the execution and delivery of the Bonds; and

NOW, THEREFORE, it is hereby DECLARED and ORDERED, as follows:

*Section 1.* The Board authorizes appropriate officers and officials of the District to proceed with the preparation of the necessary documents in connection with the issuance and sale of the Bonds, subject to final approval thereof by the Board at a subsequent meeting.

*Section 2.* G.L. Hicks Financial, LLC is hereby designated as financial advisor to the District in connection with the issuance and delivery of the Bonds.

*Section 3.* Quint & Thimmig LLP is hereby designated as bond counsel in connection with issuance and delivery of the Bonds.

*Section 4.* McDougal Love Boehmer Foley Lyon & Mitchell is hereby designated as District counsel in connection with the issuance and delivery of the Bonds.

*Section 5.* Piper Sandler & Co. is hereby designated as placement agent for the Bonds.

*Section 6.* All actions of the officers, agents and employees of the District that are in conformity with the purposes and intent of this resolution, whether taken before or after the adoption hereof, are hereby ratified, confirmed and adopted.

*Section 7.* The Chair of the Board, the Chief Executive Officer of the District, the Chief Financial Officer of the District and other appropriate officers and officials of the District are hereby authorized and directed to take such action and to execute such documents as may be necessary or desirable to effectuate the intent of this resolution.

*Section 8.* This resolution shall be in full force and effect immediately upon its adoption.

\* \* \* \* \*

I hereby certify that the foregoing resolution was duly adopted at a meeting of the Board of Directors of the San Geronio Memorial Healthcare District held on the 1st day of March, 2022, by the following vote:

AYES, and in favor of, Board Members:

NOES, Board Members:

ABSENT, Board Members:

By \_\_\_\_\_  
Secretary

**TAB D**

**SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT**

**RESOLUTION NO. 2022-04**

**RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A DEPOSIT AND TRANSFER AGREEMENT**

RESOLVED, by the Board of Directors (the "Board") of the San Gorgonio Memorial Healthcare District (the "District"), as follows:

WHEREAS, the District has issued, and will issue in the future, bonds and other obligations secured by its voter approved *ad valorem* property tax revenues and by its non-voter approved operating *ad valorem* property tax revenues;

WHEREAS, to provide additional security to the owners and holders of such bonds and other obligations, in addition to a pledge of such tax revenues, as applicable, the District desires to create a "lock box" pursuant to an agreement (the "Agreement") by which such revenues are deposited with an independent agent and applied to the payment of such obligations before any excess funds are transferred to the District;

WHEREAS, to provide such additional security, the District will direct Riverside County, which collects both the voter approved *ad valorem* property taxes and the non-voter approved operating *ad valorem* property taxes, to remit such tax revenues to U.S. Bank National Association, as agent (the "Agent") and the Agent will (a) transfer the required voter approved *ad valorem* property tax revenues to the paying agent for the obligations secured by voter approved *ad valorem* property taxes (the "Voter Approved Obligations") at such times and in such amounts as are required for payment of the Voter Approved Obligations, and (b) transfer the required non-voter approved operating *ad valorem* property tax revenues to the trustee for the obligations secured by non-voter approved operating *ad valorem* property tax revenues (the "Non-Voter Approved Obligations") at such times and in such amounts as are required for payment of the Non-Voter Approved Obligations;

WHEREAS, following the required transfers, the Agent will, as provided in the Agreement, transfer the remaining non-voter approved operating *ad valorem* property tax revenues to the District; and

WHEREAS, the Agreement has been prepared and has been submitted to the Board for review and approval;

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

*Section 1.* The Agreement, is hereby approved. The Chair of the Board, the Chief Executive Officer of the District, the Chief Financial Officer of the District or their designees are hereby authorized and directed to execute and deliver the Agreement in substantially said form, with such changes therein as the officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

*Section 2.* This resolution shall take effect immediately.

\*\*\*\*\*

The foregoing resolution was duly adopted at a meeting of the Board of Directors of San Gorgonio Memorial Healthcare District held on the 1st day of March, 2022, by the following vote:

AYES, and in favor of, Board Members:

NOES,

ABSENT,

By \_\_\_\_\_  
Chair, Board of Directors  
San Gorgonio Memorial Healthcare District



## EXHIBIT A

### FORM OF DEPOSIT AND TRANSFER AGREEMENT

THIS DEPOSIT AND TRANSFER AGREEMENT (the "Agreement"), dated as of April 1, 2022 (the "Agreement"), is by and between the SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT, a local healthcare district (the "District"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as depositary agent (the "Agent").

#### BACKGROUND

WHEREAS, the District has issued, and will issue in the future, bonds and other obligations secured by its voter approved *ad valorem* property tax revenues and by its non-voter approved operating *ad valorem* property tax revenues;

WHEREAS, to provide additional security to the owners and holders of such bonds and other obligations, in addition to a pledge of such tax revenues, as applicable, the District desires to create a "lock box" by which such revenues are deposited with an independent agent and applied to the payment of such obligations before any excess funds are transferred to the District;

WHEREAS, to provide such additional security, the District will direct Riverside County, which collects both the voter approved *ad valorem* property taxes and the non-voter approved operating *ad valorem* property taxes, to remit such tax revenues to the Agent and the Agent will, as provided in this Agreement, (a) transfer the required voter approved *ad valorem* property tax revenues to the paying agent for the Voter Approved Obligations (hereinafter defined) at such times and in such amounts as are required for payment of the Voter Approved Obligations, and (b) transfer the required non-voter approved *ad valorem* property tax revenues to the trustee for the Non-Voter Approved Obligations (hereinafter defined) at such times and in such amounts as are required for payment of the Non-Voter Approved Obligations;

WHEREAS, following the required transfers, the Agent will, as provided in this Agreement, transfer the remaining non-voter approved operating *ad valorem* property tax revenues to the District;

WHEREAS, the District desires to provide for the transfer and deposit of the voter approved *ad valorem* property tax revenues and the non-voter approved operating *ad valorem* property tax revenues with the Agent; and

WHEREAS, the Agent has agreed to accept, hold, and disburse such tax revenues deposited with it and the earnings thereon in accordance with the terms of this Agreement.

#### STATEMENT OF AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, for themselves, their successors and assigns, hereby agree as follows:

1. *Definitions.* The following terms shall have the following meanings when used herein:

*"Business Day"* means any day other than a Saturday, Sunday, or a day on which banking institutions in the City of Los Angeles or the City of San Francisco are authorized or obligated by law or executive order to be closed.

*"District Representative"* shall mean the person or person designated in a writing signed by the District and delivered to the Agent in accordance with the notice provisions of this Agreement, to act as its representative under this Agreement.

“County” shall mean Riverside County, California.

“Non-Voter Approved Obligations” shall mean the obligations secured by non-voter approved *ad valorem* property taxes, being the (a) San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2021, (b) San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022A (Federally Taxable), and (c) San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022B, together with future obligations secured by non-voter approved *ad valorem* property tax revenues and identified by the District and provided in writing to the Agent.

“Paying Agent” means The Bank of New York Mellon Trust Company, N.A., as paying agent for the Voter Approved Obligations, or such successor paying agent as shall be identified by the District and provided in writing to the Agent.

“Tax Revenues” shall mean the voter approved *ad valorem* property tax revenues and the non-voter approved operating *ad valorem* property tax revenues deposited with the Agent pursuant to Section 3 of this Agreement, together with any interest and other income thereon.

“Trustee” means U.S. Bank National Association, as trustee for the Non-Voter Approved Obligations, or such successor trustee as shall be identified by the District and provided in writing to the Agent.

“Voter Approved Obligations” shall mean the obligations secured by voter approved *ad valorem* property taxes, being the (a) San Gorgonio Memorial Healthcare District (Riverside County, California) 2014 General Obligation Refunding Bonds, (b) San Gorgonio Memorial Healthcare District (Riverside County, California) 2015 General Obligation Refunding Bonds, (c) San Gorgonio Memorial Healthcare District (Riverside County, California) 2020 General Obligation Refunding Bonds, and (d) San Gorgonio Memorial Healthcare with (Riverside County, California) 2022 General Obligation Refunding Bonds, together with future obligations secured by voter approved *ad valorem* property tax revenues and identified by the District and provided in writing to the Agent.

2. *Appointment of and Acceptance by the Agent.* The District hereby appoints the Agent to serve hereunder. The Agent hereby accepts such appointment and agrees to hold and disburse the Tax Revenues in accordance with this Agreement.

3. *Deposit of Tax Revenues.* The District will cause the County to transfer the Tax Revenues, when collected, to the Agent by wire transfer of immediately available funds. On the 25<sup>th</sup> day of each month, the District shall provide the Agent with the proper allocation of the Tax Revenues received by the Agent in such month so that such Tax Revenues may properly be deposited to the following depository accounts hereby created and held by the Agent:

(i) to the Voter Approved Tax Revenue Account, all voter approved *ad valorem* property tax revenues.

(ii) to the Non-Voter Approved Tax Revenue Account, all non-voter approved *ad valorem* property tax revenues.

On the third Business Day preceding the dates set forth in Exhibit A attached hereto for the payment of debt service on the Voter Approved Obligations and the dates set forth in Exhibit B attached hereto for the payment of debt service on the Non-Voter Approved Obligations, the Agent shall alert the District if such amounts will not be sufficient to fund 100% of the debt service on the Voter Approved Obligations and the debt service on the Non-Voter Approved Obligations on the next succeeding payment dates.

4. *Disbursements of Tax Revenues.* The Agent shall disburse Tax Revenues as follows:

(i) to the Paying Agent, from the Voter Approved Tax Revenue Account, voter approved *ad valorem* property tax revenues on the Business Day preceding the dates and in the amounts set forth in Exhibit A attached hereto for the payment of debt service on the Voter Approved Obligations, as such Exhibit A may be revised to include future Voter Approved Obligations, or such lesser amount if amounts on deposit therein are less than 100% of the debt service on the Voter Approved Obligations on the next succeeding payment dates.

(ii) to the Trustee, from the Non-Voter Approved Tax Revenue Account, non-voter approved *ad valorem* property tax revenues on the Business Day preceding the dates and in the amounts set forth in Exhibit B attached hereto for the payment of debt service on the Non-Voter Approved Obligations, as such Exhibit B may be revised to include future Non-Voter Approved Obligations, or such lesser amount if amounts on deposit therein are less than 100% of the debt service on the Non-Voter Approved Obligations on the next succeeding payment dates. Following such transfers to the Trustee, the Agent shall transfer all remaining amounts on deposit in the Non-Voter Approved Tax Revenue Account, if any, to the District.

All disbursements of funds from the Tax Revenues shall be subject to the fees and claims of the Agent and the Indemnified Parties (as defined below) pursuant to Section 9 and Section 10 below.

5. *Suspension of Performance; Disbursement into Court.* If at any time a dispute exists with respect to any obligation of the Agent under this Agreement or the Agent is unable to determine, to the Agent's sole satisfaction, the proper disposition of all or any portion of the Tax Revenues or the Agent's proper actions with respect to its obligations hereunder, then the Agent may, in its sole discretion, take either or both of the following actions:

a. suspend the performance of any of its obligations (including without limitation any disbursement obligations) under this Agreement until such dispute or uncertainty shall be resolved to the sole satisfaction of the Agent,

b. petition (by means of an interpleader action or any other appropriate method) any court of competent jurisdiction in any venue convenient to the Agent, for instructions with respect to such dispute or uncertainty, and to the extent required or permitted by law, pay into such court, for holding and disposition in accordance with the instructions of such court, all Tax Revenues, after deduction and payment to the Agent of all fees and expenses (including court costs and attorneys' fees) payable to, incurred by, or expected to be incurred by the Agent in connection with the performance of its duties and the exercise of its rights hereunder.

The Agent shall have no liability to the District or any other person with respect to any such suspension of performance or disbursement into court, specifically including any liability or claimed liability that may arise, or be alleged to have arisen, out of or as a result of any delay in the disbursement of the Tax Revenues or any delay in or with respect to any other action required or requested of the Agent.

6. *Investments.* Tax Revenues deposited with the Agent shall be invested in (a) a money market fund selected in writing by the District which is rated in one of the two highest rating categories by at least one nationally recognized rating agency, including funds for which the Agent, its parent, affiliates or subsidiaries provide investment advisory or other management services, in which case it is agreed that the Agent, its parent, affiliates or subsidiaries shall have the right to be paid its customary management fees in addition to its fees as Agent hereunder, or (b) the Local Agency Investment Fund of the State, created pursuant to section 16429.1 of the California Government Code, to the extent the Agent is authorized to register such investment in its name. The Agent will not provide supervision, recommendations or advice relating to either the investment of the Tax Revenues or the purchase or disposition of any investment and the Agent shall not have any liability for any loss in an investment made pursuant to the terms of this Agreement. The Agent has no responsibility whatsoever to determine the market or other value of any investment and makes no representation or warranty as to the accuracy of any such valuations. To the extent applicable regulations grant rights to receive brokerage confirmations for certain security transactions, the District waives receipt of such confirmations. Investment earnings received by the Agent from the investment of the Tax Revenues shall be deposited in the applicable accounts and applied for the purposes therefor.

7. *Resignation or Removal of the Agent.* The Agent may resign and be discharged from the performance of its duties hereunder at any time by giving thirty (30) days' prior written notice to the District specifying a date when such resignation shall take effect and after such specified date, notwithstanding any other provision of this Agreement, the Agent's sole obligation will be to hold the Tax Revenues pending appointment of a successor the Agent. Similarly, the Agent may be removed at any time by the District giving at least thirty (30) days' prior written notice to the Agent specifying the date when such removal shall take effect. Upon the effective date of any such resignation or removal, the Agent shall return the Tax Revenues to or at the direction of the District after deduction and payment to the Agent of all fees and expenses (including court costs and attorneys' fees) payable to, incurred by, or expected to be incurred by the Agent in connection with the performance of its duties and the exercise of its rights hereunder. After the Agent's resignation or removal, the provisions of this Agreement shall inure to its benefit as to any actions taken or omitted to be taken by it while it was acting under this Agreement.

8. *Liability of the Agent.* The Agent undertakes to perform only such duties as are expressly set forth herein and no duties shall be implied. The Agent has no fiduciary or discretionary duties of any kind. The Agent shall have no liability under and no duty to inquire as to the provisions of any agreement other than this Agreement. The Agent shall not be liable for any action taken or omitted by it in good faith except to the extent that a court of competent jurisdiction determines, which determination is not subject to appeal, that the Agent's gross negligence or willful misconduct was the primary cause of any loss to the District. The Agent's sole responsibility shall be for the safekeeping of the Tax Revenues in accordance with the Agent's customary practices and disbursement of the Tax Revenues in accordance with the terms of this Agreement. The Agent shall have no implied duties or obligations and shall not be charged with knowledge or notice of any fact or circumstance not specifically set forth herein. The Agent may rely upon any notice, instruction, request or other instrument, not only as to its due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein, which the Agent believes to be genuine and to have been signed or presented by the person or parties purporting to sign the same. In no event shall the Agent be liable for incidental, indirect, special, consequential or punitive damages (including, but not limited to lost profits), even if the Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. The Agent shall not be obligated to take any legal action or commence any proceeding in connection with the Tax Revenues, any account in which Tax Revenues are deposited, or this Agreement, or to appear in, prosecute or defend any such legal action or proceeding or to take any other action that in the Agent's sole judgment may expose it to potential expense or liability. The Agent shall not be responsible or liable in any manner for the performance by any party of their respective obligations under any other agreement. The Agent may consult legal counsel selected by it in the event of any dispute or question as to the construction of any of the provisions hereof or of any other agreement or of its duties hereunder, or relating to any dispute involving any party hereto, and shall incur no liability and shall be fully indemnified from any liability whatsoever in acting in accordance with the opinion or instruction of such counsel. The District shall promptly pay, upon demand, the reasonable fees and expenses of any such counsel.

The Agent is authorized, in its sole discretion, to comply with orders issued or process entered by any court with respect to the Tax Revenues, without determination by the Agent of such court's jurisdiction in the matter. If any portion of the Tax Revenues is at any time attached, garnished or levied upon under any court order, or in case the payment, assignment, transfer, conveyance or delivery of any such property shall be stayed or enjoined by any court order, or in case any order, judgment or decree shall be made or entered by any court affecting such property or any part thereof, then and in any such event, the Agent is authorized, in its sole discretion, to rely upon and comply with any such order, writ, judgment or decree which it is advised by legal counsel selected by it is binding upon it without the need for appeal or other action; and if the Agent complies with any such order, writ, judgment or decree, it shall not be liable to any of the parties hereto or to any other person or entity by reason of such compliance even though such order, writ, judgment or decree may be subsequently reversed, modified, annulled, set aside or vacated.

