



SVHCD FINANCE COMMITTEE MEETING

AGENDA

TUESDAY, NOVEMBER 18, 2025

5:00 p.m. Regular Session

**To Be Held in Person at
Sonoma Valley Hospital, 347 Andrieux Street
Administrative Conference Room
and Via Zoom Videoconference**

sonomavalleyhospital-org.zoom.us/j/94662918236

Meeting ID: 946 6291 8236

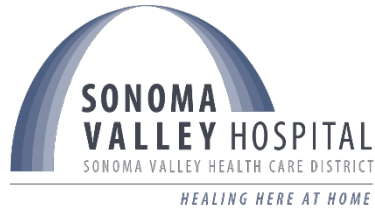
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AGENDA ITEM		
<p>In compliance with the Americans with Disabilities Act, if you require special accommodations to attend a District meeting, please contact the Board Clerk, Whitney Reese, at wreese@sonomavalleyhospital.org or 707.935.5035 at least 48 hours prior to the meeting.</p>		
<p>MISSION STATEMENT <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i></p>		
1. CALL TO ORDER/ANNOUNCEMENTS	<i>Case</i>	
2. PUBLIC COMMENT SECTION	<i>Case</i>	
<p><i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Board consideration.</i></p>		
3. WELCOME KELLEY KAISER	<i>Case</i>	Inform
4. CONSENT CALENDAR • Finance Committee Minutes 08.26.25	<i>Case</i>	Action <i>Pages 2 - 3</i>
5. IGT UPDATE	<i>Armfield</i>	Inform
6. SEISMIC UPDATE	<i>Case/Armfield</i>	Inform
7. STRYKER OR EQUIPMENT SYSTEM REPLACEMENT	<i>Armfield</i>	Action <i>Pages 4 - 19</i>
8. 2026 FINANCE COMMITTEE WORK PLAN	<i>Case</i>	Action <i>Page 20</i>
9. FINANCIAL REPORTS FOR MONTH END OCTOBER 2025 • Cash Flow/Financing	<i>Armfield</i>	Inform <i>Pages 21 - 29</i>
10. ADJOURN	<i>Case</i>	



SVHCD FINANCE & AUDIT COMMITTEE MEETING

MINUTES

TUESDAY, AUGUST 29, 2025

In Person at Sonoma Valley Hospital

347 Andrieux Street

and Via Zoom Teleconference

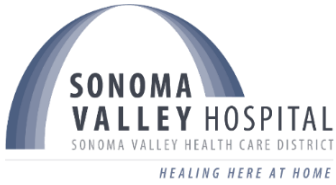
Present	Not Present/Excused	Staff/Public
Ed Case, in person Dennis Bloch, in person Paul Chakmak, in person Alexis Alexandridis, MD MBA FACS, in person Andrew Exner, via zoom Catherine Donahue, via zoom	Robert Crane Graham Smith	Ben Armfield, SVH Interim CEO & SVH CFO, in person Whitney Reese, SVH Board Clerk, in person Wendy Lee Myatt, via zoom Lynn McKissock, SVH Chief HR Officer, in person Kimberly Drummond, SVH Chief of Support Services, in person Bryan Lum, SVH Director of Information Technology, in person Lois Fruzynski, SVH Accounting Manager, via zoom Leslie Petersen, SVH Foundation ED, in person Katherine Djiauw, via zoom Chris Pritchard, via zoom

MISSION & VISION STATEMENT

The mission of SVHCD is to maintain, improve, and restore the health of everyone in our community.

AGENDA ITEM	DISCUSSION	ACTIONS
1. CALL TO ORDER/ANNOUNCEMENTS	<i>Ed Case</i>	Meeting called to order 5:00pm
None		
2. PUBLIC COMMENT SECTION	None	
3. CONSENT CALENDAR	<i>Dennis Bloch</i>	Action
Finance Committee Minutes 8.26.25		MOTION: Motion to approve by Chakmak, 2 nd by Bloch. All in favor.
4. FY25 AUDIT REPORT PRESENTATION	<i>Katherine Djiauw & Chris Pritchard, Baker Tilly</i>	Action MOTION: Motion to approve by Bloch, 2 nd by Bloch. All in favor.
Audit Director Catherine Dijauw and Partner Chris Pritchard from Baker Tilly (formerly Moss Adams) provided the audit for FY 2025, noting no audit adjustments, no control issues, and accurate financial reporting across key areas like patient accounts receivable, revenue recognition, and debt. They highlighted improved cash collections, reduced accounts receivable days, modest growth in net position, and a narrowed operating deficit (14% vs. 17% prior year), supported by stronger volumes, IGT funds, and continued tax and Foundation support.		
5. IT SYSTEMS REVIEW	<i>Bryan Lum</i>	Inform
Lum presented the IT systems review outlining the current state of key technology components, recent improvements, and planned upgrades. Highlights included		

<p>progress on modernizing communication systems, streamlining printers and scanners, enhancing internet redundancy, and advancing a major server replacement project already underway. The review also noted that significant opportunities remain to update the network infrastructure and strengthen overall system performance, and that a comprehensive, phased plan, with clear timelines, costs, and UCSF coordination, is being developed to support long-term reliability, efficiency, and security.</p>		
6. SUMMIT BANK LOAN AGREEMENT	<i>Ben Armfield</i>	Action MOTION: Motion to approve by Chakmak, 2 nd by Bloch. All in favor.
<p>The committee reviewed the proposed increase to the Summit State Bank line of credit and confirmed that the NorCal Guarantee (originally required for the hospital's prior financing) remains unchanged under the renewal. It was clarified that the debt service coverage ratio stays at 1:1, and discussed that the increased line comes with higher costs, reflecting the bank's pricing rather than new credit concerns. Although the LOC carries a maturity date of 2031, it still functions as an annually renewable facility subject to covenant compliance.</p>		
7. IGT UPDATE	<i>Ben Armfield</i>	Inform
<p>Armfield shared an update that the IGT numbers are essentially finalized and reflect a significantly stronger outcome than originally budgeted. After required fees, the hospital will see a substantial net benefit, with the match payment due later in November and program funds anticipated in January.</p>		
8. PARCEL TAX ADVANCE / FINANCING	<i>Ben Armfield</i>	Inform
<p>Armfield discussed that the county may no longer allow an advance on the December parcel tax unless the hospital hands over its treasury functions - an option they do not want to pursue. Legal counsel is reviewing the issue, and alternative short-term financing options are being explored. If the advance isn't available, the hospital can temporarily manage cash flow by adjusting payables. More updates will follow as options are evaluated.</p>		
9. SEISMIC COMPLIANCE UPDATE	<i>Ed Case/Ben Armfield</i>	Inform
<p>Armfield reviewed upcoming seismic compliance deadlines and the significant cost challenges they pose, noting that full upgrades are financially unrealistic for small hospitals. It was discussed whether to submit only the minimum required plan to remain in good standing while continuing statewide advocacy, or to formally signal that compliance is not feasible. The topic will move to the Board for further direction next week.</p>		
10. STRATEGIC PLAN UPDATE (Defer)	<i>Ben Armfield</i>	Inform
<p>Defer to wait for new CEO</p>		
11. BALANCE SHEET REVIEW	<i>Ben Armfield</i>	Inform
12. FINANCIAL REPORTS FOR MONTH END SEPTEMBER 2025	<i>Ben Armfield</i>	Inform
<p>Armfield reported a strong first quarter with solid volumes and performance above budget. While cash will be tight until parcel tax funds arrive, the team is actively managing timing and exploring alternatives to ensure stability. The committee acknowledged the positive operational momentum and will review updated cash projections at the next meeting.</p>		
9. ADJOURN	<i>Dennis Bloch</i>	Inform
<p>Meeting adjourned at 6:25pm</p>		



To: SVHCD Finance Committee
From: Ben Armfield, Chief Financial Officer
Date: November 18th, 2025
Subject: Stryker Surgical Video and OR Integration System Replacement

THE ASK

Management respectfully requests that the Finance Committee recommend Board approval to proceed with the proposed agreement for procurement of Stryker's surgical video and OR integration system.

