



AGENDA

SPECIAL JOINT MEETING OF THE SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT BOARD OF DIRECTORS AND THE SAN GORGONIO MEMORIAL HOSPITAL BOARD OF DIRECTORS

Tuesday, March 3, 2026

2:00 PM

Modular C Classroom

600 N. Highland Springs Avenue, Banning, CA 92220

Assistance for those with disabilities: If you have a disability and need accommodation to participate in the meeting, please call (951) 769-2101 for assistance so the necessary arrangements can be made.

Shannon McDougall will participate remotely at 1600 Lamar Street, Houston, TX 77010
Darrell Petersen will participate remotely at 11234 Anderson Street, Loma Linda, CA 92354

- I. Healthcare District Board Call to Order
Hospital Board Call to Order
- S. McDougall
S. DiBiasi

II. Public Comment

A five-minute limitation shall apply to each member of the public who wishes to address the Healthcare District Board of Directors or the Hospital Board of Directors on any matter under the subject jurisdiction of the Boards. 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 Board Action.) (PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD.)

On behalf of the Healthcare District Board of Directors and the Hospital Board of Directors, we want you to know that the Boards acknowledges the comments or concerns that you direct to these Boards. While the Boards 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 Boards 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 Boards want 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's part; a response will be forthcoming.

NEW BUSINESS

- III. ***Proposed Action of Both Boards – Approve Interim Financing Related to the Delayed IRS Employee Retention Credit Quarter 3, 2021** A
- **ROLL CALL (DISTRICT BOARD)**
 - **ROLL CALL (HOSPITAL BOARD)**

***** ITEMS FOR DISCUSSION/APPROVAL IN CLOSED SESSION**

Staff

- Participate in a telephone conference with legal counsel
Significant exposure to litigation per Government Code § 54956.9(b)(1): 1 Matter

IV. ADJOURN TO THE CLOSED SESSION OF THE HEALTHCARE DISTRICT BOARD

*** The Board will convene to the Open Session portion of the meeting approximately 2 minutes after the conclusion of Closed Session.**

RECONVENE TO OPEN SESSION

***** REPORT ON ACTIONS TAKEN DURING CLOSED SESSION**

S. McDougall

- V. Adjournment of Healthcare District Board Meeting S. McDougall
Adjournment of Hospital Board Meeting S. DiBiasi

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 record is distributed to all, or a majority of all, members of the Board. Such records shall be available at the Healthcare District 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 March 2, 2026, I posted a copy of the foregoing agenda near the regular meeting place of the Boards of Directors of San Gorgonio Memorial Healthcare District and San Gorgonio Memorial Hospital, said time being at least 24 hours in advance of the special joint meeting of the Board of Directors (Government Code Section 54954.2).

Executed at Banning, California, on March 2, 2026

Ariel Whitley, Executive Assistant

TAB A

San Gorgonio Memorial Healthcare District and San Gorgonio Memorial Hospital

To: District Board and Hospital Board

Re: Agenda Item for March 3, 2026

Subject: Approve Interim Financing Related to the delayed IRS Employee Retention Credit Quarter 3, 2021

Background:

San Gorgonio Memorial Hospital has qualified for IRS reimbursement related to three Quarters of Employee Retention Credits that were made available after the Covid period at the beginning of this decade.

As of this writing, the Hospital has received payment for the first two Quarters of the ERC, however, payment for Quarter 3 is still pending an IRS audit. The Hospital's Consultant, Think LLP, represents that the Hospital is fully entitled to the funding based on certain regulations of the program. Nevertheless, the claim has still not been processed. Most recently, Michele Finney, CEO and her Tenet colleagues have contacted members of Congress to request that the audit be expedited or that the claim expeditiously be released and paid to the Hospital.

The amount of funds and anticipated interest earnings are estimated to be in excess of \$4.1M, and of course, this has been a significant line item in the current year's budgeted cash flow. Given the extended amount of time this has taken, Hospital Management is recommending that interim financing be approved in order to "bridge" this gap in needed cash.

The CFO and the District's Financial Advisor Fieldman, successor to Gary Hicks, have been seeking various funding vehicles, and it appears the most viable option as of this writing is a Master Lease Agreement with Verilease Finance Inc. with its Corporate Office based in Salt Lake City, Utah. This lease would in effect be financing recently placed major new (unencumbered) equipment at the Hospital. We are currently awaiting other financing proposals referred to as Revenue Anticipation Note (RAN).

A list of the equipment to be leased is attached, along with a summary of the Financing Options that have been reviewed.