9. *Indemnification of the Agent.* From and at all times after the date of this Agreement, the District shall, to the fullest extent permitted by law, defend, indemnify and hold harmless the Agent and each director, officer, employee and affiliate of the Agent (each, an "Indemnified Party") against any and all actions, claims (whether or not valid), losses, damages, liabilities, costs and expenses of any kind or nature whatsoever (including without limitation reasonable attorneys' fees, costs and expenses) incurred

by or asserted against any Indemnified Party from and after the date hereof, whether direct, indirect or consequential, as a result of or arising from or in any way relating to any claim, demand, suit, action or proceeding (including any inquiry or investigation) by any person, including without limitation the District, whether threatened or initiated, asserting a claim for any legal or equitable remedy against any person under any statute or regulation or under any common law or equitable cause or otherwise, arising from or in connection with the negotiation, preparation, execution, performance or failure of performance of this Agreement or any transactions contemplated herein, whether or not any such Indemnified Party is a party to any such action, proceeding, suit or the target of any such inquiry or investigation; provided, however, that no Indemnified Party shall have the right to be indemnified hereunder for any liability finally determined by a court of competent jurisdiction, which determination is not subject to appeal, to have resulted solely from the gross negligence or willful misconduct of such Indemnified Party. The District further agrees to indemnify each Indemnified Party for all costs, including without limitation reasonable attorney's fees, incurred by such Indemnified Party in connection with the enforcement of the District's indemnification obligations hereunder. The obligations of the District in this Section 9 shall survive any termination of this Agreement and the resignation or removal of the Agent.

10. *Compensation to the Agent.* The District shall compensate the Agent for its services hereunder and, in addition, shall reimburse the Agent for all of its reasonable out-of-pocket expenses, disbursements, and advances, including without limitation the reasonable fees, expenses, and disbursements of its agents and attorneys incurred or made by the Agent in connection with entering into and performing under this Agreement or in connection with investigating and defending itself against any claim or liability in connection with its performance hereunder. All of the compensation and reimbursement obligations set forth in this Section 10 shall be payable by the District upon demand by the Agent. The obligations of the District under this Section 10 shall survive any termination of this Agreement and the resignation or removal of the Agent. The Agent shall have no access to the Tax Revenues deposited with it for the payment of its fees and other compensation.

11. *Representations and Warranties.* The District makes the following representations and warranties to the Agent:

(i) It is duly organized, validly existing, and in good standing under the laws of the state of its incorporation or organization and has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

(ii) This Agreement has been duly approved by all necessary action, including any necessary shareholder or membership approval, has been executed by its duly authorized officers, and constitutes its valid and binding agreement enforceable in accordance with its terms.

(iii) The execution, delivery, and performance of this Agreement will not violate, conflict with, or cause a default under its articles of organization, bylaws, management agreement or other organizational document, as applicable, any applicable law or regulation, any court order or administrative ruling or decree to which it is a party or any of its property is subject, or any agreement, contract, indenture.

(iv) The applicable persons designated to the Agent have been duly appointed to act as its representatives hereunder and have full power and authority to execute and deliver any Written Direction, to amend, modify or waive any provision of this Agreement and to take any and all other actions under this Agreement, all without further consent or direction from, or notice to, it or any other party.

(v) No party other than the parties hereto has, or shall have, any lien, claim or security interest in the Tax Revenues or any part thereof. No financing statement under the Uniform Commercial Code is on file in any jurisdiction claiming a security interest in or describing (whether specifically or generally) the Tax Revenues or any part thereof.

(vi) All of its representations and warranties contained herein are true and complete as of the date hereof and will be true and complete at the time of any disbursement of the Tax Revenues.

12. *Patriot Act/Identifying Information.* To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a trust, or other legal entity, the Agent requires documentation to verify its formation and existence as a legal entity. The Agent may ask to see financial statements, licenses, or identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation. The District acknowledges that a portion of the identifying information set forth herein is being requested by the Agent in connection with the USA Patriot Act, Pub.L.107-56 (the "Act") and agrees to provide any additional information requested by the Agent in connection with the Act or any other legislation or regulation to which the Agent is subject, in a timely manner. The District represents that all identifying information provided to the Agent, including without limitation, its Taxpayer Identification Number assigned by the Internal Revenue Service or any other taxing authority, is true and complete on the date hereof and will be true and complete at the time of any disbursement of the Tax Revenues.

13. *Consent to Jurisdiction and Venue.* Each of the parties hereto irrevocably (a) consents to the exclusive jurisdiction and venue of the state and federal courts in Riverside, California, in connection with any matter arising out of this Agreement, (b) waives any objection to such jurisdiction or venue (c) agrees not to commence any legal proceedings related hereto except in such courts

14. *Notice.* All notices, approvals, consents, requests, and other communications hereunder (each, a "Notice") shall be in writing and shall be deemed to have been given when the writing is delivered if given or delivered by hand, overnight delivery service or electronic transmission to the address set forth below or to such other address as each party may designate for itself by like notice.

To the District: San Gorgonio Memorial Healthcare District  
600 North Highland Springs Avenue  
Banning, CA 92220  
Attention: Chief Executive Officer and Chief Financial Officer

To the Agent: U.S. Bank National Association  
One California Street, Suite 1000  
San Francisco, CA 94111

The Agent shall not have any duty to confirm that the person sending any Notice by electronic transmission (including by e-mail, facsimile transmission, web portal or other electronic methods) is, in fact, a person authorized to do so. Electronic signatures believed by the Agent to comply with the ESIGN Act of 2000 or other applicable law (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other digital signature provider acceptable to the Agent) shall be deemed original signatures for all purposes. The District assumes all risks arising out of the use of electronic signatures and electronic methods to send Notices, including without limitation the risk of the Agent acting on an unauthorized Notice, and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Agent may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Agent in lieu of, or in addition to, any such electronic Notice.

15. *Amendment, Waiver and Assignment.* This Agreement may be changed, waived, discharged or terminated only by a writing signed by the parties hereto. No delay or omission by any party in exercising any right with respect hereto shall operate as a waiver. A waiver on any one occasion shall not be construed as a bar to, or waiver of, any right or remedy on any future occasion. Except as provided in Section 19, this Agreement may not be assigned by any party without the written consent of the other party.

16. *Severability.* To the extent any provision of this Agreement is prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

17. *Governing Law.* This Agreement shall be construed and interpreted in accordance with the internal laws of the State of California without giving effect to the conflict of laws principles thereof.

18. *Entire Agreement.* This Agreement constitutes the entire agreement between the parties relating to the holding, investment and disbursement of the Tax Revenues and sets forth in their entirety the obligations and duties of the Agent with respect to the Tax Revenues. Nothing in this Agreement, express or implied, is intended to or shall confer upon any person or entity (including, for the avoidance of doubt, and intended Tax Revenues recipient identified to the Agent in a Written Direction or otherwise), other than the signatory parties hereto and the Indemnified Parties, any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

19. *Binding Effect; Successors.* All of the terms of this Agreement, as amended from time to time, shall be binding upon, inure to the benefit of and be enforceable by the respective successors and permitted assigns of the District and the Agent. No party may assign to any other person or entity any rights or obligations under this Agreement without the prior written consent of the other party, provided that if the Agent consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business (including the account contemplated by this Agreement) to another entity, the successor or transferee entity without any further act shall be the successor to the Agent.

20. *Execution in Counterparts.* This Agreement may be executed in two or more counterparts, which when so executed shall constitute one and the same agreement or direction. The exchange of copies of this Agreement and of signature pages by facsimile transmission or email shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes.

21. *Termination.* Upon the disbursement of all Tax Revenues pursuant to Written Directions or pursuant to Section 5, Section 7 or Section 8 hereof, this Agreement shall terminate, the Agent shall be released from its obligations hereunder and the Agent shall have no further liability with respect to the Voter Approved Tax Revenue Account, the Non-Voter Approved Tax Revenue Account, this Agreement, or any action or refusal to take action hereunder.

22. *Dealings.* Nothing herein shall preclude the Agent from acting in any other capacity for the District or for any other person or entity.

23. *Optional Security Procedures.* In the event funds transfer instructions, address changes or change in contact information are given (other than in writing at the time of execution of this Agreement), whether in writing, by facsimile or otherwise, the Agent is authorized but shall be under no duty to seek confirmation of such instructions by telephone call-back to the person or persons designated in Section 14, and the Agent may rely upon the confirmation of anyone purporting to be the person or persons so designated. The persons and telephone numbers for call-backs may be changed only in writing received and acknowledged by the Agent and shall be effective only after the Agent has a reasonable opportunity to act on such changes. The District agrees that the Agent may at its option record any telephone calls made pursuant to this Section. The Agent in any funds transfer may rely solely upon any account numbers or similar identifying numbers provided by the District to identify (a) the beneficiary, (b) the beneficiary's bank, or (c) an intermediary bank. The Agent may apply any of the Tax Revenues for any payment order it executes using any such identifying number, even when its use may result in a person other than the beneficiary being paid, or the transfer of funds to an agent other than the intended beneficiary's bank or intermediary bank. The District acknowledges that these optional security procedures are commercially reasonable.

24. **WAIVER OF TRIAL BY JURY.** TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, THE PARTIES HEREBY WAIVE, AND COVENANT THAT THEY WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE), ANY RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING IN WHOLE OR IN PART UNDER OR IN CONNECTION WITH THIS AGREEMENT, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. THE PARTIES AGREE THAT ANY OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO

WAIVE ITS RIGHT TO TRIAL BY JURY IN ANY PROCEEDING WHATSOEVER BETWEEN THEM RELATING TO THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS WILL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

25. *Tax Reporting.* The District agrees to assume all obligations imposed now or hereafter by any applicable tax law or regulation with respect to payments or performance under this Agreement. Upon the Agent's request, the District shall provide the Agent with a Form W-9 or Form W-8, as applicable, for each payee, together with any other documentation and information requested by the Agent in connection with the Agent's reporting obligations under the United States Internal Revenue Code and related regulations (the "Code"). If such tax documentation is not so provided, the Agent is authorized to withhold taxes as required by the Code. The District shall accurately provide the Agent with all information requested by the Agent in connection with the Agent's reporting obligations under the Code. Except as otherwise agreed by the Agent in writing, the Agent has no tax reporting or withholding obligation except with respect to Form 1099-B reporting on payments of gross proceeds under Code Section 6045 and Form 1099 and Form 1042-S reporting with respect to investment income, if any.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

SAN GORGONIO MEMORIAL HEALTHCARE  
DISTRICT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

U.S. BANK NATIONAL ASSOCIATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**EXHIBIT A**

**VOTER APPROVED OBLIGATIONS**

[Debt service schedule for the Voter Approved Obligations to be attached]

**EXHIBIT B**

**NON-VOTER APPROVED OBLIGATIONS**

[Debt service schedule for the Non-Voter Approved Obligations to be attached]

# TAB E

# ***SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT (the “District”)***

## ***2022 REVENUE BONDS MEMORANDUM***

**TO:** Finance Committee, Board of Directors Meetings, CEO and CFO

**FROM:** Gary Hicks, President, G.L. Hicks Financial, LLC

**DATE:** February 15, 2022

**SUBJECT: 2022 Revenue Bonds – March 1, 2022 Board Meeting**

On March 1, 2022, the District’s Board of Directors (the “Board”) will be asked to approve Resolution No. 2022-05 (the “Initial Resolution”) authorizing certain officers of the District to take steps necessary for the issuance of revenue bonds (the “2022 Revenue Bonds”) and Ordinance No. 2022-01 to provide for the issuance of up to \$12,000,000 in revenue bonds by the District. **Adoption of this resolution does not give management the authority to issue the 2022 Revenue Bonds as final authority for issuance of the 2022 Revenue Bonds is not expected to be sought until its Board meeting on April 5, 2022, and that approval will be subject to the facts, circumstances and conditions that exist at that time.**

Current plans call for the 2022 Revenue Bonds to be split into two series of bonds, a taxable Series A Bond that will provide up to \$9,000,000 in working capital financing and a tax-exempt Series B Bond that will provide up to \$3,000,000 in equipment financing. Information regarding the proposed 2022 Revenue Bonds (both Series A and Series B) is provided below as background information:

**Series A Bonds:**

Not-to-exceed Par Amount	\$9,000,000
Use of Funds	District Working Capital
Structure of Debt	Taxable
Security for Bonds	Operating Ad Valorem Taxes
Bond Maturity/Term	10 to 15 years

**Series B Bonds:**

Not-to-exceed Par Amount	\$3,000,000
Use of Funds	Hospital Medical Equipment
Structure of Debt	Tax-Exempt
Security for Bonds	Operating Ad Valorem Taxes
Bond Maturity/Term	10 years

We have determined that the best option for the District is to privately place the proposed 2022 Revenue Bonds and to secure this financing utilizing a structure whereby the District provides holders of the 2022 Revenue Bonds with a security interest in its non-voter approved operating ad valorem tax revenues. This structure does require that the District enter into a Deposit & Transfer Agreement with U.S. Bank as independent agent for the District so that its non-voter approved operating ad valorem tax revenues are sent to U.S Bank, where these revenues are first used to pay debt service on the 2022 Revenue Bonds and any revenue bond debt on a parity with the 2022 Revenue Bonds prior to forwarding the excess non-voter approved operating ad valorem tax revenues to the District for use in Hospital operations. As such, we also are seeking approval of Resolution No. 2022-04 approving the Deposit & Transfer Agreement.

The following summarizes the purpose and general content of the Initial Resolution, the Deposit & Transfer Agreement Resolution and the Ordinance to be reviewed by the Board on March 1, 2022.

**Initial Resolution No. 2022-05.** The Initial Resolution allows management of the District to move forward with the proposed issuance of up to \$12,000,000 in new debt and is preliminary to a final resolution planned to be considered for approval by the Board at its meeting on April 5, 2022, subject to the facts, circumstances and conditions that exist at that time. This Initial Resolution describes the use of proceeds of the 2022 Revenue Bonds, establishes a limit as to the principal amount and final maturity of bonds authorized to be issued and engages various consultants to provide legal, placement agent and financial advisory services the District needs to complete the proposed financing. The Initial Resolution authorizes the Chair of the Board, the District's Chief Executive Officer, its Chief Financial Officer, and other appropriate officers and officials of the District to take any and all necessary action needed to carry out the intended purposes of this Resolution but it does not commit the District to sell bonds. The Initial Resolution is required by the Local Health Care District Law of the State of California with Board approval and publication of this Resolution in advance of issuing new revenue bond debt by the District. **Requires 4/5ths approval (four yes votes).**

**Deposit & Transfer Agreement Resolution No. 2022-04.** The Deposit & Transfer Agreement Resolution, with respect to the proposed issuance of the 2022 Revenue Bonds, provides for the flow of non-voter approved operating ad valorem tax revenues from Riverside County to US Bank, as agent for the District, who then transfers the amount needed to U.S. Bank, as Trustee for the 2022 Revenue Bonds and any parity debt holders, to make the semi-annual debt service payments to bondholders of these bonds. This resolution describes how the District's non-voter approved operating ad valorem tax revenues are structured to provide for a flow of these revenues that are needed to improve the security for holders of the District's revenue bonds so that these bonds might be available to the District and so that interest rates received from the sale of these bonds will be lower than would otherwise be available. This resolution approves the Deposit & Transfer Agreement, in substantially final form, and authorizes the Chair of the Board, the District's Chief Executive Officer, its Chief Financial Officer or their designees to execute and deliver the Deposit & Transfer Agreement. Requires majority approval.

This same Deposit & Transfer Agreement, provides similar benefits to the District with respect to the proposed issuance of the 2022 Refunding GO Bonds secured by the District's voter approved ad valorem tax revenues, by providing for the flow of funds from Riverside County to US Bank, as agent for the District, who then transfers the amount to BNY Mellon needed for payment of the District's semi-annual debt service payments on its general obligation bonds.

**Ordinance No. 2022-01.** The Ordinance is also required by the Local Health Care District Law of the State of California with approval and publication of this Ordinance in advance of issuing new revenue bond debt by the District. This Ordinance indicates the District plans to sell these revenue bonds via a private placement with no more that \$9,000,000 being sold as taxable bonds with the proceeds to be used for working capital purposes and no more than \$3,000,000 being sold as tax-exempt bonds with the proceeds to be used to purchase medical equipment for the Hospital. Finally, the Ordinance approves a Bond Purchase Agreement in substantially final form as presented at the Board meeting to be used for the sale of these revenue bonds and to be signed by the Board Chair, Vice Chair, Secretary or Assistant Secretary or by the District's Chief Executive Officer or Chief Financial Officer. This Ordinance is subject to referendum and therefore takes effect 30 days after it is approved. Requires majority approval.

**TAB F**

**SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT**

**RESOLUTION NO. 2022-05**

**RESOLUTION AUTHORIZING THE COMMENCEMENT OF PROCEEDINGS IN CONNECTION WITH THE PROPOSED ISSUANCE OF REVENUE BONDS AND DESIGNATING A FINANCIAL ADVISOR, BOND COUNSEL, DISTRICT COUNSEL AND A PLACEMENT AGENT IN CONNECTION THEREWITH**

RESOLVED, by the Board of Directors (the "Board") of the San Gorgonio Memorial Healthcare District (the "District"), as follows:

WHEREAS, the District proposes to issue its revenue bonds to provide funds for working capital purposes (the "Taxable Project") and to finance the acquisition and installation of capital equipment (the "Tax-Exempt Project").

WHEREAS, it is appropriate that the Board formally authorize commencement of proceedings, to designate a financial advisor, bond counsel, District counsel and a placement agent and to approve certain preliminary actions in connection with the execution and delivery of such bonds; and

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

*Section 1.* The District proposes to issue its San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022A (Federally Taxable) (the "2022A Bonds"), to finance the Taxable Project, and its San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022B (the "2022B Bonds" and, with the 2022A Bonds, the "Bonds"), to finance the Tax-Exempt Project, and the Board authorizes appropriate officers and officials of the District to proceed with the preparation of the necessary documents in connection with the issuance and sale of the Bonds, subject to final approval thereof by the Board at a subsequent meeting.