While this project is anticipated to be fully funded through philanthropic support from the Sonoma Valley Hospital Foundation, the hospital must formally execute the purchase agreement with the vendor on behalf of the District. Approval is needed to move forward with the selected financing pathway and secure the equipment in alignment with clinical need and the Foundation's fundraising timeline.

BACKGROUND | What is it and why do we need it?

This project replaces our aging surgical video and integration system - the critical equipment that allows surgeons to see inside the body and manage procedures safely and efficiently. Often described as the "eyes and brain of the OR," the system plays a foundational role in nearly every surgical case performed at SVH.

Our existing system is over 10 years old and is now at end-of-life. It is no longer supported by the manufacturer, meaning that replacement parts are often no longer available or at minimum, very difficult to find. If the system fails, we risk disruptions to surgical services.

The equipment was identified during the FY26 capital planning process as a critical need, and was included in the \$4.5 million of critical capital projects that was part of the formal FY26 budget. The hospital has worked with the Foundation to support its replacement, and the Foundation has graciously started a fundraising campaign to raise needed funds to cover the purchase of the replacement. While we have been working through the funding planning process over the past couple of quarters, the current system has stretched beyond its viable lifespan, so we do believe this replacement has increasing urgency.

This Stryker package, which carries a cost between \$767,000-\$790,000, includes two components:

1. Video Equipment (Endoscopy Tower)

- This includes the core surgical video system: monitors, cameras, light sources, and imaging modules
- Equipment is ready for shipment upon contract execution
- Can be installed and in use within weeks, prior to the communications upgrade

2. Communications Package (OR Integration / Cabling)

- Includes ceiling-mounted hardware, cabling infrastructure, and a central routing system
- Requires longer lead time - installation is scheduled approximately 90+ days out
- Will be installed in all three ORs and integrates with the new video equipment

In short, this upgrade is similar to going from a flip phone to a smartphone - everything is faster, clearer, more connected, and more reliable.

PHILANTHROPIC SUPPORT & FINANCING OPTIONS

The Sonoma Valley Hospital Foundation is actively raising funds to fully support this purchase, with proceeds expected by late January 2026. In the meantime, the hospital must commit to a procurement arrangement with Stryker to ensure timely installation. Two financing options are available:

• **Straight Purchase**

- The hospital would be required to follow Stryker’s standard billing terms:
 - 20% deposit on the communications package upon execution
 - Remaining 80% paid in January and March
 - The video tower (majority of cost) is net 30 from shipment - likely due in January
- **Total cost:** ~\$767,000
- **Benefit:** Lowest total cost
- **Challenge:** Requires significant cash outlay before Foundation funds are available, and potentially before Rate Range IGT funds are delivered.

• **3-Month Lease Bridge**

- Covers the full video system cost and allows for immediate installation
- Payment is deferred for 3 months, with a single balloon payment of due at end of term
- Deferral clock does not start until Communication package is fully installed (~3 months from execution)
- **Total cost:** \$789,000 (includes ~\$21,500 in interest)
- **Benefit:** Allows the hospital to secure and install the video equipment immediately while deferring the full payment for 3 months. Preserves cash in a time where cash is very tight.
- **Challenge:** Additional interest cost, administrative complexity working through lease agreement and balloon payment

See the table below for comparison of cost between the two options – both in total, and estimated required cash outlay by month. Based on timing of execution and required outlay, the purchase option, while the preferred option under ideal conditions, presents a real concern given current cash levels. We simply cannot afford to use any operating cash toward this until our rate range IGT proceeds are received.

Total Cost Comparison	Purchase	Lease	Purchase	Lease
Endoscopy Video System	\$ 570,084	\$ 570,084	100% payment Net 30	3-month deferral
Comms Package	130,790	130,790	20%/60%20%	3-month deferral once installed
SubTotal	\$ 700,874	\$ 700,874		
Sales Tax	66,583	66,583		
Total After Tax	\$ 767,457	\$ 767,457		
Interest	-	21,554		
Grand Total	\$ 767,457	\$ 789,011		

If Execution in December, estimated payment obligation as follows (prior to foundation reimbursement):

Required Cash Outlay	Purchase	Lease	Purchase	Lease
December	\$ 26,158	\$ -	20% deposit upon execution	Endo Video System installed
January	\$ 636,667	\$ -	Endo System 100% Net 30	
February	\$ 78,474	\$ -	Comms 60% upon delivery	
March	\$ 26,158	\$ -	Comms 20% upon completion	Comms Installed
April	\$ -	\$ -		Month 1 of Lease
May	\$ -	\$ -		Month 2 of Lease
June	\$ -	\$ 789,011		Month 3 of Lease, Term
Grand Total	\$ 767,457	\$ 789,011		
Potential outlay prior to IGT:	\$ 662,825	\$ -		

RECOMMENDATION

Given the critical nature of this equipment, its end-of-life status, and the potential for failure of the current system, management recommends moving forward with the 3-month lease bridge option.

This short-term lease allows the hospital to secure and install the surgical video system immediately, while deferring the full payment until at least March 2026. The lease agreement structure ensures that the payment deferral does not begin until the communications system installation is complete, further aligning with the hospital's operational and financial timeline.

While the lease does include approximately \$21,500 in interest cost, this modest premium preserves the hospital's limited operating cash during a critical period, avoids delays to an essential equipment upgrade, and ensures continuity of surgical services.

If the District were to move forward with the purchase option, given the immediate cash constraints, management would not feel comfortable proceeding until early in the new calendar year, when additional liquidity is expected.

In light of the above, management respectfully requests the Finance Committee's recommendation to the Board to proceed with the lease arrangement, contingent upon review of SVH legal counsel, as the most viable path forward given current liquidity constraints and philanthropic timing.

ATTACHMENTS:

- Stryker OR Tower Vendor Flyer (attached for reference and context)
- Stryker Operating Room System Philanthropic Flyer – SVH Foundation (attached for reference and context)
- Stryker / SVH Master Lease Agreement (3 Month Deferral Arrangement)



SONOMA VALLEY HOSPITAL

is My Hospital.

Advancing Surgical Excellence At Sonoma Valley Hospital

presented by SONOMA VALLEY HOSPITAL FOUNDATION

A Campaign to Fund a New Stryker Operating Room System

Sonoma Valley Hospital (SVH) is a vital part of our community, providing high-quality, compassionate care close to home. From emergency services and stroke care to surgery, rehabilitation, and women’s health, we offer a broad range of essential services that support every stage of life.

Our patients often tell us, “I had a wonderful experience there”—a reflection of our commitment to expert care and the healing power of human connection. With top-rated staff and trusted services, we help our community stay healthy, safe, and supported every day.

Surgical and Procedural Care: A Strong Foundation

Orthopedic and rehabilitative care is one of SVH’s most impactful service lines, touching thousands of lives each year. Surgical and procedural services are among Sonoma Valley Hospital’s most impactful offerings, touching thousands of lives each year. In 2024 alone, our teams performed hundreds of procedures across multiple specialties—including orthopedics, general surgery, colonoscopies, ophthalmology, gynecology and urology. These services address a wide range of conditions that directly affect health, safety, and quality of life. Whether it’s restoring mobility, detecting cancer early through colonoscopy, or improving vision, our patients rely on SVH for expert care delivered close to home.