Recommended Action: It is recommended that, in the event the ERC Quarter 3 funding is not received on a timely basis, the Boards authorize Hospital Management based on consultation with the District's Financial Advisor to enter into the most favorable option available to the District and Hospital selected from the following Financing Options Schedule:

Option 1 – Four Year Equipment Operating Lease, or

Option 3 – Two Year Revenue Anticipation Note

**SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
COMPARISON OF SHORT TERM FINANCING OPTIONS**

A	B	C	D	E	F	G	H	I	J	K	L	M	N
Option	Type of Transaction	Lease Amount	Up Front Pmt	Initial Revenue (net of up front pmt)	Term	All In Rate	Monthly Payment	Residual Value Due at Term	Total Payments	Total Cost Over 24 Months	Early Termination	Total if Termed at 12 months	Cost if Termed at 12 months
1	4-Year Equipment Operating Lease	\$ 3,500,000	\$ 85,575	\$ 3,500,000	48 mos.	11.52%	\$ 85,575	\$ 350,000	\$ 4,457,600	\$ 957,600	2% discount on balance	\$ 4,388,986	\$ 888,986
2	2-Year Equipment Operating Lease	\$ 3,500,000	\$ 131,285	\$ 3,368,715	24 mos.	7.99%	\$ 131,285	\$ 700,000	\$ 3,850,840	\$ 350,840	2% discount on balance	\$ 3,805,332	\$ 305,332
Lease Notes:		4-Year Term: Hospital must be a party, Last months payment due in advance at closing 2-Year Term: Hospital would not have to be a party, Last months payment due 3 days after lender approval Approval received for \$4,000,000 at same interest rates noted. Monthly payment would be \$97,800 for 4-Years and \$150,042 for 2-Years Timing 2-3 weeks to fund. Rate increase of .00008775 for every 5 basis points change in 36 month treasury note from benchmark of 3.573% for 2 year term and 3.54% for 4 year term.											
	Type of Transaction	Financed Amount	Cost of Issuance	Initial Revenue	Term	All in Rate	Monthly Interest Payment	Amount Due at Term	Total Payments + COI	Total Cost Over 24 Months*	Early Termination	Total if Termed at 12 months*	Cost if Termed at 12 months*
3	Revenue Anticipation Note (RAN)	\$ 3,500,000	\$ 100,000	\$ 3,400,000	24 mos.	9.66%	\$ 23,333	\$ 3,500,000	\$4,159,992	\$ 659,992	TBD	\$ 3,879,996	\$ 479,996
RAN Notes:		Preliminary estimate, subject to finding a buyer and negotiating terms. 2nd level security needed, equipment or revenue lien. Assumes a Note coupon interest rate of 8% and interest only payments until term. Looking into possibility of no payments. Assumes cost of issuance of \$100,000 for UW(\$50,000)/Legal/Other. Timing 2-3 weeks to identify a lender, 6-8 weeks to fund. *Total Cost includes Cost of Issuance which is taken off the top at time of issuance.											
	Type of Transaction	Financed Amount	Cost of Issuance	Initial Revenue	Term	All in Rate	Monthly Payment	Amount Due at Term	Total Payments + COI	Cost Based on Current IRS Interest Estimate	Early Termination	Total if Termed at 12 months	Cost if Termed at 12 months
4	"PayDay Loan"	\$ 3,693,951	\$ -	\$ 3,693,951	TBD	30%	\$ -	\$ 4,814,059	\$4,814,059	\$ 1,120,108	NA	NA	
PayDay Notes:		No formal proposal, terms based on preliminary information only.											

Equipment List

Manufacturer	Equipment	Acquisition Date	Cost	Serial Number	Amt Paid
Canon	Sotus Digital Portable X-Ray	Nov-24	\$ 154,280.00	MQ00024D2006	\$ 154,280.00
Canon	Aqillion CT Scanner	Jan-24	\$ 692,058.00	8LA2372288	\$ 703,911.00
Phillips	Flouroscopy	Feb-25	\$ 472,652.30	722429230269	\$ 472,652.30
GE	OEC C-Arm	Nov-24	\$ 212,573.75	141535661-A11466	\$ 212,573.75
Canon	Aqillion CT Scanner	Feb-25	\$ 592,859.00	8LC2462291	
Siemens	SPECT CT		\$ 728,237.00	N/A	
Omniceil	Medication Dispensing Cabinets	Jul-24	\$ 680,454.15	Multiple	\$ 680,454.15
Mindray	Cardiac Monitors and Anesthesia Machines	Dec-23	\$ 1,178,316.33	Multiple	\$ 1,178,316.33
Total			\$ 4,711,430.53		\$ 3,402,187.53