*Section 2.* The estimated cost of the Taxable Project is \$8,820,000 and estimated cost of the Tax-Exempt Project is \$2,940,000.

*Section 3.* The principal amount of the 2022A Bonds will not exceed \$9,000,000, inclusive of project costs, reimbursement costs, reserves, capitalized interest and transaction costs financed with bond proceeds.

*Section 4.* The principal amount of the 2022B Bonds will not exceed \$3,000,000, inclusive of project costs, reimbursement costs, reserves, capitalized interest and transaction costs financed with bond proceeds.

*Section 5.* The interest rate on the Bonds shall not exceed 12 percent per annum payable semi-annually.

*Section 6.* The Bonds will be revenue bonds, payable exclusively from the revenues of the District derived from its non-voter approved operating *ad valorem* property taxes.

*Section 7.* G.L. Hicks Financial, LLC is hereby designated as financial advisor to the District in connection with the issuance and delivery of the Bonds.

*Section 8.* Quint & Thimmig LLP is hereby designated as bond counsel in connection with issuance and delivery of the Bonds.

*Section 9.* McDougal Love Boehmer Foley Lyon & Mitchell is hereby designated as District counsel in connection with the issuance and delivery of the Bonds.

*Section 10.* Hilltop Securities Inc. is hereby designated as placement agent for the Bonds.

*Section 11.* All actions of the officers, agents and employees of the District that are in conformity with the purposes and intent of this resolution, whether taken before or after the adoption hereof, are hereby ratified, confirmed and adopted.

*Section 12.* The Chair of the Board, the Chief Executive Officer of the District, the Chief Financial Officer of the District and other appropriate officers and officials of the District are hereby authorized and directed to take such action and to execute such documents as may be necessary or desirable to effectuate the intent of this resolution.

*Section 13.* The Secretary of the Board is directed to cause this resolution to be published pursuant to section 32318 of the California Health and Safety Code.

*Section 14.* This resolution shall take effect immediately.

\* \* \* \* \*

The foregoing resolution was duly adopted at a meeting of the Board of Directors of San Gorgonio Memorial Healthcare District held on the 1st day of March, 2022, by the following vote:

AYES, and in favor of, Board Members:

NOES,

ABSENT,

By \_\_\_\_\_  
Chair, Board of Directors  
San Gorgonio Memorial Healthcare District



**TAB G**

**SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT**

**ORDINANCE NO. 2022-01**

**ORDINANCE APPROVING A FORMAL AGREEMENT FOR  
THE SALE OF SAN GORGONIO MEMORIAL HEALTHCARE  
DISTRICT REVENUE BONDS SERIES 2022A (FEDERALLY  
TAXABLE) AND SAN GORGONIO MEMORIAL  
HEALTHCARE DISTRICT REVENUE BONDS SERIES 2022B**

WHEREAS, the Board of Directors (the "Board") of the San Gorgonio Memorial Healthcare District (the "District"), a local health care district organized and existing under and pursuant to the Local Health Care District Law of the State of California (the "Law"), has determined to issue its San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022A (Federally Taxable) (the "2022A Bonds"), in an aggregate principal amount of not to exceed \$9,000,000, pursuant to the Law, to finance working capital, and its San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022B (the "2022B Bonds" and, with the 2022A Bonds, the "Bonds"), in an aggregate principal amount of not to exceed \$3,000,000, pursuant to the Law, to finance the acquisition and installation of capital equipment;

WHEREAS, the District has determined that it is in the best interest of the District to sell the Bonds by private sale; and

WHEREAS, section 32320 of the Law requires the adoption of this ordinance prior to the sale of the Bonds;

NOW, THEREFORE, it is hereby ORDAINED, as follows:

*Section 1.* The Bonds shall be sold at private sale to such purchaser or purchasers as the Board shall specify.

*Section 2.* The formal agreement between the District and said purchaser, in the form of the bond purchase agreement on file with the Secretary of the Board and presented to this meeting, is hereby approved. The Chair of the Board, the Vice Chair of the Board, the Secretary of the Board, the Assistant Secretary of the Board, the Chief Executive Officer of the District, the Chief Financial Officer of the District or their designees are hereby authorized and directed to approve the final terms of the sale of the Bonds and to evidence the District's acceptance of the offer made thereby by executing and delivering the bond purchase agreement in substantially said form, with such changes therein as the officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

*Section 3.* The agreement between the District and the purchaser of the Bonds, and this ordinance, shall be subject to referendum.

*Section 4.* The Secretary of the Board is directed to cause this ordinance to be published pursuant to section 32321 of the California Health and Safety Code.

*Section 5.* This ordinance shall take effect thirty days after the date of its adoption.

\* \* \* \* \*

The foregoing ordinance was duly adopted at a meeting of the Board of Directors of San Gorgonio Memorial Healthcare District held on the 1st day of March, 2022, by the following vote:

AYES, and in favor of, Board Members:

NOES, None

ABSENT, None

By \_\_\_\_\_  
Chair, Board of Directors  
San Gorgonio Memorial Healthcare District

TAB H

\$ \_\_\_\_\_  
**SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT**  
**(Riverside County, California)**  
**Revenue Bonds, Series 2022A**  
**(Federally Taxable)**

\$ \_\_\_\_\_  
**SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT**  
**(Riverside County, California)**  
**Revenue Bonds, Series 2022B**

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**BOND PURCHASE AGREEMENT**

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April 6, 2022

San Gorgonio Memorial Healthcare District  
600 North Highland Springs Avenue  
Banning, CA 92220

Ladies and Gentlemen:

The undersigned, \_\_\_\_\_ (the "Purchaser") offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with the San Gorgonio Memorial Healthcare District (the "District"), which, upon acceptance, will be binding upon the District and the Purchaser. The undersigned Purchaser has been duly authorized to execute this Bond Purchase Agreement on behalf of the Purchaser and to act hereunder.

The District hereby acknowledges and agrees that (a) the purchase and sale of the Bonds (as hereinafter defined) pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the District and the Purchaser, (b) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Purchaser is and has been acting solely as a principal and is not acting as the agent or fiduciary of the District, (c) the Purchaser has not assumed an advisory or fiduciary responsibility in favor of the District with respect to the purchase of the Bonds contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Purchaser has provided other services or is currently providing other services to the District on other matters) and the Purchaser has no obligation to the District with respect to the purchase of the Bonds contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement, and (d) the District has consulted its own legal, financial and other advisors to the extent it has deemed appropriate, in connection with the issuance of the Bonds and the other matters contemplated by this Bond Purchase Agreement.

1. Purchase, Sale and Delivery of the Bonds.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Purchaser hereby agrees to purchase from the

District, and the District hereby agrees to sell to the Purchaser, all (but not less than all) of up to \$\_\_\_\_\_ aggregate principal amount of San Gorgonio Memorial Healthcare District Revenue Bonds, Series 2022A (Federally Taxable) (the “2022A Bonds”), dated as of the date of their delivery, bearing interest at the rate and maturing on the date and in the amount set forth on Exhibit A attached hereto. The purchase price for the 2022A Bonds shall be \$\_\_\_\_\_ (which consists of the principal amount of the 2022A Bonds).

Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Purchaser hereby also agrees to purchase from the District, and the District hereby agrees to sell to the Purchaser, all (but not less than all) of up to \$\_\_\_\_\_ aggregate principal amount of San Gorgonio Memorial Healthcare District Revenue Bonds, Series 2022B (the “2022B Bonds” and, with the 2022A Bonds, the “Bonds”), dated as of the date of their delivery, bearing interest at the rate and maturing on the date and in the amount set forth on Exhibit A attached hereto. The purchase price for the 2022B Bonds shall be \$\_\_\_\_\_ (which consists of the principal amount of the 2022B Bonds).

(b) The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable as provided in an indenture, dated as of April 1, 2022 (the “Indenture”), by and between the District and U.S. Bank National Association, as trustee (the “Trustee”)

The Bonds shall be limited obligations of the District payable from Revenues (as that term is defined in the Indenture) and secured by a pledge and assignment of the Revenues and of amounts held in the funds and accounts established pursuant to the Indenture (excluding the Rebate Fund established under the Indenture), subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

The Bonds are authorized pursuant to the provisions of The Local Health Care District Law, constituting Division 23 of the California Health and Safety Code (the “Law”), the Indenture and a resolution adopted by the Board of Directors of the District on April 5, 2022 (the “Resolution”).

(c) The proceeds from the sale of the 2022A Bonds will be used to (i) finance certain working capital needs of the District, and (ii) to pay the costs of issuance of the 2022A Bonds. The proceeds from the sale of the 2022B Bonds will be used to (i) finance the acquisition of certain capital equipment for the District, and (ii) to pay the costs of issuance of the 2022B Bonds

(d) At 10:00 A.M., Pacific Standard time, on April 14, 2022, or at such earlier or later time or date as shall be agreed by the District and the Purchaser (such time and date being herein referred to as the “Closing Date”), the District will direct the Trustee to deliver the Bonds to the Purchaser in the form of a separate single fully-registered Bond for each series, duly executed by the District and authenticated by the Trustee, and in Larkspur, California, and the other documents herein mentioned; and the Purchaser will accept such delivery and pay the purchase prices of the Bonds as set forth in paragraph (a) of this Section 1 by wire transfer, payable in immediately available funds (such delivery and payment being herein referred to as the “Closing”).

2. Private Placement. The Purchaser represents and warrants to the District that:

(a) The Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of municipal and other obligations of a nature similar to the Bonds, to be able to evaluate the risks and merits of the acquisition of the Bonds.

(b) The Purchaser is acquiring the Bonds for its own account and not with a present intent to, or for sale in connection with, any distribution of the Bonds or any part thereof. The Purchaser has not offered to sell, solicited offers to buy, or agreed to sell the Bonds or any part thereof, and the Purchaser has no current intention of reselling or otherwise disposing of the Bonds; *provided, however,* such representation shall not preclude the Purchaser from transferring or selling of the Bonds in accordance with the Indenture. The Purchaser is not acting in a broker-dealer capacity in connection with its purchase of the Bonds. The Purchaser intends to book and hold the Bonds as a loan in its loan portfolio.

(c) The Purchaser has made its own credit inquiry and analysis with respect to the District and the Bonds and has made an independent credit decision based upon such inquiry and analysis and in reliance on the truth, accuracy, and completeness of the representations and warranties of the District set forth herein and in the information set forth in any materials submitted to the Purchaser by the District. The Purchaser acknowledges that it has reviewed information, including financial statements and other financial information regarding the District, and the Purchaser has had the opportunity to ask questions of and receive answers from knowledgeable individuals concerning the District and the Bonds.

(d) The Purchaser understands that the Bonds have not been registered under the Securities Act of 1933, as amended, or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

(e) The Purchaser has authority to purchase the Bonds and to execute this Bond Purchase Agreement and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds. The undersigned is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the representations and warranties contained herein by execution of this Bond Purchase Agreement on behalf of the Purchaser.

(f) The Purchaser acknowledges that the Bonds are transferable with certain requirements, as described in the Indenture.

(g) The Purchaser is an Approved Buyer, as defined in the Indenture. The Bonds have been privately placed with the Purchaser without the use of general solicitation or advertising.

3. Representations, Warranties and Agreements of the District. The District represents and warrants to, and agrees with, the Purchaser that:

(a) The District is and will be at the Closing Date duly organized and existing under the Constitution and laws of the State of California as a local health care district with the full power and authority to issue the Bonds, and to carry out and consummate the transactions contemplated by this Bond Purchase Agreement and the Indenture;

(b) When delivered to and paid for by the Purchaser at the Closing in accordance with the provisions of this Bond Purchase Agreement, the Bonds will have been duly authorized, executed, issued and delivered and will constitute valid and binding limited obligations of the District in conformity with, and entitled to the benefit and security of, the Indenture;

(c) By official action of the District prior to or concurrently with the acceptance hereof, the District has authorized and approved the execution and delivery of, and the performance by the

District of the obligations on its part contained in, the Bonds, the Indenture and this Bond Purchase Agreement;

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending and served on the District or, to the knowledge of the District, threatened against the District or its properties or operations (i) seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, (ii) in any way contesting or affecting the validity of the Bonds, any proceedings of the District taken concerning the issuance or sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, or the existence or powers of the District relating to the issuance of the Bonds, or (iii) which, if determined adversely to the interests of the District or its interests, would have a material and adverse effect on the consummation of the transactions contemplated by or the validity of the Indenture or this Bond Purchase Agreement or on the financial condition, properties or operations of the District;

(e) To the best of its knowledge, the execution and delivery of the Bonds, the Indenture and this Bond Purchase Agreement, and the consummation of the transactions therein and herein contemplated, and the fulfillment of or compliance with the terms and conditions thereof and hereof will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Bond Purchase Agreement or the financial condition, properties or operations of the District or its properties;

(f) To the best of its knowledge, the District is not in breach or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default may have consequences that would materially and adversely affect the consummation of the transactions described in the Indenture or this Bond Purchase Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or an event of default under any such instrument;

(g) The District has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, results of operation or condition, financial or otherwise, of the District since June 30, 20\_\_, which has not been disclosed to the Purchaser, whether or not arising from transactions in the ordinary course of business;

(h) Other than issuance of the Bonds, between the date hereof and the date of the Closing, the District will not, without the prior written consent of the Purchaser, incur any material liabilities, direct or contingent, other than in the ordinary course of business;

(i) All approvals, consents, authorizations, certifications and other orders of any governmental authority, board, agency or commission having jurisdiction, and all filings with any such entities, which would constitute conditions precedent to or the failure to obtain which would materially adversely affect the performance by the District of its obligations hereunder or under the Indenture, have been or will be duly obtained and no further consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction



over the District is or will be required for the issue and sale of the Bonds or the consummation by the District of the other transactions described in this Bond Purchase Agreement;

(j) The District will furnish such information, execute such instruments and take such other action in cooperation with the Purchaser as the Purchaser may reasonably request in order for the Purchaser to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions of the United States of America, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the District be required to take any action which would subject it to general or unlimited service of process in any jurisdiction in which it is not now so subject; and

(k) The audited financial statements of the District for the fiscal year ended June 30, 2021, delivered to the Purchaser present fairly and accurately the financial condition and operations of the District for that period in accordance with generally accepted accounting principles and on a basis consistent with past accounting practices reflected in the prior fiscal year's audited financial statements.

The execution and delivery of this Bond Purchase Agreement by the District shall constitute a representation by the District to the Purchaser that the representations, warranties and agreements contained in this Section 3 are true as of the date hereof; provided that as to all matters of law the District is relying on the advice of counsel to the District; and provided further that no member of the governing body of the District shall be individually liable for the breach of any representation, warranty or agreement contained herein.

4. Conditions to the Obligations of the Purchaser. The obligation of the Purchaser to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Purchaser, to the accuracy in all material respects of the representations, warranties and agreements on the part of the District contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the District made in any certificates or other documents furnished pursuant to the provisions hereof, and to the performance by the District of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Indenture and this Bond Purchase Agreement shall be in full force and effect in the form heretofore submitted to the Purchaser, with only such changes as shall be agreed to in writing by the Purchaser, and there shall have been taken in connection with the issuance of the Bonds and with the transactions contemplated thereby and by this Bond Purchase Agreement, all such actions as, in the opinion of Quint & Thimmig LLP, Bond Counsel, shall be necessary and appropriate;

(b) At the Closing Date, the Indenture and this Bond Purchase Agreement shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Purchaser;

(c) Between the date hereof and the Closing Date, the Bonds shall not have been materially adversely affected, in the reasonable judgment of the Purchaser, by reason of any of the following:

(i) legislation enacted (or resolution passed) by or introduced or pending legislation amended in the Congress or recommended for passage by the President of the United States, the Secretary of the Treasury or any member of Congress, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed), official statement, press release or other form of notice or communication

issued or made by or on behalf of the Treasury Department or the Internal Revenue Service of the United States, by the President or other agency of the federal government or members of Congress with the purpose or effect, directly or indirectly, of imposing federal income taxation upon interest as would be received by the Purchaser as the owner of the 2022B Bonds;

(ii) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency, or there shall have occurred any other outbreak or escalation of hostilities, or a local, national or international calamity or crisis, financial or otherwise, the effect of such outbreak or escalation, calamity or crisis being such as, in the reasonable opinion of the Purchaser, would affect materially and adversely the ability of the Purchaser to purchase the Bonds;

(iii) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(iv) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, commercial banks similar to the Purchaser;

(v) an order, decree or injunction issued by any court of competent jurisdiction, or order, ruling, regulation (final, temporary or proposed), official statement or other form of notice or communication issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that (A) obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended, or (B) the execution and delivery of obligations of the general character of the Bonds, or the execution and delivery of the Bonds, including any or all underlying obligations, as contemplated hereby, is or would be in violation of the federal securities laws as amended and then in effect; or

(vi) there shall have occurred any materially adverse change in the affairs or financial condition of the District.