Ways to Give Support Donations • Pledges • Sponsorships • Planned Giving 

Advancing Surgical Excellence: A Critical Investment

At the heart of our surgical services is the **Stryker Operating Room Integration System**—a sophisticated platform that connects surgical equipment, imaging devices, displays, and data systems. Installed over a decade ago, our current system is now **obsolete** and will soon no longer be supported by the manufacturer.

Without this upgrade, SVH faces serious risks:

- **Increased Risk of Equipment Failure:** Repairs will no longer be possible due to lack of parts and service.
- **Reduced Efficiency:** Outdated technology slows surgical prep, extends procedure times, and delays room turnover.
- **Patient Safety Concerns:** Our system lacks the modern safeguards and imaging integration that are now standard in minimally invasive and image-guided surgery.
- **Recruitment and Retention Challenges:** Advanced surgical tools are essential for attracting and keeping top-tier medical talent.

The Solution: A New Stryker OR Integration System

We are seeking philanthropic support to replace the outdated system with a **next-generation Stryker OR Integration System**, which will provide:

- 4K visualization and advanced imaging tools
- Real-time video routing and recording
- Seamless integration with hospital EMR systems
- Touchscreen control panels for streamlined workflows
- Ergonomic design for better staff efficiency and comfort



This \$1 million investment will ensure uninterrupted, state-of-the-art surgical services in Sonoma Valley while elevating safety, efficiency, and patient outcomes.



Impact of Your Gift

By supporting this project, you will:

- Ensure uninterrupted, high-quality surgical services for thousands of local residents
- Enhance surgical precision, safety, and efficiency
- Reduce recovery times and improve patient outcomes
- Strengthen recruitment and retention of expert surgeons and staff
- Keep Sonoma Valley Hospital technologically current and regionally competitive

This is not simply an equipment purchase—it is an investment in lives, safety, and the long-term vitality of our community hospital.



Ways to Give We invite you to join us in this transformative project. Gifts can be made through one-time or recurring donations, corporate sponsorships, planned giving, or in honor or memory of a loved one. **To donate or learn more**, please visit SVHFoundation.com or contact: **Leslie Antonelli Petersen** at lpetersen@sonomavalleyhospital.org or 707-738-5108.

Together for a Healthier Tomorrow With your support, we can advance surgical excellence at Sonoma Valley Hospital—helping our community move freely, live fully, and heal faster.



Surgical control, at your fingertips.

Increases **efficiency**

- A streamlined, intuitive interface that helps shift focus back to the patient with surgeon profiles and device presets.



Scalable **Solution**

- A small system requiring minimal infrastructure and is designed to grow with future expansion needs.

Maximizing **Control**

- Provides staff with a centralized location to manage and control Stryker video equipment and surgical devices.



Surgical visualization re-imagined.

Illuminate **critical anatomy**

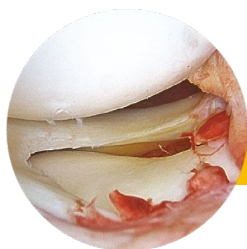
- Advanced imaging illuminates critical anatomy when it matters most and highlights cancers to better treat patients. Surgeons clearly delineate biliary anatomy, blood flow, bladder tumors, lung lesions, lymph nodes and lymphatic channels.

Experience **1 billion colors**

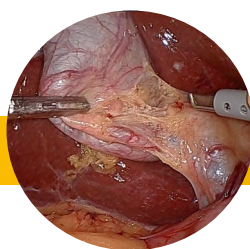
- The 1788 Camera sees a wider color gamut with 62.5x more colors giving surgeons better color accuracy, clear variation of tissue types, and an astonishingly vibrant surgical image.

Visualize **4K**

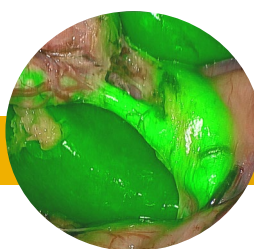
- Best-in-class 4K white light imaging and enhanced ease of use across 10 surgical specialties. High Dynamic Range and Tone Mode provide superior and consistent lighting with more detail in the shadows and highlights of the surgical image.



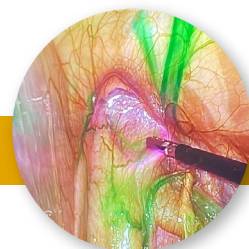
Brilliant White Light



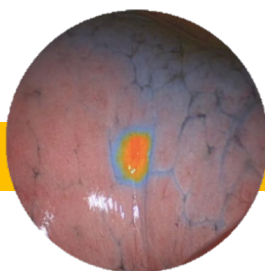
SPY Overlay



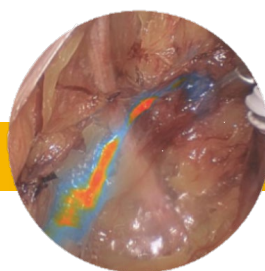
IRIS Ureter Imaging



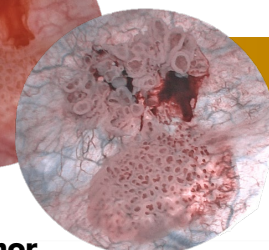
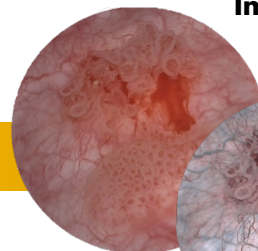
Lung Cancer Imaging



Lymphatic Mapping



SPY CSI - Bladder Tumor Visualization



Date: September 23, 2025

RE: Reference no:0110269220

SONOMA VALLEY HEALTH CARE DISTRICT
347 Andrieux St
Sonoma, California 95476-6863

Thank you for choosing Stryker for your equipment needs. Enclosed please find the documents necessary to enter into the arrangement. Once all of the documents are completed, properly executed and returned to us, we will issue an order for the equipment.

PLEASE COMPLETE ALL ENCLOSED DOCUMENTS TO EXPEDITE THE SHIPMENT OF YOUR ORDER.

- Master Agreement**
- Lease Schedule to Master Agreement**
- Exhibit A - Detail of Equipment**
- Insurance Requirements**
- State and Local Government Rider**

****Conditions of Approval: Accounts Payable Contact Information, State and Local Government Rider, Federal ID, Certificate of Insurance, Insurance Requirements**

PLEASE PROVIDE THE FOLLOWING WITH THE COMPLETED DOCUMENTS:

Federal Tax ID number:	_____	Accounts Payable contact:	_____
Purchase order number:	_____	Accounts Payable Email:	_____
Upfront payment check number (if applicable):	_____	Accounts Payable Phone:	_____
		Accounts Payable Address:	_____
Administrative Contact(s):			
Administrative contact name:	_____	Administrative contact name:	_____
Email address:	_____	Email address:	_____
Phone number:	_____	Phone number:	_____

Please send completed documents to your Stryker team for processing or fax documents to (877) 204-1332.

If you have any questions regarding these documents, please contact your Stryker team.

The proposal evidenced by these documents is valid through the last business day of September, 2025

Sincerely,
Flex Financial, a division of Stryker Sales, LLC

Notice: To help the government fight the funding of terrorism and money laundering activities, U.S. Federal law requires financial institutions to obtain, verify and record information that identifies each person (individuals or businesses) who opens an account. What this means for you: When you open an account or add any additional service, we will ask you for your name, address, federal employer identification number and other information that will allow us to identify you. We may also ask to see other identifying documents. For your records, the federal employer identification number for Flex Financial, a Division of Stryker Sales, LLC is 38-2902424.