(d) At or prior to the Closing Date, the Purchaser shall have received the following documents, in each case satisfactory in form and substance to the Purchaser:

(1) A copy of the Indenture, duly executed and delivered by the District and the Trustee, with such amendments, modifications or supplements as may have been agreed to in writing by the Purchaser;

(2) Approving opinions, dated the Closing Date and addressed to the District, of Quint & Thimmig LLP, Bond Counsel, together with letters from said Bond Counsel authorizing the Purchaser to rely on said opinion;

(3) A supplemental opinion, dated the Closing Date and addressed to the Purchaser and the District, to the effect that:

(i) the Bond Purchase Agreement has been duly executed and delivered by the District and, assuming due authorization, execution and delivery by the Purchaser, is a valid and binding obligation of the District, subject to laws relating to bankruptcy, insolvency, reorganization arrangement, fraudulent conveyance, moratorium or other laws affecting creditors' rights generally, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against a local health care district in the State of California; and

(ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended;

(4) An opinion dated the Closing Date and addressed to the District and the Purchaser, of McDougal Love Boehmer Foley Lyon & Mitchell, La Mesa, California, counsel to the District, in substantially the form attached hereto as Exhibit B;

(5) A certificate of the Chief Executive Officer of the District, or such other officer as is acceptable to the Purchaser, dated the Closing Date, to the effect that the representations and agreements of the District contained herein are true and correct in all material respects as of the Closing Date, to the effect that:

(i) no litigation is pending and served on the District or, to the knowledge of such officer, threatened (a) to restrain or enjoin the issuance or delivery of any of the Bonds or the collection of Revenues pledged under the Indenture, (b) in any way contesting or affecting the authority for the issuance of the Bonds or the validity of the Bonds, the Indenture or this Bond Purchase Agreement, or (c) in any way contesting the existence or powers of the District;

(ii) since June 30, 20\_\_, no material and adverse change has occurred in the financial position or results of operations of the District other than as disclosed to the Purchaser;

(iii) the District has not, since June 30, 20\_\_, incurred any material liabilities other than in the ordinary course of business or as disclosed to the Purchaser; and

(iv) no proceedings are pending or threatened (1) in any way contesting or affecting the District's status as a local health care district or (2) to subject any income of the District to federal income taxation;

(6) A Certificate as to Arbitrage and Tax Compliance Procedures for the 2022B Bonds in form satisfactory to Bond Counsel;

(7) A copy of the completed Form 8038-G of the Internal Revenue Service for the 2022B Bonds, executed by the District;

(8) A certified copy of the Resolution authorizing the execution and delivery of the Bonds, the Indenture and this Bond Purchase Agreement;

(9) A certificate of the Trustee, dated the Closing Date and signed by an authorized representative of the Trustee, to the effect that:

(i) The Trustee is a duly organized and existing national banking association in good standing under the laws of the United States of America and has all necessary power and authority to enter into and perform its duties under the Indenture;

(ii) The Trustee is duly authorized to enter into the Indenture and has duly executed and delivered the Indenture;

(iii) The Bonds have been duly authenticated and delivered by the Trustee;

(iv) The execution and delivery of the Indenture and the authentication and delivery of the Bonds and compliance with the provisions thereof, will not conflict with, or constitute a breach of or default under, the Trustee's duties under any law, administrative regulation, court decree, resolution, articles of association, bylaws or other agreement to which the Trustee is subject or by which it is or may be bound; provided, however, the Trustee need not make any representations and warranties with respect to compliance with any federal and state securities laws; and

(v) To the knowledge of the Trustee, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, served upon or threatened against the Trustee, affecting the existence of the Trustee, or the entitlement of its officers to their respective offices or seeking to prohibit, restrain or enjoin the execution and delivery of the Bonds or the collection of revenues pledged or to be pledged to pay the principal, redemption premium, if any, and interest represented by the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Indenture, or the Bonds; or contesting the power or authority of the Trustee to enter into, adopt or perform its obligations under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Indenture or the Bonds;

(10) An opinion of counsel to the Trustee in form and substance satisfactory to the Purchaser and Bond Counsel; and

(11) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Purchaser, Bond Counsel or counsel to the Purchaser may reasonably request to evidence compliance by the District with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the District contained herein, and the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

If the District shall be unable to satisfy the conditions to the Purchaser' obligations contained in this Bond Purchase Agreement or if the Purchaser' obligations shall be terminated for any reason permitted herein, this Bond Purchase Agreement shall terminate and neither the Purchaser nor the District shall have any further obligation hereunder.

5. Indemnity. The District shall, to the extent permitted by law, indemnify and hold harmless the Purchaser and its directors, officers, employees and agents (each, including the Purchaser, an "Indemnified Person") from and against any and all claims, suits, judgments, costs, losses, fines, penalties, damages, liabilities, and expenses, including expert witness fees and legal fees, charges and disbursements of any counsel (including in-house counsel fees and allocated costs) for any Indemnified Person ("Costs"), to the extent arising out of the negligence or willful

misconduct of the District, in connection with, or as a result of: (i) purchase of the Bonds or any pre-advice of its issuance any action or proceeding arising out of or in connection with the Bonds or the Indenture (whether administrative, judicial or in connection with arbitration), including any action or proceeding to compel or restrain any presentation or payment under the Bonds; (ii) any unauthorized communication or instruction (whether oral, telephonic, written, telegraphic, facsimile or electronic) (each an "Instruction") regarding the Bonds or error in computer transmission; (iii) an adviser, confirmer or other nominated person seeking to be reimbursed, indemnified or compensated; (iv) the fraud, forgery or illegal action of parties other than the Indemnified Person; (v) the enforcement of this Bond Purchase Agreement or any rights or remedies under or in connection with the Indenture or this Bond Purchase Agreement; and (vi) the acts or omissions, whether rightful or wrongful, of any present or future de jure or de facto governmental or regulatory authority or cause or event beyond the control of such Indemnified Person; provided, however, that such indemnity shall not be available to any Person claiming indemnification under (i) through (vi) above to the extent that such Costs are found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted directly from the negligence or willful misconduct of the Indemnified Person claiming indemnity. If and to the extent that the obligations of District under this paragraph are unenforceable for any reason, District shall make the maximum contribution to the Costs permissible under applicable law but no greater than its percentage of liability a determined by a court of competent jurisdiction.

6. Expenses. All reasonable expenses and costs of the District incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds to the Purchaser, including printing costs, fees and expenses of the Trustee, California Debt and Investment Advisory Commission fees, fees and expenses of consultants and reasonable fees and expenses of Bond Counsel, counsel to the District and counsel to the Purchaser, shall be paid by the District.

7. Notices. Any notice or other communication to be given to the District under this Bond Purchase Agreement may be given by delivering the same in writing at the District's address set forth above; any notice or other communication to be given to the Purchaser under this Bond Purchase Agreement may be given by delivering the same in writing to \_\_\_\_\_, Attention: \_\_\_\_\_. The approval of the Purchaser when required hereunder or the determination of its satisfaction as to any document referred to herein shall be in writing signed by the Purchaser and delivered to the District.

8. Parties in Interest; Survival of Representations and Warranties. This Bond Purchase Agreement is made solely for the benefit of the District and the Purchaser (including the successors or assigns of the Purchaser), and no other person shall acquire or have any right hereunder or by virtue hereof. All the representations, warranties and agreements made by the District in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Purchaser, (ii) delivery of and payment for the Bonds hereunder, and (iii) any termination of this Bond Purchase Agreement.

9. Governing Law. This Bond Purchase Agreement shall be governed by the laws of the State of California.

10. Miscellaneous. The headings of the sections of this Bond Purchase Agreement are inserted for convenience only and shall not be deemed to be part hereof.

11. Counterparts. This Bond Purchase Agreement may be signed in two or more counterparts (including counterparts represented by facsimile copies and/or containing facsimile signatures); all such counterparts, when signed by all parties, shall constitute but one single agreement.

Very truly yours,

\_\_\_\_\_, as Purchaser

By \_\_\_\_\_  
Authorized Officer

Accepted and Agreed to:

SAN GORGONIO MEMORIAL  
HEALTHCARE DISTRICT

By \_\_\_\_\_  
Name \_\_\_\_\_  
Titlke \_\_\_\_\_

**EXHIBIT A**  
**MATURITY SCHEDULES**

2022A Bonds			
Maturity (April 1)	Principal Amount	Interest Rate	Price

2022B Bonds			
Maturity (April 1)	Principal Amount	Interest Rate	Price

**REDEMPTION PROVISIONS**

2022A Bonds

*Optional Redemption.* The 2022A Bonds are subject to optional redemption prior to maturity, in whole or in part on any Interest Payment Date, from any source of funds, by paying a redemption price equal to the aggregate principal amount of 2022A Bonds to be redeemed, together with accrued interest to such date and a premium as set forth in the following table:

Redemption Period	Redemption Premium
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*Mandatory Sinking Fund Redemption.* The 2022A Bonds are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however,* that if some but not all of the 2022A Bonds have been optionally redeemed, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2022A Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the District with the Trustee and the Purchaser.

Sinking Account  
Redemption Date

Principal Amount  
to be Redeemed

Sinking Account  
Redemption Date

Principal Amount  
to be Redeemed

---

†Maturity

---

2022B Bonds

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*Optional Redemption.* The 2022B Bonds are subject to optional redemption prior to maturity, in whole or in part on any Interest Payment Date, from any source of funds, by paying a redemption price equal to the aggregate principal amount of Bonds to be redeemed, together with accrued interest to such date and a premium as set forth in the following table:

Redemption Period

Redemption Premium

*Mandatory Sinking Fund Redemption.* The 2022B Bonds are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however,* that if some but not all of the 2022B Bonds have been optionally redeemed, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2022B Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the District with the Trustee and the Purchaser.



Sinking Account  
Redemption Date

Principal Amount  
to be Redeemed

Sinking Account  
Redemption Date

Principal Amount  
to be Redeemed

---

†Maturity

**EXHIBIT B**

**FORM OF OPINION OF COUNSEL TO THE DISTRICT**

[Closing Date]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Re: \$\_\_\_\_\_ San Gorgonio Memorial Healthcare District Revenue Bonds Series 2022A (Federally Taxable) and \$\_\_\_\_\_ San Gorgonio Memorial Healthcare District Revenue Bonds Series 2022B

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Ladies and Gentlemen:

We have served as counsel to the San Gorgonio Memorial Healthcare District (the "District") in connection with the issuance by the District of San Gorgonio Memorial Healthcare District Revenue Bonds Series 2022A (Federally Taxable) (the "2022A Bonds"), and the issuance by the District of San Gorgonio Memorial Healthcare District Revenue Bonds Series 2022B, in the aggregate principal amount of \$\_\_\_\_\_ (the "2022B Bonds" and, with the 2022A Bonds, the "Bonds") in the aggregate principal amount of \$\_\_\_\_\_. The Bonds are issued pursuant to the provisions of The Local Health Care District Law, constituting Division 23 of the California Health and Safety Code and are issued under and secured by an indenture, dated as of April 1, 2022 (collectively, the "Indenture"), by and between the District and U.S. Bank National Association, as trustee (the "Trustee"). The Bonds are being sold pursuant to a Bond Purchase Agreement, dated April 6, 2022 (the "Bond Purchase Agreement"), between the District and \_\_\_\_\_, as purchaser.

The proceeds from the sale of the 2022A Bonds will be used to (i) finance certain working capital needs of the District, and (ii) to pay the costs of issuance of the 2022A Bonds. The proceeds from the sale of the 2022B Bonds will be used to (i) finance the acquisition of certain capital equipment for the District, and (ii) to pay the costs of issuance of the 2022B Bonds

In connection with this opinion, we have assumed the authenticity of all records, documents, and instruments submitted to us as originals, the genuineness of all signatures, the legal capacity of natural persons and the conformity to the originals of all records, documents, and instruments submitted to us as copies. We also have assumed that there are no facts or circumstances relating to you that might prevent you from enforcing any of the rights to which our opinion relates. We have based our opinion upon our review of the following records, documents and instruments:

- (a) A copy of the Indenture.
- (b) A copy of the Bond Purchase Agreement.
- (c) Resolution No. \_\_\_\_ (the "Resolution") adopted by the District on April 5, 2022, authorizing the execution and delivery of the Bonds and the Transaction Documents (hereinafter defined).

The documents and instruments listed in items (a) through (c) above are collectively referred to herein as the "Transaction Documents."

Where our opinion relates to our "knowledge," such knowledge is based upon our examination of the records, documents, instruments, and certificates enumerated or described above and the actual knowledge of attorneys in this firm who are currently involved in substantive legal representation of the District. With your consent, we have not examined any records of any court, administrative tribunal or other similar entity in connection with our opinion. Except as described herein, we have undertaken no investigation or verification of such matters.

Based upon the foregoing and our examination of such questions of law as we have deemed necessary or appropriate for the purpose of this opinion, and subject to the limitations and qualifications expressed below, it is our opinion that:

(1) The District is a local health care district duly existing under the laws of the State of California, has full legal right, power and authority to enter into the Indenture and the Bond Purchase Agreement and to carry out and consummate all transactions contemplated by the Indenture and the Bond Purchase Agreement.

(2) The Resolution, approving and authorizing the execution of the Indenture, the Bond Purchase Agreement and the Bonds was duly adopted at a meeting of the governing body of the District which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and voted.

(3) To our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending and served or threatened against the District to restrain or enjoin the issuance or delivery of the Bonds or the collection of revenues pledged under the Indenture, contesting any authority for the issuance of the Bonds or the validity of the Bonds, the Indenture or the Bond Purchase Agreement, contesting the existence or powers of the District with respect to the issuance of the Bonds or the security therefor wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Indenture, the Bond Purchase Agreement or the validity of the Bonds.

(4) The Bonds, the Indenture and the Bond Purchase Agreement have been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the other parties thereto where applicable, are valid and binding limited obligations of the District enforceable in accordance with their terms.

This opinion is limited to the federal laws of the United States of America and the laws of the State of California. We disclaim any opinion as to the laws of any other jurisdiction and we further disclaim any opinion as to any statute, rule, regulation, ordinance, order or other promulgation of any regional or local governmental body. This opinion is based upon the law in effect on the date hereof, and we assume no obligations to revise or supplement this opinion should such law be changed by legislative action, judicial decision, or otherwise. In connection with this opinion letter, we also have assumed the following: (a) consideration has been duly given under the Transaction Documents; (b) the District is the legal, beneficial and record owner of the collateral described in any Transaction Documents and the descriptions of collateral in the Transaction Documents sufficiently describe the collateral intended to be covered by such documents; (c) any lien documents are in suitable form, notarized if required, and duly filed or recorded with the appropriate government offices; (d) the Transaction Documents accurately describe the mutual understanding of the parties thereto, and that there are no oral or written statements that modify, amend, or vary, or purport to modify, amend, or vary, any of the terms

of the Transaction Documents; (e) the information, factual matters, representations and warranties contained in the Transaction Documents, records, certificates and other documents we have reviewed are true, correct and complete; and (f) the other parties to Transaction Documents have the proper authority to engage in the transactions contemplated thereunder and at all times have complied and will comply with the Transaction Documents and related documents and with all applicable requirements governing their actions and will act in a commercially reasonable manner.

In connection with this opinion, we advise you that:

A. Enforceability is subject (i) to bankruptcy, insolvency, reorganization, arrangement, moratorium, and other laws of general applicability relating to or affecting creditors' rights, (ii) to general principles of equity, whether such enforcement is considered in a proceeding in equity or at law, (iii) to limitations imposed by applicable law or public policy on the enforceability of the indemnification provisions, and (iv) to the qualification that certain waivers, procedures, remedies, and other provisions of the Transaction Documents may be unenforceable under or limited by applicable law.

B. The enforceability of the Transaction Documents is further subject to the effect of general principles of equity. These principles include, without limitation, concepts of commercial reasonableness, materiality and good faith and fair dealing. These principles require the parties to act reasonably, in good faith and in a manner that is not arbitrary or capricious in the administration and enforcement of the Transaction Documents and will preclude them from invoking penalties for defaults that bear no reasonable relation to the damage suffered or that would otherwise work a forfeiture.

C. The effectiveness of indemnities, rights of contribution, exculpatory provisions and waivers of the benefits of statutory provisions may be limited on public policy grounds.

D. Section 1717 of the California Civil Code provides that, in any action on a contract where the contract specifically provides that attorneys' fees and costs incurred to enforce that contract shall be awarded either to one of the parties or to the prevailing party, then the party who is determined to be the party prevailing in the action, whether that party is the party specified in the contract or not, shall be entitled to reasonable attorneys' fees in addition to other costs.

E. Any provisions of the Transaction Documents requiring that waivers must be in writing may not be binding or enforceable if a non-executory oral agreement has been created modifying any such provision or an implied agreement by trade practice or course of conduct has given rise to a waiver.

F. Section 9109(d)(17) of the California Uniform Commercial Code (the "Code") provides that the secured transactions provisions of the Code do not apply to transfers by a government or governmental unit, and, therefore, the rights and remedies of the Trustee under the Transaction Documents which purport to incorporate rights and remedies under the Code may not be enforceable and as such, we express no opinion on such matters.

G. Any provisions of the Transaction Documents regarding another party's right to apply proceeds of fire or other casualty insurance policies or awards of damages in condemnation proceedings against the District's secured obligations will not be enforceable unless application of such proceeds or damages is reasonably necessary to protect such security interests.

H. We assume that in the enforcement of any lien documents, all parties will act in accordance with applicable statutory and other legal requirements, including applicable case law and that enforcement of rights or remedies thereunder may be limited when imposing fees and charges in the event of default, upon acceleration of the District's obligations for transfers of interests, leases, or grants of junior encumbrances, attempting to secure a deficiency claim before exhausting the secured property or other remedies, among other things.