<p>Owner: Flex Financial, a division of Stryker Sales, LLC 1941 Stryker Way Portage, MI 49002</p>	<p>Customer: SONOMA VALLEY HEALTH CARE DISTRICT 347 Andrieux St Sonoma, California 95476-6863</p>
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1. Master agreement. The undersigned Customer ("**Customer**") unconditionally and irrevocably agrees with the above referenced Owner (together with all of its successors and Assignees, collectively, "**Owner**") to use or acquire, as applicable, the equipment and other personal property and services, if any (together with all additions and attachments to it and all substitutions for it, collectively, the "**Equipment**") described in each Equipment Schedule referencing this Agreement (which may be in the form of an Equipment Lease Schedule, Equipment Rental Schedule, Equipment Use Schedule, Fee Per Disposable Schedule, Fee Per Implant Schedule, Equipment Purchase Schedule or other schedule referencing this Agreement, each, together with any attachments thereto, an "**Equipment Schedule**") and purchased from the Supplier(s) noted in the applicable Equipment Schedule (each a "**Supplier**"). Each Equipment Schedule shall incorporate by reference all of the terms of this Agreement and shall constitute a separate agreement (each such Equipment Schedule, together with such incorporated terms of this Agreement, collectively, a "**Schedule**") that is assignable separately from each other Schedule. In the event of a conflict between this Agreement and the terms of an Equipment Schedule, the terms of the Equipment Schedule shall prevail. No provision of a Schedule may be amended except in a writing signed by Owner's and Customer's duly authorized representatives.

2. Risk of loss. Effective upon delivery to Customer and continuing until the Equipment is returned to Owner in accordance with the terms of each Schedule, Customer shall bear all risks of loss or damage to the Equipment and if any loss occurs Customer is nevertheless required to satisfy all of its obligations under each Schedule.

3. Payments/fees. All periodic payments, "Semi-Annual Differential" (if a Fee Per Disposable Schedule or Fee Per Implant Schedule) and other amounts due from Customer to Owner under a Schedule are collectively referred to as "**Payments**". Unless otherwise instructed by Owner in writing, all Payments shall be made to Owner's address in the applicable Schedule. Any payment by or on behalf of Customer that purports to be payment in full for any obligation under any Schedule may only be made after Owner's prior written agreement to accept such payment amount. If Customer fails to pay any amount due under a Schedule within ten (10) days after its due date, Customer agrees to pay a late charge equal to (as reasonable liquidated damages and not as a penalty) five percent (5%) of the amount of each such late payment. If any check or funds transfer request for any Payment is returned to Owner unpaid, Customer shall pay Owner a service charge of \$55 for each such returned check or request. Customer authorizes Owner to adjust the Payments at any time if taxes included in the Payments differ from Owner's estimate. Customer agrees that the Payments under a Schedule were calculated by Owner based, in part, on an interest rate equivalent as quoted on Bloomberg under the SOFR Swap Rate, that would have a repayment term equivalent to the initial term (or an interpolated rate if a like-term is not available) as reasonable determined by us (and if the SOFR Swap Rate is no longer provided by Bloomberg, such rate shall be determined in good faith by Owner from such sources as Owner shall determine to be comparable to Bloomberg [or any successor]), and in the event the date the Equipment is delivered to Customer under any Schedule is more than 30 days after Owner sends the Schedule to Customer, Owner may adjust the Payments once to compensate Owner, in good faith, for any increase in such rate. "SOFR" with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York's website as quoted by Bloomberg.

4. Equipment. Customer shall keep the Equipment free of liens, claims and encumbrances, and shall not modify, move, sell, transfer, or otherwise encumber any Equipment or permit any Equipment to be used by others or become attached to any realty, in each case without the prior written consent of Owner, which consent shall not be unreasonably withheld. Any modification or addition to any Equipment shall automatically become the sole property of Owner, unless the Schedule is an Equipment Purchase Schedule or Customer selects \$1.00 Buyout for any Schedule. Owner shall have the right to enter Customer's premises during business hours to inspect any Equipment and observe its use upon at least one (1) day's prior written or verbal notice. Customer shall comply with all applicable laws, rules and regulations concerning the operation, ownership, use and/or possession of the Equipment.

5. Obligations absolute. Customer's Payments and other obligations under each Schedule are absolute and unconditional and non-cancelable regardless of any defect or damage to the Equipment (or Disposables/Implants, if applicable) or loss of possession, use or destruction of the Equipment (or Disposables/Implants, if applicable) and are not subject to any set-offs, recoupment, claims, abatements or defenses, provided that neither this Agreement nor any Equipment Schedule shall impair any express warranties or indemnifications, written service agreements or other obligations of Stryker Corporation or any of its subsidiaries to Customer regarding the Equipment and Owner hereby assigns all of its rights in any Equipment warranties to Customer. Customer waives all rights to any indirect, punitive, special or consequential damages in connection with the Equipment or any Schedule.

6. Use/assignment/disclaimers. All Equipment shall be used solely for business purposes, and not for personal or household use. Customer shall maintain the Equipment in good repair in accordance with the instructions of the Supplier so that it shall be able to operate in accordance with the manufacturer's specifications. **CUSTOMER SHALL NOT TRANSFER OR ASSIGN ANY OF ITS RIGHTS OR OBLIGATIONS UNDER ANY SCHEDULE OR EQUIPMENT** without Owner's prior written consent, which consent shall not be unreasonably withheld. Customer shall promptly notify Owner in writing of any loss or damage to any Equipment. Owner shall own the Equipment (unless the Schedule is an Equipment Purchase Schedule or Customer selects \$1.00 Buyout for any Schedule). Owner may sell, assign, transfer or grant a security interest to any third party (each, an "**Assignee**") in any Equipment, Payments and/or Schedule, or interest therein, in whole or in part, without notice to or consent by Customer. Customer agrees that Owner may assign its rights under and/or interest in each Schedule and the related Equipment to an Assignee immediately upon or any time after Owner's acceptance of each Schedule and upon such assignment, Customer consents to such assignment and acknowledges that references herein to "Owner" shall mean the Assignee. No Assignee shall assume or be liable for any of the Original Owner's (as defined below) obligations to Customer even though an Assignee may continue to bill and collect all of Customer's obligations under this Agreement in the name of "Flex Financial, a division of Stryker Sales, LLC." Customer acknowledges that such Assignee is not the manufacturer or supplier of any Equipment and is not responsible for its delivery, installation, repair, maintenance or servicing and no Assignee shall have any obligations or liabilities of any kind whatsoever concerning or relating to the Equipment. Customer has selected each Supplier and manufacturer and all of the Equipment. Neither the Original Owner, Supplier nor any manufacturer is an agent of any Assignee, and no representative of the Original Owner, manufacturer or any Supplier is authorized to bind any Assignee for any purpose or make any representation on Assignee's behalf. Customer agrees to look only to Stryker Sales, LLC (the "**Original Owner**"), the Supplier(s) or the manufacturer(s) for any defect or breach of warranty regarding the Equipment. **AS TO ANY ASSIGNEE, CUSTOMER TAKES AND USES THE EQUIPMENT ON AN "AS-IS", "WHERE-IS" BASIS. ASSIGNEE MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, REGARDING ANY EQUIPMENT, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. TO THE EXTENT, IF ANY, THAT CUSTOMER HAS ANY CLAIMS, RIGHTS OR DEFENSES AGAINST THE ORIGINAL OWNER, ANY MANUFACTURER AND/OR ANY SUPPLIER, CUSTOMER SHALL RAISE SUCH CLAIMS, RIGHTS OR DEFENSES ONLY AGAINST THE ORIGINAL OWNER, MANUFACTURER OR SUPPLIER AND NOT AGAINST ASSIGNEE AND SHALL NONE-THE-LESS PAY ALL PAYMENTS AND OTHER AMOUNTS DUE UNDER A SCHEDULE TO THE ASSIGNEE ON THEIR RESPECTIVE DUE DATES WITHOUT ANY DEFENSE, RECOUPMENT, SETOFF, ABATEMENT, CLAIM OR COUNTERCLAIM OF ANY NATURE. THE ORIGINAL OWNER (INCLUDING FLEX FINANCIAL, A DIVISION OF STRYKER SALES, LLC) MAKES NO IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE REGARDING ANY EQUIPMENT.**