I. We have further relied on certain representations, warranties and covenants of the District in the Transaction Documents. Any variations may affect the opinions we are giving.

J. In connection with our opinion, we have not reviewed and express no opinion on (i) financial statements or covenants, financial or audit reports or the consents related thereto or similar provisions requiring financial calculations or determinations, (ii) provisions relating to the occurrence of a "material adverse effect" or similar words, or (iii) parol evidence bearing on interpretation or construction.

We express no opinion as to: (a) the priority of any lien or security interest created, or purported to be created, by any of the Transaction Documents or the enforceability of any lien in the real property of the District; (b) any securities, tax, anti-trust, land use, export, safety, environmental, hazardous materials, choice of law, insurance company or banking laws, rules or regulations; (c) applicable interest rate limitations of California law for loans or forbearances; or (d) the effect on the District's obligations, and any other party's rights, under the Transaction Documents of laws relating to fraudulent transfers and fraudulent obligations set forth in sections 544 and 548 of the federal Bankruptcy Code and section 3439 *et seq.* of the California Civil Code.

In rendering our opinion, we are expressing no opinion on the validity of the Bonds.

We furnish this opinion as counsel to the District and only the addressee and Quint & Thimmig LLP may rely upon it. This letter shall not be used, quoted, distributed, circulated or relied upon by any other person or entity for any purpose, without our prior written consent.

Respectfully submitted,

# TAB I



**SAN GORGONIO MEMORIAL HOSPITAL**  
**BANNING, CALIFORNIA**

**Unaudited Financial Statements**

**for**

**SEVEN MONTHS ENDING JANUARY 31, 2022**

**Certification Statement:**

To the best of my knowledge, I certify for the hospital that the attached financial statements, except for the uncertainty of IGT revenue accruals, do not contain any untrue statement of a material fact or omit to state a material fact that would make the financial statements misleading. I further certify that the financial statements present in all material respects the financial condition and results of operation of the hospital and all related organizations reported herein.

Certified by:

*Daniel R. Heckathorne*

**Daniel R. Heckathorne**

CFO

# **San Geronio Memorial Hospital**

## **Financial Report - Executive Summary**

For the Month of January 31, 2022 and Seven Months Ended January 31, 2022 (Unaudited)

### **Profit/Loss (EBIDA) Summary (MTD) Negative and (YTD) Positive (see YTD Note)**

The month of January had a \$1.01M negative Earnings before Interest, Depreciation and Amortization (EBIDA) compared to budgeted EBIDA loss of \$678K.

**YTD** – There was a \$2.73M loss in Earnings before Interest, Depreciation and Amortization (EBIDA) compared to a budgeted loss of \$3.16M (adjusted to \$2.26M to remove \$895K IGT Expense booked in 2021).

**Month** – Adjustments/unusual items: The Hospital started seeing a gradual increase in covid related cases toward the end of December, which continued to accelerate into January. This had a slight effect on the December financials and had a larger impact on January's operations, as the hospital was forced to cancel elective surgeries for 3 – 4 weeks due to staffing reassignments needed for covid patients.

January's inpatient workloads were up significantly from December due to the covid surge. Adjusted Patient Days were 5.2% below budget (2,352 vs. 2,482) while Patient Days were 3.4% over budget (1,306 vs. 1,263). Emergency Visits were right on budget (3,466 vs. 3,467), but Surgeries were significantly under budget (47%) due to cancellation of elective surgeries for 3 – 4 weeks (55 vs. 103).

**YTD** – Overall workloads are as follows: Adjusted Patient Days = 14,511 vs. 15,333 budgeted (-5.4%); Patient Days = 6,353 vs. 7,392 budgeted (-14%); Emergency Visits = 23,683 vs. 22,625 (+4.7%), and Surgeries were 709 vs. 618 (+15%). EBIDA results are now \$425K better than the unadjusted EBIDA target of \$3.16M for the first 7 months of the year. Overall Operating Revenues are \$48K under budget, while Operating Expenses were \$473K under budget.

### **Patient Revenues (MTD) Positive & YTD Positive**

**Month** - The Net Patient Revenue in January was \$6.16M compared to the budgeted \$5.93M. There was an estimated increase in managed care contracted revenues of \$263K in January which helped improve the Net Revenues.

**YTD** – Net Patient Revenue through January was \$35.9M compared to the budgeted \$35.4M. The increase in managed care contracted revenue since September has been estimated at \$1.0M.

### **Total Operating Revenues (MTD) Positive & (YTD) Negative**

**Month** – Operating Revenue in January was \$160K over budget. This was favorably impacted by the favorable \$226K variance in Net Patient Revenues, receipt of \$98K of retro-Rate Range income, with some offsetting variances due to from delay of booking DSH income (\$83K) until the final audit results are available, and assorted miscellaneous revenues were below budget in the month.

**YTD** – Operating Revenue was \$48K under budget, impacted by the Net Patient Revenues being \$492K over budget while Non-Patient Revenues were \$540K under budget.

### **Operating Expenses (MTD) Negative & (YTD) Negative**

**Month** - Operating Expenses in January were \$7.80M and were over budget by \$495K. Notable items impacting the budget were as follows: 1) Salaries were \$115K over budget due to much overtime related to the covid surge. 2) Benefits were over budget due to a 6 month reconciliation of the Blue Cross Employee Health program of \$296K; 3) Contract Labor was \$41K over budget due to covid relief staffing needs; 4) Physician Fees were \$43K under budget due to updated accrual rates for the Medical Residents; 5) In spite of the high covid workload, Supplies were only \$17K over budget, with a \$42K favorable variance in Pharmacy supplies while Lab supplies were \$99K over budget; 6) Utilities were over budget (\$59K) primarily due to the costs associated with the cold weather in January; 7) Other Expenses were \$38K below budget. Unusual expenditures included annual District Hospital Leadership annual dues of \$65K, while everyone is continuing to take a conservative approach on all costs



including dues and subscriptions, outside travel, and education costs. 8) Rents and Leases were \$62K below budget, which includes the delay in the startup of the surgical robotics program (\$25K) and conversion of a portion of telemetry monitors to actual purchases (\$34K).

**YTD – Variances include:** 1) Salaries were \$260K under budget while Benefits were \$249K over budget; 2) Contract Labor was over budget by \$270K due to shortage of nurses and the covid surge; 3) Supplies were over budget by \$1.06M, largely due to the covid surges and much higher Surgery volumes than budgeted. Some of the major variances over budget include Surgery (\$157K), Lab (\$612K), Pharmaceuticals (\$89K), Emergency (\$123K), and Blood (\$51K). 4) Repairs were over budget by \$80K, which included accelerated repairs made on emergency doors and negative pressure rooms; 5) Other Expenses were \$733K below budget as generally everyone is taking a conservative approach toward many projects during this year, including dues and subscriptions, outside education, travel, and other (combined \$514K); 6) IGT Expense was under budget by \$895K due to those costs being included in the previous year's audited statements; and 7) Leases and Rentals were \$381K below budget, of which \$363K was impacted by the exclusion of leasing telemetry monitors along with the delay in the surgical robotics lease.

### **Balance Sheet/Cash Flow**

Patient cash collections in January were \$4.2M, which dropped from the \$6.0M in December. (February's collections are projected to rebound from the January performance.) The Gross A/R Days stand at 74.4 days compared to 69.5 in December. This increase in days is attributed to: 1) an \$8M increase in gross revenues and 2) the inability of the team to relieve Bad Debt write-offs due to complications numerous hospitals are facing trying to implement the somewhat ambiguous interpretations of the new AB1020 rule which changed the "150 day" self-pay billing process to a mandated "180 day" billing process. There are new requirements for a "good-bye letter" to be sent to patients prior to assignment to a collection agency – this letter requires significant additional notifications of pending bad debt placement along with financial assistance applications being submitted (sometimes again) prior to an account being out-sourced. This new procedure is also requiring additional modifications to be made by the Hospital's I.T. provider to develop the appropriate electronic files necessary for the collection agencies to carry out these new procedures.

Cash increased to \$7.3M in January from \$4.4M in December, impacted by receipt of \$6M Rate Range funds and receipt of various County taxes. Net Accounts Receivables increased by \$2.4M compared to December (see previous paragraph). The line of credit balance remained at \$9M at the end of the month. The Accounts Payable was \$8.2M compared to \$9.9M in December. Finally, the semi-annual G.O. Bonds interest payments (\$2.3M) were also made in January.

### **Concluding Summary**

#### **Positive takeaways:**

- 1) Net Patient Revenues were favorable in January.
- 2) Supplies expenses were much closer to budget than in previous months.

#### **Negative takeaways:**

- 1) Patient Surgeries were down significantly due to covid impact on staffing capacity, or financial outcomes may have been more positive.
- 2) The next 5 months will be challenging without having Rate Range Supplemental funding.

#### **Dashboard Items:**

Included in the January Financial Reports are the Dashboard reports as previously presented.

**STATISTICS**

Inpatient Admissions/Discharges (Monthly Average)

Represents number of patients admitted/discharged into and out of the hospital.

Patient Days (Monthly Average)

Each day a patient stays in the hospital is counted as a patient day. This count is normally done at midnight.

Average Daily Census (Inpatient)

Equals the average number of inpatients in the hospital on any given day or month.

Average Length of Stay (Inpatient)

Represents that average number of days that inpatients stay in the hospital.

Emergency Visits (Monthly Average)

Represents the number of patients who sought services at the emergency room.

Surgery Cases - Excluding G.I. (Monthly Average)

Equals the number of patients who had a surgical procedure(s) performed.

G.I. Cases (Monthly)

Number of patients who had a gastrointestinal exam performed.

Newborn Deliveries (Monthly)

Number of babies delivered.

**PRODUCTIVITY**

Worked FTEs ( includes Registry FTEs)

Represents an equivalency of full-time staff worked. One FTE is equivalent of working 40 hours per week, 80 hours per pay period, 1,73.3 hours per 30 day month, or 2,080 hours in a 52 week year. This calculation divides the number of hours worked by the number of hours in the respective work period (40, 80, etc.) Example: 340 hours worked in an 80 hour pay period = 4.25 FTE's

Worked FTEs per APD

Divides the Total Worked FTE's by the daily average of the Adjusted Patient Days.

Paid FTEs ( includes Registry FTEs)

Represents an equivalency of full-time staff paid. One FTE is equivalent of working 40 hours per week, 80 hours per pay period, 1,73.3 hours per 30 day month, or 2,080 hours in a 52 week year. This calculation divides the number of hours paid (includes all hours paid consisting of worked hours, PTO hours, sick pay, etc.) by the number of hours in the respective work period (40, 80, etc.) Example: 500 hours paid in an 80 hour pay period = 6.25 FTE's.

Paid FTEs per APD

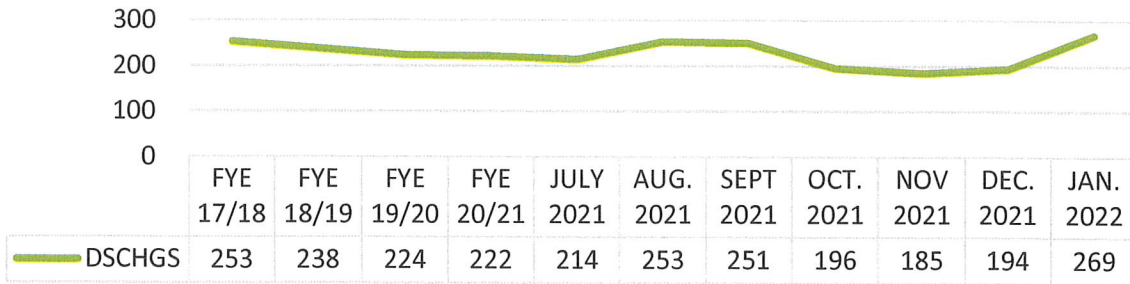
Divides the Total Paid FTE's by the daily average of the Adjusted Patient Days.

ADJUSTED PATIENT DAYS

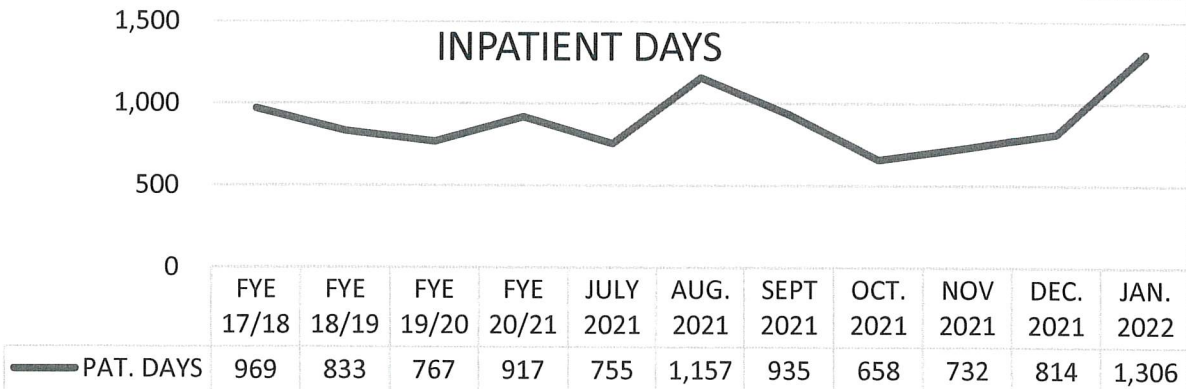
This is a blend of total patient days stayed in the hospital for a month, plus an equivalency factor (based on average inpatient revenue per patient day) applied to the outpatient revenues in order to account for outpatient workloads.

# SAN GORGONIO MEMORIAL HOSPITAL

## INPATIENT DISCHARGES



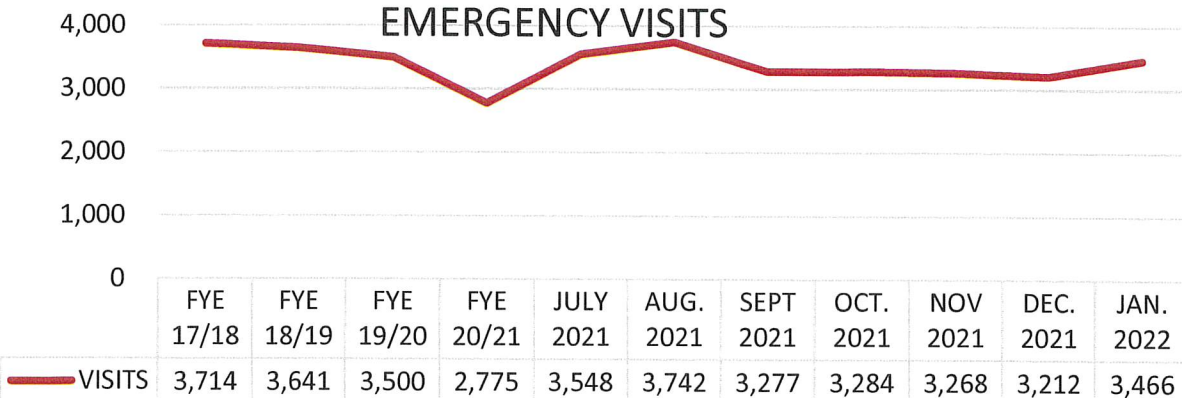
## INPATIENT DAYS



## AVERAGE LENGTH OF STAY



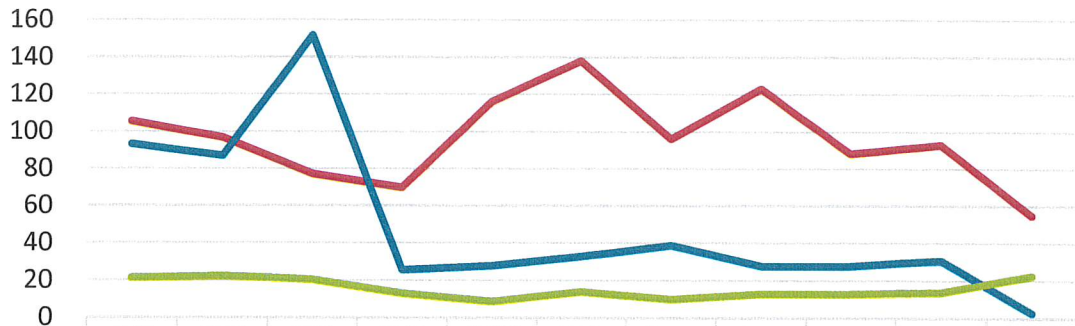
## EMERGENCY VISITS





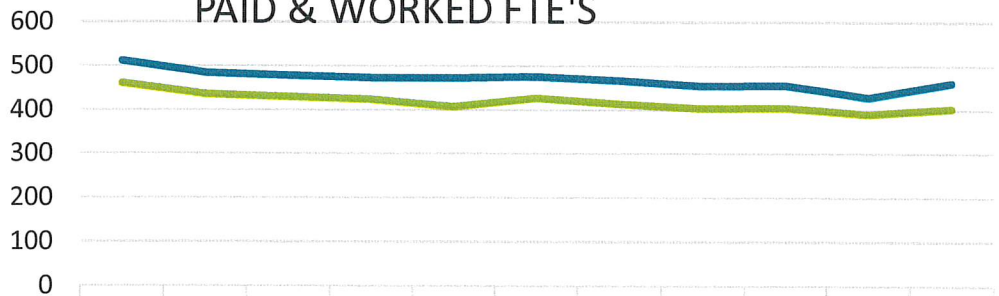
# SAN GORGONIO MEMORIAL HOSPITAL

## SURGERY CASES, G.I. CASES, N/B DELIVERIES



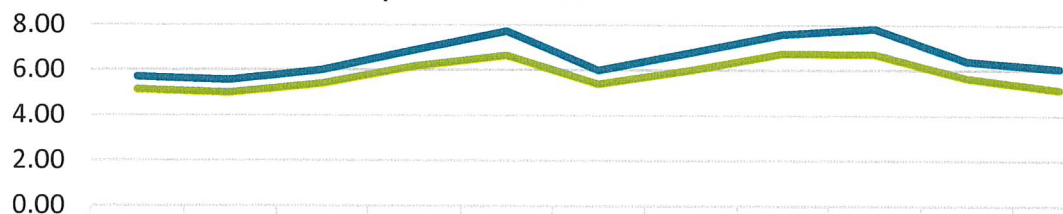
	FYE 17/18	FYE 18/19	FYE 19/20	FYE 20/21	JULY 2021	AUG. 2021	SEPT 2021	OCT. 2021	NOV 2021	DEC. 2021	JAN. 2022
— SURG.	105	97	77	70	116	138	96	123	88	93	55
— G.I. CASES	93	87	152	26	28	33	39	28	28	31	3
— DELIV.	21	22	21	13	9	14	10	13	13	14	23

## PAID & WORKED FTE'S



	FYE 17/18	FYE 18/19	FYE 19/20	FYE 20/21	JULY 2021	AUG., 2021	SEPT., 2021	OCT., 2021	NOV, 2021	DEC, 2021 (est.)	JAN, 2022 (est)
— PAID FTES	511	484	479	474	473	476	468	455	457	430	462
— WRKD FTES	461	436	431	425	408	428	414	404	405	392	404

## PAID & WORKED FTE'S / ADJUSTED PATIENT DAY



	FYE 17/18	FYE 18/19	FYE 19/20	FYE 20/21	JULY 2021	AUG., 2021	SEPT., 2021	OCT., 2021	NOV, 2021	DEC, 2021 (est.)	JAN, 2022 (est)
— PFTES/APD	5.69	5.55	6.01	6.89	7.72	6.00	6.79	7.59	7.84	6.42	6.09
— WFTES/APD	5.13	5.00	5.41	6.18	6.66	5.39	6.01	6.74	6.72	5.66	5.16

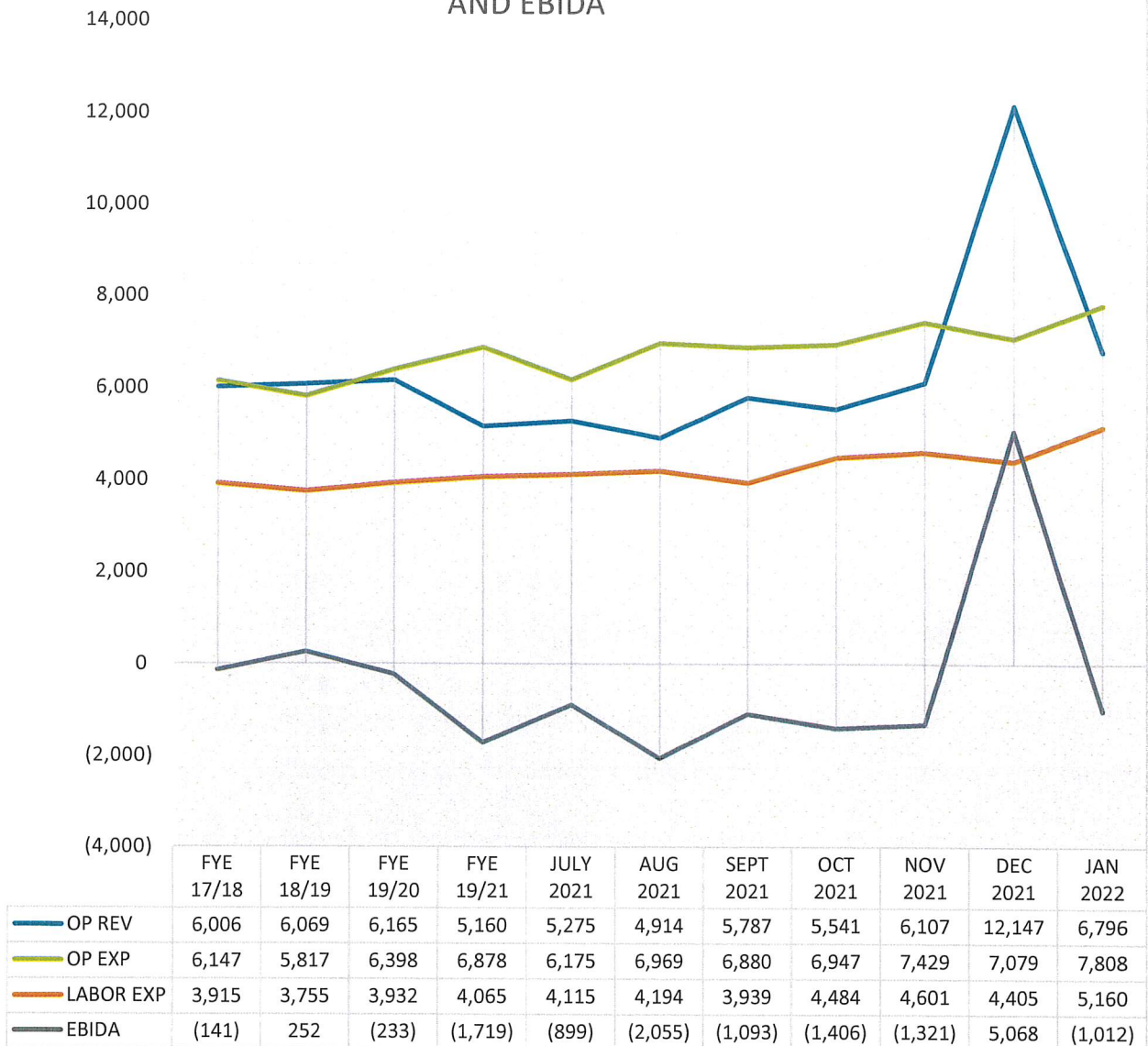
**INCOME STATEMENT**

Gross Patient Revenue (000's) (Monthly Ave.)	Represents total charges (before discounts and allowances) made for all patient services provided.
Net Patient Revenue (NPR) (000's) (Monthly Ave.)	Equals the sum of all (patient) charges for services provided that are due to the hospital, less estimated adjustments for discounts and other contractual disallowances for which the patients may be entitled.
NPR as % of Gross	Reflects the percentage of Gross Patient Revenues (charges) that are expected to be collected. Calculated by dividing Net Patient Revenue by the Gross Patient Revenue.
Total Operating Revenue (000's) (Monthly Ave.)	This reflects all Revenues available for payment of Operating Expenses. This includes Net Patient Revenue plus all other forms of miscellaneous Revenues.
Salaries, Wages, Benefits & Contract Labor (000's) (Monthly Ave.)	Represents the total staffing expenses of the Hospital
SWB + Contract Labor as % of Total Operating Revenue	Identifies what portion the Operating Revenues are spent on staffing costs.
Total Operating Expense (TOE) (000's)(Monthly Ave.)	Operating Expense reflects all costs needed to fund the Hospital's business operations.
TOE as % of Total Operating Revenue	Identifies the relationship that Operating Expenses have to the Total Operating Revenues.
EBIDA (000's)(Monthly Average)	Earnings Before Interest, Depreciation, and Amortization. This reflects the difference between Net Operating Revenues and Total Operating Expense. This is a quick measurement of the Hospital's ability to meet its financial obligations and have additional funds for equipment replacement and future growth of the organization.
EBIDA as % of NPR	This measurement is a gauge of the surplus (or deficit) of funds available for operations and future growth.

W-D

# SAN GORGONIO MEMORIAL HOSPITAL

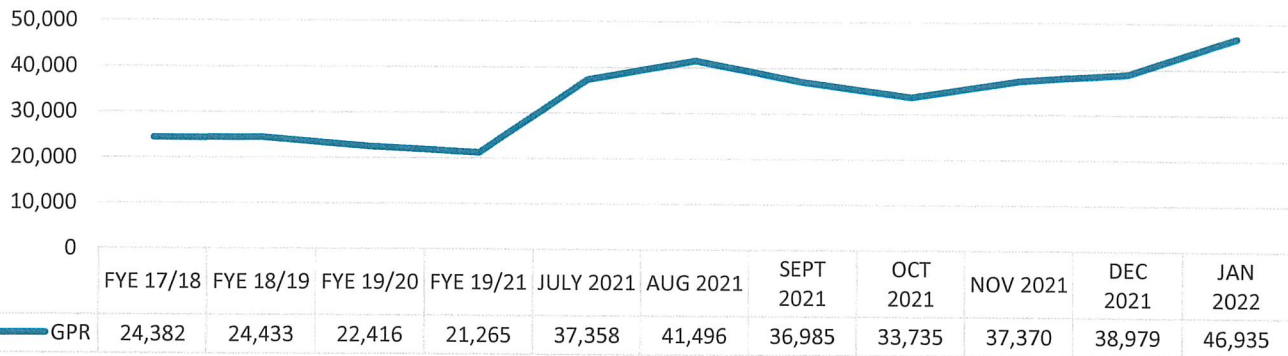
## OPERATING REVENUE, OPERATING EXPENSE, STAFFING EXPENSE, AND EBIDA



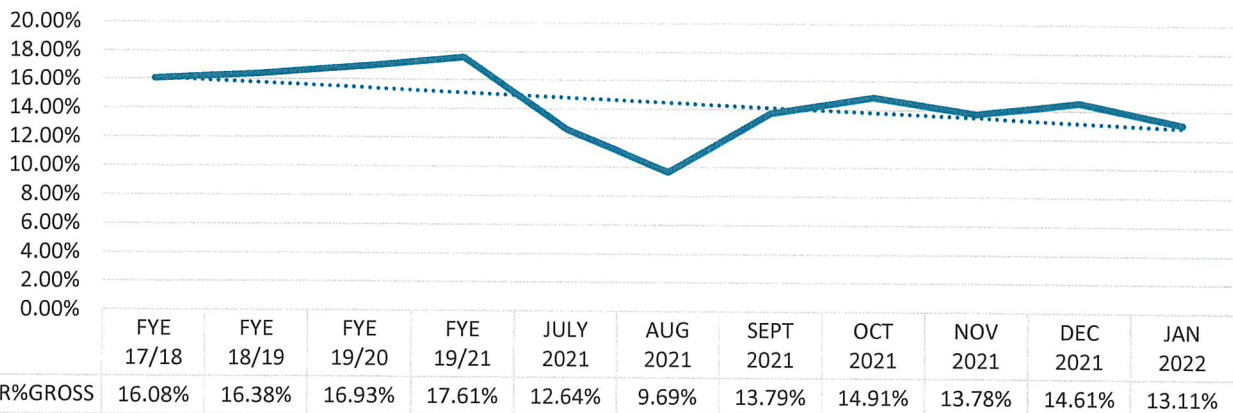
3-E

# SAN GORGONIO MEMORIAL HOSPITAL

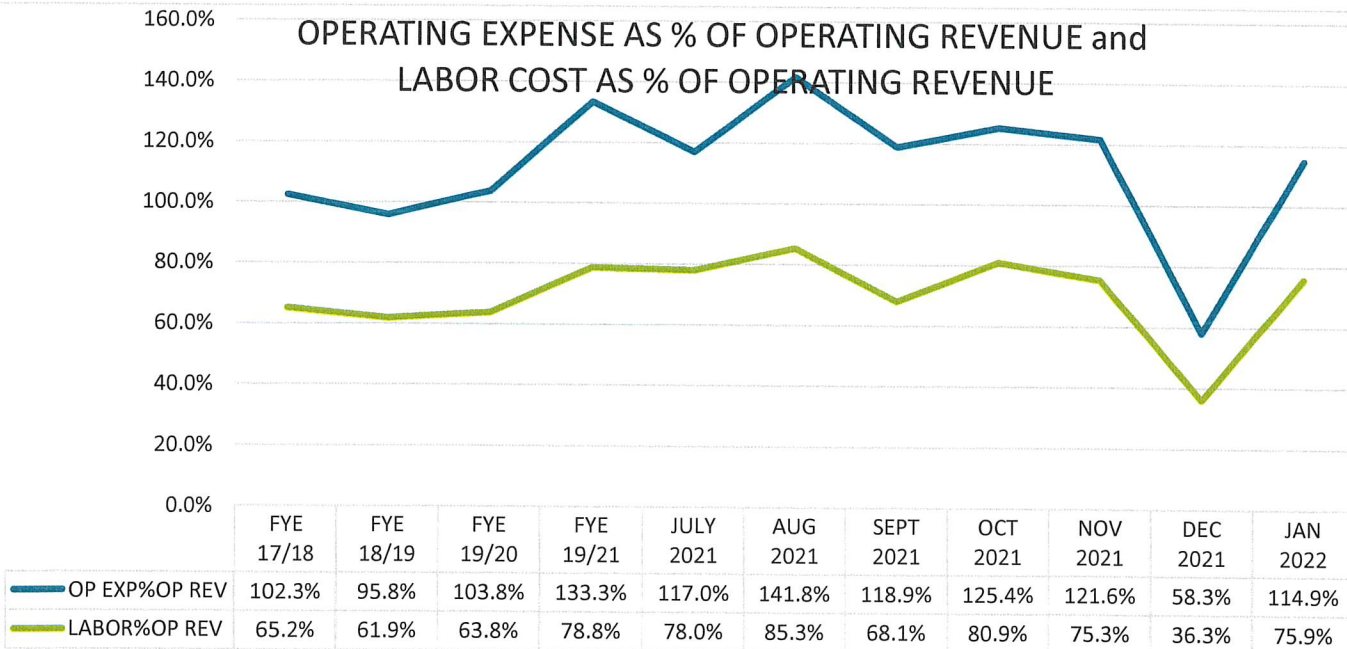
## GROSS PATIENT REVENUE



## NET PATIENT REVENUE AS % OF GROSS



## OPERATING EXPENSE AS % OF OPERATING REVENUE and LABOR COST AS % OF OPERATING REVENUE



3-F

**BALANCE SHEET (Period End)**

Cash (000's)

Represents all unrestricted cash in the bank at each month-end.

Days Cash on Hand

Calculated by dividing amount of Cash on Hand by the historical average daily amount of cash requirements to cover operating expenses.

Accounts Receivable - Net (000's)

Equals the sum of all (patient) accounts that are due to the hospital, less estimated adjustments for discounts and other contractual disallowances for which the patients may be entitled.

A/R Days - Net

This measures the average number of days it takes to collect payment of the Net Accounts Receivable. Lower values are desired.

Current Ratio (Current Assets/Current Liabilities)

A measure that illustrates the ability for the hospital to pay its obligations that come due over the course of the next year. The greater the Current Assets as compared to the Current Liabilities, the stronger position the organization is in to pay its upcoming obligations. Desired position is greater than 1:00 to 1:00, preferably at least 1:25 to 1:00 or greater.

Quick Ratio

This measures the Cash + Net Accounts Receivable compared to the Current Liabilities. Desired ratio is greater than 1.00 : 1.00.

Accounts Payable (000's)

Reflects payment obligations of the Hospital as of a point in time. Excludes Loans, Payroll and other Debt obligations. Lower values are desired.

Accounts Payable Days

Reflects the average number of days that it takes to pay routine bills. Lower numbers are desired. Calculated by dividing the Accounts Payable amount by the historical average daily cost of routine expenses.