7. Insurance/indemnification. Customer shall at all times maintain and provide Owner with certificates of insurance evidencing (i) third-party general liability insurance (covering death and personal injury and damage to third party property) with a minimum limit of \$1 million combined single limit per occurrence and (ii) property insurance covering the Equipment against fire, theft, and other loss, damage or casualty for the full replacement value of the Equipment in each case with insurers acceptable to Owner. Such policies shall list Owner and each Assignee as an additional insured and sole loss payee, as applicable, for such insurance. Such insurance policies shall require the insurer to provide Owner with at least 30 days' prior written notice of any material change in or cancellation of the insurance. In the event that Owner determines that the insurance is not in effect, Owner may (but shall not be required to) obtain such insurance and add an insurance fee (which may include a profit) to the amounts due from Customer under the applicable Schedule. Upon any loss or damage to any Equipment, Customer shall continue to pay all Payments due under the related Schedule for the remainder of its term and shall, at Owner's sole election, either repair such

Equipment or replace it with comparable equipment satisfactory to Owner. Proceeds of insurance shall be paid to Owner with respect to any Equipment loss, damage, theft or other casualty and shall, at the election of Owner, be applied either to the repair of the Equipment by payment by Owner directly to the party completing the repairs, or to the reimbursement of Customer for the cost of such repairs; provided, however, that Owner shall have no obligation to make such payment or any part thereof until receipt of such evidence as Owner shall deem satisfactory that such repairs have been completed and further provided that Owner may apply such proceeds to the payment of any Payments or other sum due or to become due hereunder if at the time such proceeds are received by Owner there shall have occurred any Event of Default or any event which with lapse of time or notice, or both, would become an Event of Default. To the extent not expressly prohibited by applicable law, Customer will reimburse and defend Owner, including each Assignee for and against any losses, injuries, damages, liabilities, expenses, claims or legal proceedings asserted against or incurred by Owner, including any Assignee, relating to the Equipment and which relate to or arise out of Customer's act or omission or the act or omission of Customer's agents or employees or others (excluding Owner) with access to the Equipment. All Taxes and indemnity obligations shall survive the termination, cancellation or expiration of a Schedule.

8. UCC filings. CUSTOMER WAIVES ANY AND ALL RIGHTS AND REMEDIES GRANTED TO CUSTOMER BY SECTIONS 2A-508 THROUGH 2A-522 OF THE UNIFORM COMMERCIAL CODE ("UCC"). If and to the extent that this Agreement or a Schedule is deemed a security agreement (or if the Schedule is an Equipment Purchase Schedule or Customer selects \$1.00 Buyout for any Schedule), Customer hereby grants to Owner, its successors and assigns, a security interest in all of Customer's rights under and interest in the Equipment, all additions to the Equipment and all proceeds of the foregoing. Such security interest secures all Payments and other obligations owing by Customer to Owner under the applicable Schedule. Customer authorizes Owner and any Assignee to file UCC financing statements disclosing Owner's or Assignee's interest in the Equipment. Customer shall provide Owner with at least 45 days' prior written notice of any change to Customer's principal place of business, organization or incorporation.

9. Taxes.

(a) Reporting and Payment. If permitted by applicable law and except as noted below, Owner shall pay when and as due all sales, use, property, excise and other taxes, and all license and registration fees now or hereafter imposed by any governmental body or agency upon any Schedule or the ownership, use, possession, or sale of the Equipment, together with all interest and penalties for their late payment or non-payment ("Taxes"). Customer shall indemnify and hold Owner harmless from any such Taxes. Owner shall prepare and file all tax returns relating to Taxes for which Owner is responsible hereunder or which Owner is permitted to file under the laws of the applicable taxing jurisdiction. Except with respect to Equipment subject to an Equipment Purchase Schedule or \$1.00 Buyout, Customer will not list any of the Equipment for property tax purposes or report any property tax assessed against the Equipment. Upon receipt of any tax bill pertaining to the Equipment from the appropriate taxing authority, Owner will pay such tax and will invoice Customer for the expense. Upon receipt of such invoice, Customer will promptly reimburse Owner for such expense. If the Equipment is subject to an Equipment Purchase Schedule or \$1.00 Buyout, Customer shall report and pay all applicable property taxes on such Equipment. Nothing in this Subsection shall be deemed to prohibit Customer from reporting, for informational purposes only and to the extent required under applicable law, that it uses the Equipment.

(b) Tax Ownership.

(i) If Customer selects \$1.00 Buyout for any Schedule, the parties intend that Customer shall be considered the owner of the Equipment for tax purposes; provided, however, that Owner shall not be deemed to have violated this Agreement or any Schedule by taking a tax position inconsistent with the foregoing to the extent such a position is required by law or is taken though inadvertence so long as such inadvertent tax position is reversed by Owner promptly upon its discovery.

(ii) If Customer selects the Fair Market Value Option or the Fixed Purchase Option for any Schedule, the parties intend that the Schedule will not be a "conditional sale", and that Owner shall at all times and for all purposes be considered the owner of the Equipment (including for income taxes purposes), and that such Schedule will convey to Customer no right, title or interest in any of the Equipment excepts the right to use the Equipment as described in the Schedule. Customer will not take any actions or positions inconsistent with treating Owner as the owner of the Equipment on or with respect to any income tax return.

Should either the United States government (or agency thereof) or any state or local tax authority disallow, eliminate, reduce, recapture, or disqualify, in whole or in part, the Equipment tax benefits claimed under a Schedule by Owner as a result of any act or omission of Customer (collectively, "Tax Loss"), to the extent not prohibited by applicable law, Customer will indemnify Owner (on a net after tax basis) against all Tax Losses suffered, including the amount of any interest or penalties which might be assessed on Owner by the governmental authority(ies) with respect to such Tax Loss. All references to Owner in this Section include Owner and the consolidated taxpayer group of which Owner is a member. All of Owner's (including any Assignee's) rights, privileges and indemnities contained in this Section shall survive the expiration or other termination of this Agreement. The rights, privileges and indemnities contained herein are expressly made for the benefit of, and shall be enforceable by Owner (including any Assignee), or its respective successors and assigns.

10. Facsimile copies. Owner may from time to time, in its sole discretion, accept a photocopy or facsimile of this Agreement and/or any Schedule (bearing a photocopied or electronically transmitted copy of Customer's signature) as the binding and effective record of such agreement(s) whether or not an ink signed counterpart thereof is also received by Owner from Customer, provided, however, that no Schedule shall be binding on Owner unless and until executed by Owner. Any such photocopy or electronically transmitted facsimile received by Owner shall when executed by Owner, constitute an original document for the purposes of establishing the provisions thereof and shall be legally admissible under the "best evidence rule" and binding on Customer as if Customer's manual ink signature was personally delivered.

11. Notices. All notices required or provided for in any Schedule, shall be in writing and shall be addressed to Customer or Owner, as the case may be, at its address set forth above or such other address as either such party may later designate in writing to the other party. Such notice shall be considered delivered and effective: (a) upon receipt, if delivered by hand or overnight courier, or (b) three (3) days after deposit with the U.S. Postal Service, if sent certified mail, return receipt requested with postage prepaid. No other means of delivery of notices shall be permitted.

12. Default; remedies. Customer will be in "default" under a Schedule, if any one or more of the following shall occur: (a) Customer or any Guarantor of any Schedule ("Guarantor") fails to pay Owner any Payment due under any Schedule within ten (10) days after it is due, or (b) Customer or any such Guarantor breaches any other term of any Schedule, or (c) Customer or any such Guarantor makes any misrepresentation to Owner, or (d) Customer or any such Guarantor fails to pay any other material obligation owed to Owner, any of Owner's affiliates, or any other party, or (e) Customer or any such Guarantor shall consent to the appointment of a receiver, trustee or liquidator of itself or a substantial part of its assets, or (f) there shall be filed by or against Customer or any such Guarantor a petition in bankruptcy, or (g) Customer's articles of incorporation or other formation documents shall be amended to change Customer's name and Customer fails to give Owner written notice of such change (including a copy of any such amendment) on or before the date such amendment becomes effective, or (h) Customer's legal existence in its state of incorporation or formation shall have lapsed or terminated, or (i) Customer shall dissolve, sell, transfer or otherwise dispose of all or substantially all of its assets, without Owner's prior written consent, which consent shall not be unreasonably withheld, or (j) without prior written consent of Owner, which consent shall not be unreasonably withheld, Customer merges or consolidates with any other entity and Customer is not the survivor of such merger or consolidation. Upon default, Owner may do any one or more of the following: (1) recover from Customer the sum of (A) any and all Payments, late charges and other amounts then due and owing under any or all Schedules, (B) accelerate and collect the unpaid balance of the remaining Payments scheduled to be paid under any or all Schedules, together with Owner's anticipated residual interest in any or all Equipment subject to them, both discounted to present value at a rate of 3% per annum, and (C) Owner's related reasonable attorneys' fees, collection costs and expenses; (2) enter upon Customer's premises and take possession of any or all of such Equipment; (3) terminate any or all Schedules; and/or (4) utilize any other right or remedy provided by applicable law. Customer shall also pay to Owner interest on all unpaid amounts due under a Schedule from the due date of such amounts until paid in full, at a rate per annum equal to the lower of 1-1/2% per month or the highest rate of interest permitted by applicable law (the "**Default Interest Rate**"). In the event the Equipment is returned or repossessed by Owner, Owner will, if commercially reasonable, sell or otherwise dispose of the Equipment, with notice as required by law, and apply the net proceeds after deducting the costs and expenses of such sale or other disposition, to Customer's obligations hereunder with Customer remaining liable for any deficiency and with any excess being retained by Owner or applied as required by law. If Customer fails to perform or comply with any of its agreements or obligations, Owner may perform or comply with such agreements or obligations in its own name or in Customer's name as attorney-in-fact and the amount of any payments and expenses of Owner incurred in connection with such performance or compliance, together with interest thereon at the Default Interest Rate, shall be payable by Customer to Owner upon demand. No express or implied waiver by Owner of any default or breach of Customer's obligations hereunder shall constitute a waiver of any other default or breach of Customer's obligations hereunder.

13. Miscellaneous. All Schedules shall be binding on Customer's successors and permitted assigns, and shall be for the benefit of Owner and its successors and Assignees. **EACH SCHEDULE SHALL BE GOVERNED BY THE LAWS OF MICHIGAN, WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICT OF LAWS OR CHOICE OF LAW. THE PARTIES WAIVE THE RIGHT TO A JURY TRIAL IN ANY ACTION OR PROCEEDING RELATING TO ANY SCHEDULE OR EQUIPMENT.** The parties do not intend to exceed any applicable usury laws. If for any reason a Schedule is held to constitute a loan of money, any amounts payable under such Schedule in excess of the applicable highest lawful rate of interest shall be deemed a prepayment of any principal amount due under the Schedule and, if such principal is paid in full, such excess amounts shall be immediately refunded to Customer. Customer agrees that it shall upon request from Owner, promptly provide to Owner a copy of Customer's most recent annual financial statements and any other financial information of Customer (including interim financial statements) that Owner may request. Customer authorizes Owner to share such information with Owner's affiliates for purposes of credit approval. Customer expressly authorizes credit reporting agencies and other persons to furnish credit information to Owner and its Assignees (and prospective Assignees), separately or jointly with other creditors or Owners, for use in connection with this Agreement or any Schedule. Customer agrees that Owner may provide any information or knowledge Owner may have about Customer or about any matter relating to this Agreement or any Schedule to any one or more Assignees (and prospective Assignees). Owners and joint users of such information are authorized to receive and exchange credit information and to update such information as appropriate during the term of this Agreement and each Schedule. Information about Customer may be used for marketing and administrative purposes and shared with Owner's affiliates. Customer may direct Owner not to share that information (except transaction and experience information and information needed for credit approval) with Owner's affiliates by writing to the Owner's address referenced above. This Agreement will not be valid until accepted by Owner (as evidenced by Owner's signature below). Customer represents and warrants to Owner, that effective on the date on which Customer executes this Agreement and each Schedule: (i) if Customer is a partnership, corporation, limited liability company or other legal entity, the execution and delivery of this Agreement and each Schedule and the performance of Customer's obligations hereunder and thereunder have been duly authorized by all necessary action on the part of the Customer; (ii) the person signing this Agreement and each Schedule on behalf of Customer is duly authorized; (iii) all information provided by Customer to Owner in connection with this Agreement and each Schedule is true and correct; and (iv) this Agreement and each Schedule constitute legal, valid and binding obligations of Customer, enforceable against Customer in accordance with their terms. This Agreement and each Schedule may be executed in counterparts and any facsimile, photographic or other electronic transmission and/or electronic signing or manual signing of any Schedule by Customer and when manually countersigned by Owner or attached to Owner's original signature counterpart shall constitute the sole original chattel paper as defined in the UCC for all purposes and will be admissible as legal evidence thereof; provided, however, that: (i) if a Schedule constitutes "electronic chattel paper" or "an electronic record evidencing chattel paper" under the UCC and both Owner and Customer have signed electronically, the version identified by Owner as the "single authoritative copy" is the chattel paper for purposes of perfection by control and (ii) the Agreement may be signed electronically by both parties. . Customer agrees not to raise as a defense to the enforcement of this Agreement or any related documents hereto the fact that such documents were executed by electronic means. Any provision of a Schedule which is unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such unenforceability without invalidating the remaining provisions of the Schedule, and any such unenforceability in any jurisdiction shall not render unenforceable such provision in any other jurisdiction. Paragraph headings are for convenience only, are not part of the Schedule and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Customer has not received any tax or accounting advice from Owner. This Agreement, any Schedules, any attachments to this Agreement or any Schedules and any express warranties made by Stryker Sales, LLC constitute the entire agreement between the parties hereto regarding the Equipment and its use and possession and supersede all prior agreements and discussions regarding the Equipment and any prior course of conduct. There are no agreements, oral or written, between the parties which are contrary to the terms of this Agreement and such other documents.

CUSTOMER HAS READ THIS AGREEMENT AND EACH SCHEDULE BEFORE SIGNING IT.