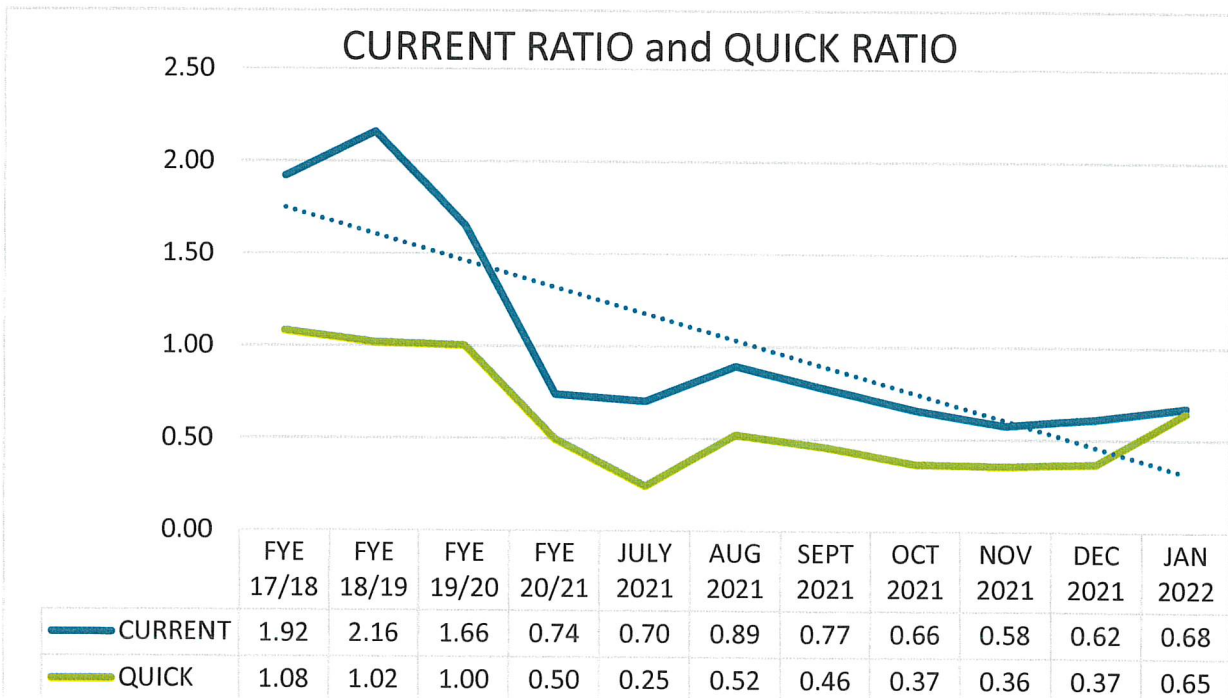
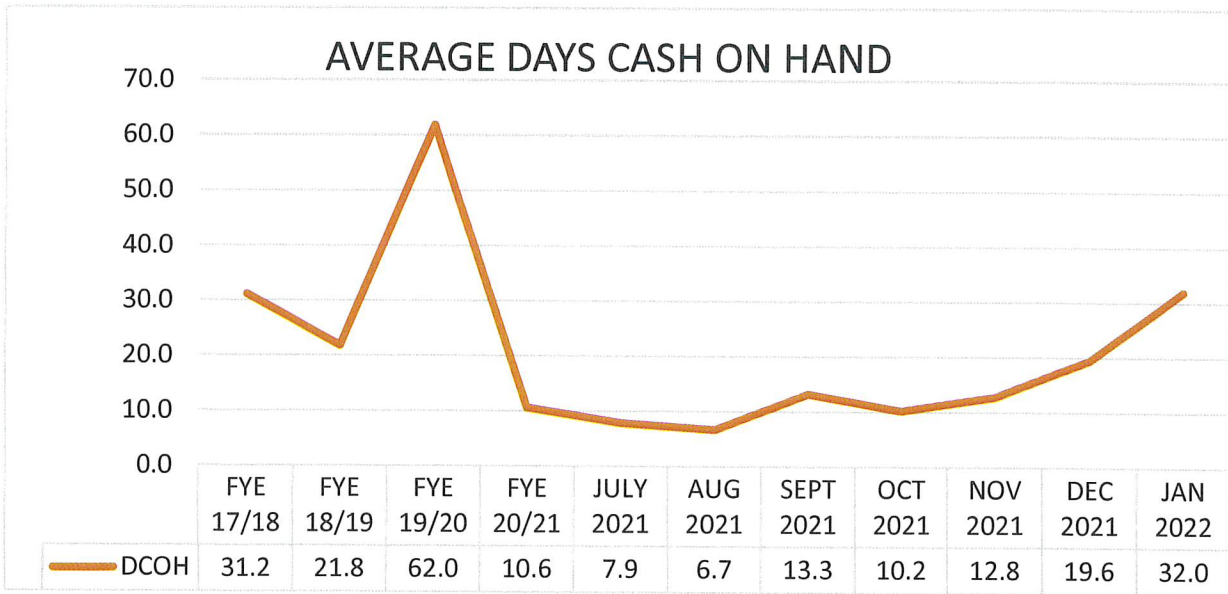
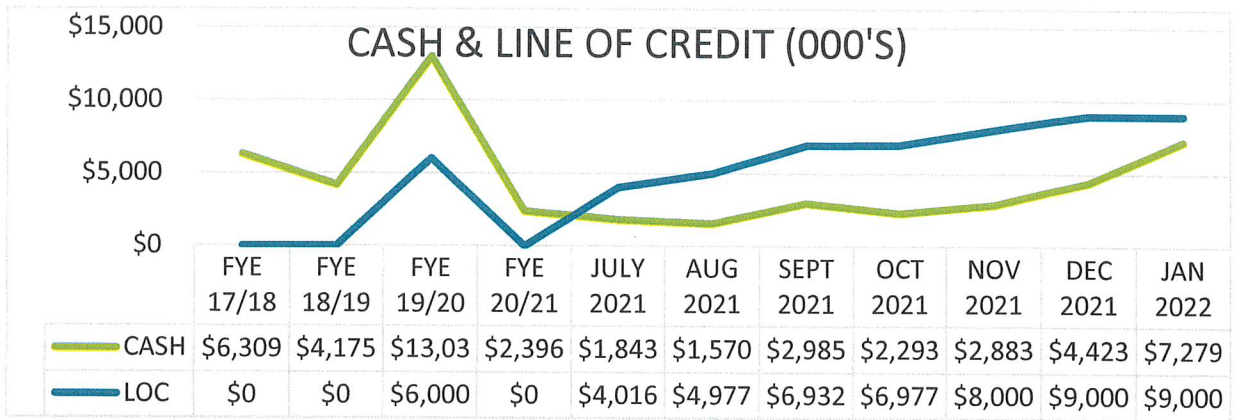
Line of Credit Balance (000's)

The amount that is currently borrowed from a lending institution as of a given point in time.

3-G

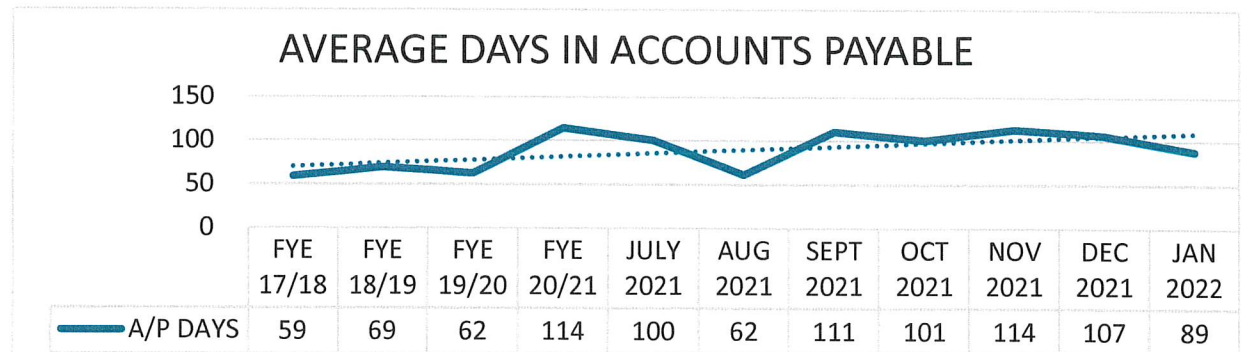
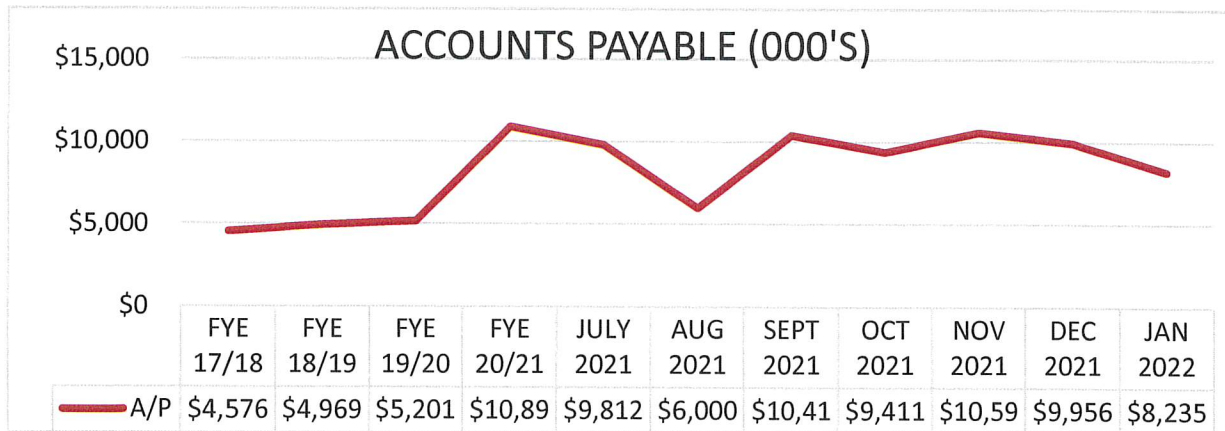
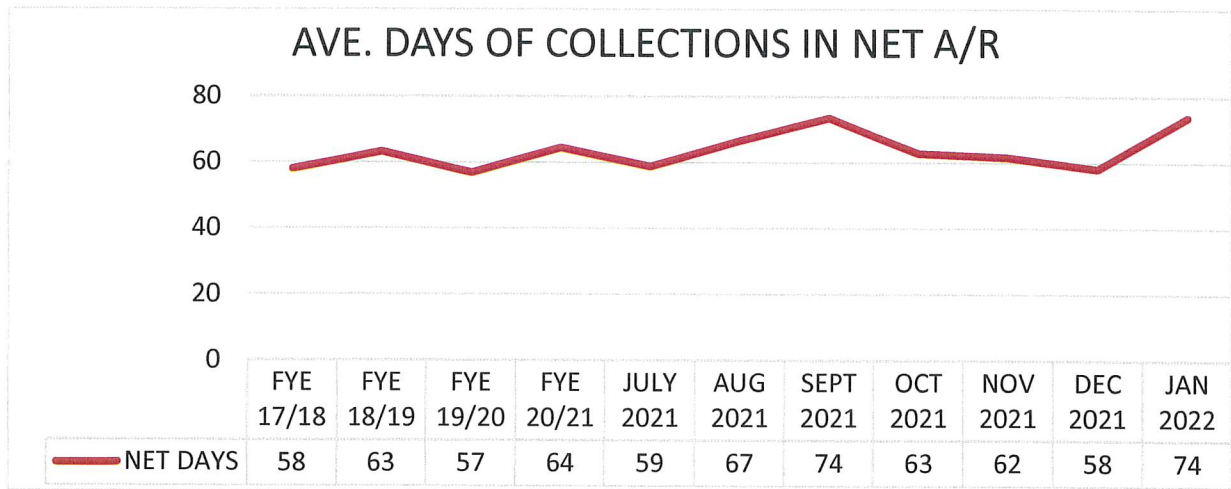
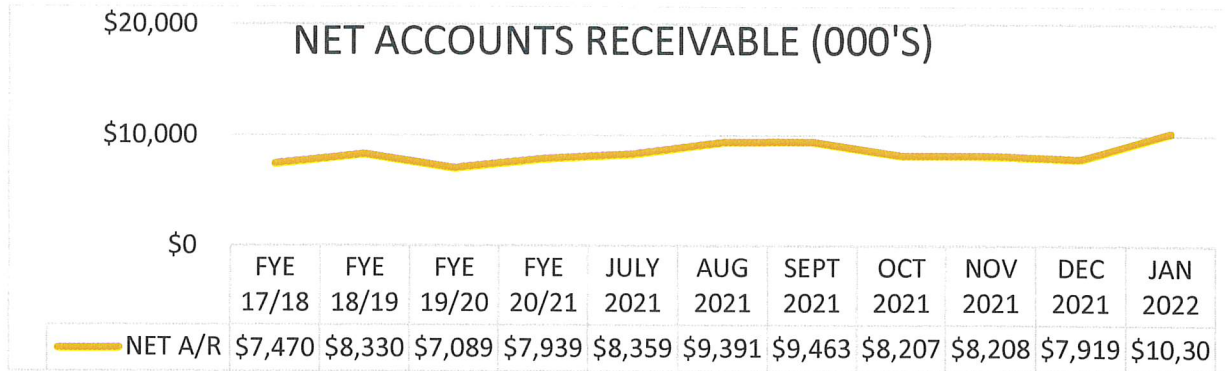


# SAN GORGONIO MEMORIAL HOSPITAL



3-H

# SAN GORGONIO MEMORIAL HOSPITAL







# SAN GORGONIO MEMORIAL HOSPITAL

## EXECUTIVE FINANCIAL SUMMARY

SEVEN MONTHS ENDING JANUARY 31, 2022

### BALANCE SHEET

	YTD 1/31/2022	Prior FYE 6/30/2021
<b>ASSETS</b>		
[1] Current Assets	\$ 18,278,588	\$ 14,763,567
[2] Assets Whose Use is Limited	10,688,482	15,999,821
[3] Property, Plant & Equipment (Net)	74,655,136	77,860,175
[4] Other Assets	627,385	1,320,339
[5] <b>Total Unrestricted Assets</b>	<b>104,249,590</b>	<b>109,943,902</b>
[6] Restricted Assets	0	0
[7] <b>Total Assets</b>	<b>\$ 104,249,590</b>	<b>\$ 109,943,902</b>
<b>LIABILITIES AND NET ASSETS</b>		
[8] Current Liabilities	\$27,028,449	\$22,077,546
[9] Long-Term Debt	105,712,387	105,992,009
[10] Other Long-Term Liabilities	0	0
[11] <b>Total Liabilities</b>	<b>\$ 132,740,837</b>	<b>\$ 128,069,555</b>
[12] Net Assets	\$ (28,491,247)	\$ (18,125,653)
[13] <b>Total Liabilities and Net Assets</b>	<b>\$ 104,249,589</b>	<b>\$ 109,943,902</b>

**SAN GORGONIO MEMORIAL HOSPITAL**  
**EXECUTIVE FINANCIAL SUMMARY**  
**SEVEN MONTHS ENDING JANUARY 31, 2022**

<b>KEY STATISTICS AND RATIOS</b>						
	<b>12/31/21 ACTUAL FY 22</b>	<b>01/31/22 ACTUAL FY 22</b>	<b>01/31/22 BUDGET FY 22</b>	<b>2022 YTD FY 22</b>	<b>2021 YR END TOTAL FY 21</b>	
[1] Total Acute Patient Days	814	1,306	1,263	6,353	11,008	
[2] Average Daily Census	26.3	42.1	40.7	29.5	30.2	
[3] Average Acute Length of Stay	4.2	4.9	4.2	4.1	4.1	
[4] Patient Discharges	194	269	302	1,562	2,667	
[5] Observation Days	238	197	267	1,698	2,512	
[6] Total Emergency Room Visits	3,212	3,466	3,467	23,683	33,299	
[7] Average ED Visits Per Day	104	112	112	110	91	
[9] Total Surgeries	93	55	103	709	837	
[10] Deliveries/Births	14	23	18	96	158	



**Statement of Revenue and Expense**  
**SAN GORGONIO MEMORIAL HOSPITAL**  
**BANNING, CALIFORNIA**  
**SEVEN MONTHS ENDING JANUARY 31, 2022**

	CURRENT MONTH				
	DISTRICT ONLY	COMBINED		Positive	Percentage
	Actual 01/31/22	Actual 01/31/22	Budget 01/31/22	(Negative) Variance	
<b>Gross Patient Revenue</b>					
[1] Inpatient Revenue	\$ -	\$ 29,180,538	\$ 24,198,097	\$ 4,982,442	17.1%
[2] Inpatient Psych/Rehab Revenue	-	-	-	-	-
[3] Outpatient Revenue	-	17,754,388	\$ 23,380,723	(5,626,335)	-31.7%
[4] Long Term Care Revenue	-	-	-	-	-
[5] Home Health Revenue	-	-	-	-	-
[6] Total Gross Patient Revenue	\$ -	\$ 46,934,926	\$ 47,578,819	\$ (643,893)	-1.4%
<b>Deductions From Revenue</b>					
[7] Discounts and Allowances	-	(38,941,080)	\$ (40,741,860)	\$ 1,800,780	-4.6%
[8] Bad Debt Expense	-	(1,661,127)	\$ (850,000)	(811,127)	48.8%
[9] Prior Year Settlements	-	-	\$ -	-	-
[10] Charity Care	-	(177,583)	\$ (58,333)	(119,249)	67.2%
[11] Total Deductions From Revenue	-	(40,779,789)	(41,650,193)	\$ 870,403	-2.1%
[12]		-86.9%	-88%		
[13] Net Patient Revenue	\$ -	\$ 6,155,137	\$ 5,928,626	\$ 226,510	3.7%
<b>Non Patient Operating Revenues</b>					
[14] IGT/DSH Revenues	-	-	\$ -	\$ -	#DIV/0!
[15] Grants & Other Op Revenues	-	257,227	\$ 300,191	(42,964)	-16.7%
[16] Clinic Net Revenues	-	-	\$ -	-	-
[17] Tax Subsidies Measure D	233,333	233,333	\$ 239,583	(6,250)	-2.7%
[18] Tax Subsidies Prop 13	150,000	150,000	\$ 166,667	(16,667)	-11.1%
[19] Tax Subsidies County Supplemental Funds	-	-	\$ -	-	#DIV/0!
Non- Patient Revenue	\$ 383,333	\$ 640,560	\$ 706,441	\$ (65,881)	-10.3%
<b>Total Operating Revenue</b>	\$ 383,333	\$ 6,795,697	\$ 6,635,068	\$ 160,629	2.4%
<b>Operating Expenses</b>					
[20] Salaries and Wages	-	3,869,331	3,754,825	\$ (114,506)	-3.0%
[21] Fringe Benefits	-	1,176,353	786,531	(389,822)	-33.1%
[22] Contract Labor	-	114,375	72,856	(41,519)	-36.3%
[23] Physicians Fees	-	298,243	340,810	42,567	14.3%
[24] Purchased Services	73,409	877,171	868,853	(8,318)	-0.9%
[25] Supply Expense	-	931,808	913,681	(18,127)	-1.9%
[26] Utilities	733	135,515	76,042	(59,473)	-43.9%
[27] Repairs and Maintenance	10,682	47,901	55,920	8,020	16.7%
[28] Insurance Expense	-	130,590	115,494	(15,096)	-11.6%
[29] All Other Operating Expenses	-	154,765	193,338	38,573	24.9%
[30] Supplemental and Grant Expense	-	-	-	-	0.0%
[31] Leases and Rentals	-	72,138	134,381	62,243	86.3%
[32] Clinic Expense	-	-	0	-	0.0%
[33] Total Operating Expenses	\$ 84,824	\$ 7,808,187	\$ 7,312,732	\$ (495,456)	-6.3%
[34] <b>EBIDA</b>	\$ 298,509	\$ (1,012,491)	\$ (677,664)	\$ (334,827)	33.1%
<b>Interest Expense and Depreciation</b>					
[35] Depreciation	504,865	504,865	494,658	\$ (10,207)	-2.0%
[36] Interest Expense and Amortization	359,830	393,735	431,460	37,725	9.6%
[37] Total Interest & depreciation	864,695	898,600	926,118	27,518	3.1%
<b>Non-Operating Revenue:</b>					
[38] Contributions & Other	-	963	75,000	(74,037)	-7691.9%
[39] Tax Subsidies for GO Bonds - M-A	613,966	613,966	666,667	(52,701)	-8.6%
[40] Total Non Operating Revenue/(Expense)	613,966	614,928	741,667	\$ (126,738)	-20.6%
[41] Total Net Surplus/(Loss)	\$ 47,779	\$ (1,296,162)	\$ (862,115)	\$ (434,047)	33.5%
[42] Extra-ordinary loss on Financing	-	-	-	-	-
[43] Increase/(Decrease in Unrestricted Net Assets	\$ 47,779	\$ (1,296,162)	\$ (862,115)	\$ (434,047)	33.5%
[44] Total Profit Margin	12.46%	-19.07%	-12.99%		
[45] EBIDA %	77.87%	-14.90%	-10.21%		