Customer signature	
Signature:	Date:
Print name:	
Title:	

Accepted by Flex Financial, a division of Stryker Sales, LLC	
Signature:	Date:
Print name:	
Title:	

**EQUIPMENT SCHEDULE NO. 001 TO MASTER AGREEMENT NO.0110269220
(Equipment Lease Schedule)**

Owner: Flex Financial, a division of Stryker Sales, LLC 1941 Stryker Way Portage, MI 49002		Customer: SONOMA VALLEY HEALTH CARE DISTRICT 347 Andrieux St Sonoma, California 95476-6863	
Supplier: Stryker Sales, LLC, 571 Silveron Blvd, Flower Mound, TX 75028			
Equipment description: see part I on attached Exhibit A (and/or as described in invoice(s) or equipment list attached hereto and made a part hereof collectively, the "Equipment")			
Equipment Location: 347 ANDRIEUX ST, SONOMA, California 95476-6863			
Schedule of periodic rent payments:			
2 Monthly payments of \$0.00 (Includes Applicable Sales Tax) followed by: 1 Monthly payments of \$789,011.24 (Includes Applicable Sales Tax)			
Term in months: 3	Minimum monthly uses: <u>n/a</u>	Fee per use: <u>n/a</u>	
Purchase term (If blank, the Fair Market Value Option will be deemed chosen):\$1 Buyout Option			

TERMS AND CONDITIONS

1. Lease agreement/term/acceptance/payments. The undersigned Customer ("**Customer**") unconditionally and irrevocably agrees to lease from the Owner whose name is listed above ("**Owner**") the Equipment described above, on the terms specified in this Schedule, including all attachments to this Schedule and in the Master Agreement referred to above (as amended from time to time, the "**Agreement**"). Except as modified herein, the terms of the Agreement are hereby ratified and incorporated into this Schedule as if set forth herein in full, and shall remain fully enforceable throughout the Term of this Schedule (as defined below). Capitalized terms used and not otherwise defined in this Schedule have the respective meanings given to those terms in the Agreement. The term of this Schedule ("**Term**") shall start on the day the Equipment is delivered to Customer and shall continue for the number of months set forth above beginning with the Rent Commencement Date (as defined below). Customer shall be deemed to have accepted the Equipment for lease under this Schedule on the date that is ten (10) days after the date it is shipped to Customer by the Supplier ("**Acceptance Date**") and, at Owner's request, Customer shall confirm for Owner such acceptance in writing. **No acceptance of any item of Equipment may be revoked by Customer.** The Periodic Rent Payments described above ("**Periodic Rent**") shall be paid commencing on (i) the first day of the month following the month in which the Acceptance Date occurs, if the Acceptance Date is on or before the 15th of the month, or (ii) the first day of the second month following the month in which the Acceptance Date occurs, if the Acceptance Date is after the 15th day of the month ("**Rent Commencement Date**"). Unless otherwise instructed by Owner in writing, all Periodic Rent and other amounts due hereunder shall be made to Owner's address above. Any payment by or on behalf of Customer that purports to be payment in full for any obligation under this Schedule may only be made after Owner's prior written agreement to accept such payment amount. Periodic Rent is due monthly beginning on the Rent Commencement Date and continuing on the same day of each consecutive month thereafter during the Term regardless of whether or not Customer receives an invoice for it. The Minimum Monthly Uses and Fee Per Use described above shall not affect the amount of any monthly payment.

2. Purchase terms/return of equipment/renewal. If either the Fair Market Value Option or the Fixed Purchase Option applies to this Schedule, upon expiration of the Term and provided that this Schedule has not been terminated early and Customer is in compliance with this Schedule in all respects, Customer may upon at least 90 but not more than 180 days prior written notice to Owner exercise the applicable purchase option and upon the giving of such notice Customer shall be irrevocably and unconditionally obligated to purchase all (but not less than all) of the Equipment for the purchase amount shown above (plus all applicable Taxes), which amount shall be due and payable upon the expiration of the Term of this Schedule. If the \$1.00 Buyout applies to this Schedule, upon expiration of the Term, Customer shall pay all amounts owed by Customer hereunder but unpaid as of such date and \$1.00 (plus all applicable Taxes). Any purchase of the Equipment by Customer pursuant to a purchase option or \$1.00 Buyout shall be "**AS IS, WHERE IS**", without representation or warranty of any kind from Owner. "Fair Market Value" shall be the amount determined by Owner as the fair market value of the Equipment on the basis of an arms-length sale between an informed and willing buyer who is currently in possession of the Equipment and a willing Seller under no compulsion to sell. Upon (x) any early termination of this Schedule or (y) the expiration of the Term of this Schedule and Customer has not exercised any option to purchase available to it under the terms of this Schedule, if any, the \$1.00 Buyout does not apply and Customer has given Owner at least 90 days but not more than 180 days written notice by certified mail prior to the end of the Term (the "Return Notice") that Customer will return the Equipment to Owner, Customer shall at its expense, pack and insure the related Equipment and send it freight prepaid to a location designated by Owner in the contiguous 48 states of the United States. **If Customer fails to give the Return Notice or the Return Notice is not sent timely, the Term will be automatically extended (upon the same terms and payments) until the first Periodic Rent Payment date which is more than 90 days after Customer has given Owner written notice by certified mail that Customer will return the Equipment to Owner and at the end of such extended Term, Customer shall return the Equipment as described above.** All Equipment upon its return to Owner shall be in the same condition and appearance as when delivered to Customer, excepting only reasonable wear and tear from proper use and all such Equipment shall be eligible for manufacturer's maintenance. If Customer fails to return the Equipment as and when required, Customer shall continue to remit Periodic Rent ("**Remedial Payments**") to Owner on the dates such payments would be payable under this Schedule as if this Schedule had not expired or terminated.

3. Miscellaneous. If Customer fails to pay (within thirty days of invoice date) any freight, sales tax or other amounts related to the Equipment which are not financed hereunder and are billed directly by Owner to Customer, such amounts shall be added to the Periodic Rent Payments set forth above (plus interest or additional charges thereon) and Customer authorizes Owner to adjust such Periodic Rent Payments accordingly. If the Fair Market Value Option or Fixed Purchase Option applies to this Schedule, Customer agrees that this Schedule is intended to be a "finance lease" as defined in §2A-103(1)(g) of the Uniform Commercial Code. This Schedule will not be valid until signed by Owner. Customer acknowledges that Customer has not received any tax or accounting advice from Owner. If Customer is required to report the components of its payment obligations hereunder to certain state and/or federal agencies or public health coverage programs such as Medicare, Medicaid, SCHIP or others, and such amounts are not adequately disclosed in any attachment hereto, then Stryker Sales, LLC will, upon Customer's written request, provide Customer with a detailed outline of the components of its payments which may include equipment, software, service and other related components. This Schedule may be executed in counterparts and any facsimile, photographic or other electronic transmission and/or electronic signing or manual signing of this Schedule by Customer and when manually countersigned by Owner or attached to Owner's original signature counterpart shall constitute the sole original chattel paper as defined in the UCC for all purposes and will be admissible as legal evidence thereof; provided, however, that if this Schedule constitutes "electronic chattel paper" or "an electronic record evidencing chattel paper" under the UCC and both Owner and Customer have signed electronically, the version identified by Owner as the "single authoritative copy" is the chattel paper for purposes of perfection by control.