**Statement of Revenue and Expense**  
**SAN GORGONIO MEMORIAL HOSPITAL**  
**BANNING, CALIFORNIA**  
**SEVEN MONTHS ENDING JANUARY 31, 2022**

		YEAR-TO-DATE				
		DISTRICT ONLY			Positive	
		Actual	Actual	Budget	(Negative)	Percentage
		01/31/22	01/31/22	01/31/22	Variance	Variance
<b>Gross Patient Revenue</b>						
[1]	Inpatient Revenue	\$ -	\$ 130,302,959	\$ 142,321,994	\$ (12,019,035)	-9.2%
[2]	Inpatient Psych/Rehab Revenue	-	-	-	-	
[3]	Outpatient Revenue	-	142,554,838	\$ 152,383,690	(9,828,852)	-6.9%
[4]	Long Term Care Revenue	-	-	-	-	
[5]	Home Health Revenue	-	-	-	-	
[6]	<b>Total Gross Patient Revenue</b>	<b>\$ -</b>	<b>\$ 272,857,797</b>	<b>\$ 294,705,684</b>	<b>\$ (21,847,887)</b>	<b>-8.0%</b>
<b>Deductions From Revenue</b>						
[7]	Discounts and Allowances	-	(226,124,118)	\$ (252,966,843)	\$ 26,842,725	11.9%
[8]	Bad Debt Expense	-	(10,242,090)	\$ (5,950,000)	(4,292,090)	-41.9%
[9]	Prior Year Settlements	-	-	\$ -	-	
[10]	Charity Care	-	(619,059)	\$ (408,333)	(210,725)	-34.0%
[11]	<b>Total Deductions From Revenue</b>	<b>-</b>	<b>(236,985,267)</b>	<b>(259,325,177)</b>	<b>\$ 22,339,909</b>	<b>9.4%</b>
[12]			86.9%	-88.0%		
[13]	<b>Net Patient Revenue</b>	<b>\$ -</b>	<b>\$ 35,872,530</b>	<b>\$ 35,380,508</b>	<b>\$ 492,022</b>	<b>1.4%</b>
<b>Non Patient Operating Revenues</b>						
[14]	IGT/DSH Revenues	-	6,016,888	\$ 6,282,227	\$ (265,339)	-4.4%
[15]	Grants & Other Op Revenues	-	1,987,512	\$ 2,101,337	(113,825)	-5.7%
[16]	Clinic Net Revenues	-	-	\$ -	-	
[17]	Tax Subsidies Measure D	1,399,998	1,633,331	\$ 1,677,083	(43,752)	-2.7%
[18]	Tax Subsidies Prop 13	900,000	1,050,000	\$ 1,166,667	(116,667)	-11.1%
[19]	Tax Subsidies County Supplemental Funds	-	-	\$ -	-	#DIV/0!
	<b>Non- Patient Revenue</b>	<b>\$ 2,299,998</b>	<b>\$ 10,687,731</b>	<b>\$ 11,227,314</b>	<b>\$ (539,583)</b>	<b>-5.0%</b>
	<b>Total Operating Revenue</b>	<b>\$ 2,299,998</b>	<b>\$ 46,560,261</b>	<b>\$ 46,607,822</b>	<b>\$ (47,561)</b>	<b>-0.1%</b>
<b>Operating Expenses</b>						
[20]	Salaries and Wages	-	24,239,596	\$ 24,499,239	\$ 259,643	1.1%
[21]	Fringe Benefits	-	5,855,402	\$ 5,606,547	(248,855)	-4.3%
[22]	Contract Labor	-	735,583	\$ 465,313	(270,270)	-36.7%
[23]	Physicians Fees	-	2,273,212	\$ 2,362,828	89,616	3.9%
[24]	Purchased Services	207,558	6,056,059	\$ 6,076,390	20,331	0.3%
[25]	Supply Expense	-	6,844,034	\$ 5,781,608	(1,062,426)	-15.5%
[26]	Utilities	13,158	773,279	\$ 641,175	(132,104)	-17.1%
[27]	Repairs and Maintenance	64,245	470,765	\$ 389,941	(80,823)	-17.2%
[28]	Insurance Expense	-	920,183	\$ 808,459	(111,723)	-12.1%
[29]	All Other Operating Expenses	-	616,753	\$ 1,349,394	732,641	118.8%
[30]	Supplimental and Grant Expense	-	-	\$ 895,056	895,056	0.0%
[31]	Leases and Rentals	-	508,756	\$ 890,669	381,913	75.1%
[32]	Clinic Expense	-	-	\$ -	-	0.0%
[33]	<b>Total Operating Expenses</b>	<b>\$ 284,962</b>	<b>\$ 49,293,622</b>	<b>\$ 49,766,621</b>	<b>\$ 472,999</b>	<b>1.0%</b>
[34]	<b>EBIDA</b>	<b>\$ 2,015,036</b>	<b>\$ (2,733,361)</b>	<b>\$ (3,158,799)</b>	<b>\$ 425,438</b>	<b>-15.6%</b>
<b>Interest Expense and Depreciation</b>						
[35]	Depreciation	3,534,055	3,534,055	\$ 3,462,607	\$ (71,448)	-2.0%
[36]	Interest Expense and Amortization	2,540,579	2,728,954	\$ 2,999,558	270,604	9.9%
[37]	<b>Total Interest &amp; depreciation</b>	<b>6,074,634</b>	<b>6,263,009</b>	<b>6,462,166</b>	<b>199,156</b>	<b>3.2%</b>
<b>Non-Operating Revenue:</b>						
[38]	Contributions & Other	40,590	44,811	\$ 525,000	(480,189)	-1071.6%
[39]	Tax Subsidies for GO Bonds - M-A	4,297,759	4,297,759	\$ 4,666,667	(368,907)	-8.6%
[40]	<b>Total Non Operating Revenue/(Expense)</b>	<b>4,338,349</b>	<b>4,342,571</b>	<b>5,191,667</b>	<b>(849,096)</b>	<b>-19.6%</b>
[41]	<b>Total Net Surplus/(Loss)</b>	<b>\$ 278,751</b>	<b>\$ (4,653,799)</b>	<b>\$ (4,429,298)</b>	<b>\$ (224,502)</b>	<b>4.8%</b>
[42]	Extra-ordinary loss on Flnancing	-	-	-	-	
[43]	<b>Increase/(Decrease in Unrestricted Net Assets</b>	<b>\$ 278,751</b>	<b>\$ (4,653,799)</b>	<b>\$ (4,429,298)</b>	<b>\$ (224,502)</b>	<b>4.8%</b>
[44]	<b>Total Profit Margin</b>	<b>12.12%</b>	<b>-10.00%</b>	<b>-9.50%</b>		
[45]	<b>EBIDA %</b>	<b>87.61%</b>	<b>-5.87%</b>	<b>-6.78%</b>		



## Balance Sheet - Assets

### SAN GORGONIO MEMORIAL HOSPITAL BANNING, CALIFORNIA SEVEN MONTHS ENDING JANUARY 31, 2022

	DISTRICT ONLY		
	Current Month 1/31/2022	Current Month 1/31/2022	Prior Year End 6/30/2021
<b>Current Assets</b>			
[1] Cash and Cash Equivalents	\$1,591,018	\$7,278,537	\$ 1,763,843
[2] Gross Patient Accounts Receivable	\$0	\$98,952,989	58,800,003
[3] Less: Bad Debt and Allowance Reserves	\$0	(\$88,651,237)	(50,860,772)
[4] Net Patient Accounts Receivable	\$0	\$10,301,752	7,939,231
[5] Taxes Receivable	\$946,262	\$1,607,329	99,170
[6] Other Receivables (includes advances)	\$0	(\$2,105,859)	1,609,566
[7] Inventories	\$0	\$2,179,857	1,830,192
[8] Prepaid Expenses	\$126,169	\$862,450	21,540
[9] Due From Third Party Payers	\$0	(\$1,845,478)	598,026
[10] Malpractice Receivable	\$0	\$0	-
[11] Supplemental Receivables	\$0	\$0	902,000
<b>Total Current Assets</b>	<b>2,663,450</b>	<b>18,278,588</b>	<b>\$ 14,763,567</b>
<b>Assets Whose Use is Limited</b>			
[12] Cash			
[13] Investments			
[14] Bond Reserve/Debt Retirement Fund	\$6,854,696	\$10,688,482	15,999,821
[15] Trustee Held Funds			
[16] Funded Depreciation			
[17] Board Designated Funds			
[18] Other Limited Use Assets			
<b>Total Limited Use Assets</b>	<b>6,854,696</b>	<b>10,688,482</b>	<b>\$ 15,999,821</b>
<b>Property, Plant, and Equipment</b>			
[19] Land and Land Improvements	\$4,828,182	\$4,828,182	\$ 4,828,182
[20] Building and Building Improvements	\$129,281,491	\$129,281,491	129,257,409
[21] Equipment	\$26,853,549	\$26,853,549	26,562,627
[22] Construction In Progress	\$313,256	\$313,256	299,244
[23] Capitalized Interest			
[24] Gross Property, Plant, and Equipment	161,276,478	161,276,478	160,947,462
[25] Less: Accumulated Depreciation	(\$86,621,342)	(\$86,621,342)	(83,087,287)
[26] <b>Net Property, Plant, and Equipment</b>	<b>74,655,136</b>	<b>74,655,136</b>	<b>\$ 77,860,175</b>
<b>Other Assets</b>			
[27] Unamortized Loan Costs	\$627,385	\$627,385	\$ 728,520
[28] Assets Held for Future Use		\$0	
[29] Investments in Subsidiary/Affiliated Org.	\$22,654,561	\$0	591,819
[30] Other			
[31] <b>Total Other Assets</b>	<b>23,281,945</b>	<b>627,385</b>	<b>\$ 1,320,339</b>
[32] <b>TOTAL UNRESTRICTED ASSETS</b>	<b>107,455,227</b>	<b>104,249,590</b>	<b>\$ 109,943,902</b>
Restricted Assets	0	0	0
[33] <b>TOTAL ASSETS</b>	<b>\$107,455,227</b>	<b>\$104,249,590</b>	<b>\$ 109,943,902</b>



**Balance Sheet - Liabilities and Net Assets**  
**SAN GORGONIO MEMORIAL HOSPITAL**  
**BANNING, CALIFORNIA**  
**SEVEN MONTHS ENDING JANUARY 31, 2022**

	DISTRICT ONLY		
	Current Month 1/31/2022	Current Month 1/31/2022	Prior Year End 6/30/2021
<b>Current Liabilities</b>			
[1] Accounts Payable	\$ 308,095	\$ 8,235,469	\$ 9,285,913
[2] Notes and Loans Payable (Line of Credit)	-	9,000,000	16,391
[3] Accounts Payable- Construction	-	-	-
[4] Accrued Payroll Taxes	-	6,116,472	5,565,216
[5] Accrued Benefits	-	-	-
[6] Accrued Benefits Current Portion	-	-	-
[7] Other Accrued Expenses	-	-	-
[8] Accrued GO Bond Interest Payable	(51,168)	(51,168)	2,484,778
[9] Stimulus Advance	-	795,952	2,336,777
[10] Due to Third Party Payers (Settlements)	-	-	-
[11] Advances From Third Party Payers	-	-	-
[12] Current Portion of LTD (Bonds/Mortgages)	2,335,000	2,335,000	2,335,000
[13] Current Portion of LTD (Leases)	-	-	-
[14] Other Current Liabilities	-	596,724	53,471
<b>Total Current Liabilities</b>	<b>2,591,926</b>	<b>27,028,449</b>	<b>22,077,546</b>
<b>Long Term Debt</b>			
[15] Bonds/Mortgages Payable (net of Cur Portion)	103,097,387	\$103,097,387	\$ 105,677,009
[16] Leases Payable (net of current portion)	\$2,615,000	\$2,615,000	\$315,000
[17] <b>Total Long Term Debt (Net of Current)</b>	<b>105,712,387</b>	<b>105,712,387</b>	<b>105,992,009</b>
<b>Other Long Term Liabilities</b>			
[18] Deferred Revenue			
[19] Accrued Pension Expense (Net of Current)			
[20] Other			
[21] <b>Total Other Long Term Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 108,304,314</b>	<b>\$ 132,740,837</b>	<b>\$ 128,069,555</b>
<b>Net Assets:</b>			
[22] Unrestricted Fund Balance	(1,127,838)	(23,837,448)	\$ (3,774,444)
[23] Temporarily Restricted Fund Balance	-	-	-
[24] Restricted Fund Balance	-	-	-
[25] Net Revenue/(Expenses)	278,751	(4,653,799)	(14,351,209)
[26] <b>TOTAL NET ASSETS</b>	<b>(849,087)</b>	<b>(28,491,247)</b>	<b>\$ (18,125,653)</b>
[27] <b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 107,455,227</b>	<b>\$ 104,249,589</b>	<b>\$ 109,943,902</b>
	\$ 0	\$ (0)	\$ -

## Statement of Cash Flows

### SAN GORGONIO MEMORIAL HOSPITAL BANNING, CALIFORNIA SEVEN MONTHS ENDING JANUARY 31, 2022

		<b>CASH FLOW</b>	
		<b>Current</b>	
		<b>Month</b>	
		<b>1/31/2022</b>	
<b>HEALTHCARE SYSTEM CASH FLOW</b>			
<b>BEGINNING CASH BALANCES</b>			
[1]	Cash: Beginning Balances- HOSPITAL	\$	3,971,000
[2]	Cash: Beginning Balances- DISTRICT		452,104
[3]	Cash: Beginning Balances TOTALS	\$	4,423,104
<b>Receipts</b>			
[4]	Pt Collections	\$	4,208,780
[5]	Tax Subsidies Measure D		1,438,799
[6]	Tax Subsidies Prop 13		1,920,258
[7]	Tax Subsidies County Supplemental Funds		-
[8]	IGT & other Supplemental (Net)		5,579,132
[9]	Draws/(Paydown) of LOC Balances		-
[10]	Other Misc Receipts/Transfers		113,952
	<b>TOTAL RECEIPTS</b>	<b>\$</b>	<b>13,260,922</b>
<b>Disbursements</b>			
[11]	Payroll/ Benefits	\$	5,504,371
[12]	Other Operating Costs		4,564,490
[13]	Capital Spending		0
[14]	Debt serv payments (Hosp onlyw/ LOC interest)		-
[15]	Other (increase) in AP /other bal sheet		336,629
[16]	<b>TOTAL DISBURSEMENTS</b>	<b>\$</b>	<b>10,405,490</b>
[17]	<b>TOTAL CHANGE in CASH</b>	<b>\$</b>	<b>2,855,432</b>
<b>ENDING CASH BALANCES</b>			
[18]	Ending Balances- HOSPITAL	\$	5,687,519
[19]	Ending Balances- DISTRICT		1,591,018
[20]	Ending Balances- TOTALS	\$	7,278,537
<b>ADDITIONAL INFO</b>			
[21]	LOC CURRENT BALANCES	\$	9,000,000
[22]	LOC Interest Expense Incurred		0