CUSTOMER HAS READ (AND UNDERSTANDS THE TERMS OF) THIS SCHEDULE BEFORE SIGNING IT:

Signature page to follow

Customer signature	
Signature:	Date:
Print name:	
Title:	

Accepted by Flex Financial, a division of Stryker Sales, LLC	
Signature:	Date:
Print name:	
Title:	

Exhibit A to Lease Schedule001 to Master Agreement No.0110269220

Description of equipment

Customer name: SONOMA VALLEY HEALTH CARE DISTRICT

Delivery Location: 347 ANDRIEUX ST, SONOMA, California , 95476-6863

Part I - Equipment/Service Coverage (if applicable)

Model number	Equipment description	Quantity
SHIP TO:		
SONOMA VALLEY HOSPITAL, 347 ANDRIEUX ST, SONOMA, California, 95476-6863, United States		
999999999-ADHOC	Comm Proposal #: 10214400 v. 4	1
0240031300	Pkg 32IN 4K OLED Surgical Display	6
0240031301	Pkg OLED Display Cover	6
0240200403	Connected OR Hub Base System with Device Control Kit	2
0240200409	Connected OR Hub Base System with Voice control and Device Control Kit	1
0620050002	PNEUMOCLEAR CO2 CONDITIONING INSUFFLATOR KIT HOUSE GAS	3
1788010000	PKG 1788 Camera Control Unit CCU	3
0220240300	PKG L12 LED LIGHT SOURCE WITH AIM	3
1788610122	PKG 1788 4K CAMERA HEAD WITH INTEGRATED COUPLER	7
0233050400	FG SAFELIGHT FIBER OPTIC CABLE WITH ADVANCED IMAGING MODALITY 5 M	7
0502-538-010	SPY LAPAROSCOPE AUTOCLAVABLE DIA 5.4mm 0 DEG 30cm	3
0502-538-030	SPY LAPAROSCOPE AUTOCLAVABLE DIA 5.4mm 30 DEG 30cm	2
0502-938-010	SPY LAPAROSCOPE AUTOCLAVABLE DIA 10mm 0 DEG 33cm	2
0502-938-030	SPY LAPAROSCOPE AUTOCLAVABLE DIA 10mm 30 DEG 33cm	2

Total equipment: \$700,874.93

Total upfront sales tax: \$66,583.12

Total Amount: \$767,458.05

Customer signature	
Signature:	Date:
Print name:	
Title:	

Accepted by Flex Financial, a division of Stryker Sales, LLC	
Signature:	Date:
Print name:	
Title:	

Insurance requirements

Customer name:	SONOMA VALLEY HEALTH CARE DISTRICT
Customer address:	347 Andrieux St, Sonoma, California 95476-6863
Agreement no.:	0110269220
Equipment location:	347 ANDRIEUX ST, SONOMA, California 95476-6863
Equipment description:	Medical Equipment
Insurable value:	\$700,874.93

Please complete the following or provide copies of property and general liability insurance certificates.

Agency name: _____

Address: _____

Telephone no.: _____ Email address: _____

Contact name: _____

By signing below, the customer authorizes Flex Financial to contact the insurance agent named above to issue:

1. All risks to property insurance with respect to the Equipment, **evidenced by a certificate of insurance (on form Acord 27), naming Flex Financial, its successors and assigns as lender's loss payee.**
2. Comprehensive general liability insurance with respect to the Equipment, **evidenced by a certificate of insurance (on form Acord 25), naming Flex Financial, its successors and assigns as additional insured.**

The following insurance details must be noted on the certificate(s) of insurance provided by the insurance agent:

- Property insurance deductible amount no more than **\$10,000.00**
- Liability insurance minimum amount of **\$1,000,000.00**
- Certificate holder:

Flex Financial, a division of Stryker sales, LLC and its successors and assigns
 1941 Stryker Way
 Portage, MI 49002

Customer: Please forward this completed form to StrykerFinancialSolutions@stryker.com as well as a copy to your insurance agent and have them include your agreement number(s) on the certificates of insurance (on forms Acord 25 and 27).

Carrier: Please email certificates of insurance (on forms Acord 25 and 27) to StrykerFinancialSolutions@stryker.com.

Customer signature	
Signature:	Date:
Print name:	
Title:	

State and Local Government Customer Rider

This State and Local Government Customer Rider (the "Rider") is an addition to and hereby made a part of **SCHEDULE001 TO MASTER AGREEMENT No. 0110269220** (the "Agreement") between **Flex Financial**, a division of Stryker Sales, LLC ("Owner") and SONOMA VALLEY HEALTH CARE DISTRICT ("Customer") to be executed simultaneously herewith and to which this Rider is attached. Capitalized terms used but not defined in this Rider shall have the respective meanings provided in the Agreement. Owner and Customer agree as follows:

1. Customer represents and warrants to Owner that as of the date of, and throughout the Term of, the Agreement: (a) Customer is a political subdivision of the state or commonwealth in which it is located and is organized and existing under the constitution and laws of such state or commonwealth; (b) Customer has complied, and will comply, fully with all applicable laws, rules, ordinances, and regulations governing open meetings, public bidding and appropriations required in connection with the Agreement, the performance of its obligations under the Agreement and the acquisition and use of the Equipment; (c) The person(s) signing the Agreement and any other documents required to be delivered in connection with the Agreement (collectively, the "Documents") have the authority to do so, are acting with the full authorization of Customer's governing body, and hold the offices indicated below their signatures, each of which are genuine; (d) The Documents are and will remain valid, legal and binding agreements, and are and will remain enforceable against Customer in accordance with their terms; and (e) The Equipment is essential to the immediate performance of a governmental or proprietary function by Customer within the scope of its authority and will be used during the Term of the Agreement only by Customer and only to perform such function. Customer further represents and warrants to Owner that, as of the date each item of Equipment becomes subject to the Agreement and any applicable schedule, it has funds available to pay all Agreement payments payable thereunder until the end of Customer's then current fiscal year, and, in this regard and upon Owner's request, Customer shall deliver in a form acceptable to Owner a resolution enacted by Customer's governing body, authorizing the appropriation of funds for the payment of Customer's obligations under the Agreement during Customer's then current fiscal year.
2. To the extent permitted by applicable law, Customer agrees to take all necessary and timely action during the Agreement Term to obtain and maintain funds appropriations sufficient to satisfy its payment obligations under the Agreement (the "Obligations"), including, without limitation, providing for the Obligations in each budget submitted to obtain applicable appropriations, causing approval of such budget, and exhausting all available reviews and appeals if an appropriation sufficient to satisfy the Obligations is not made.
3. Notwithstanding anything to the contrary provided in the Agreement, if Customer does not appropriate funds sufficient to make all payments due during any fiscal year under the Agreement and Customer does not otherwise have funds available to lawfully pay the Agreement payments (a "Non-Appropriation Event"), and provided Customer is not in default of any of Customer's obligations under such Agreement as of the effective date of such termination, Customer may terminate such Agreement effective as of the end of Customer's last funded fiscal year ("Termination Date") without liability for future monthly charges or the early termination charge under such Agreement, if any, by giving at least 60 days' prior written notice of termination ("Termination Notice") to Owner.
4. If Customer terminates the Agreement prior to the expiration of the end of the Agreement's initial (primary) term, or any extension or renewal thereof, as permitted under Section 3 above, Customer shall (i) on or before the Termination Date, at its expense, pack and insure the related Equipment and send it freight prepaid to a location designated by Owner in the contiguous 48 states of the United States and all Equipment upon its return to Owner shall be in the same condition and appearance as when delivered to Customer, excepting only reasonable wear and tear from proper use and all such Equipment shall be eligible for manufacturer's maintenance, (ii) provide in the Termination Notice a certification of a responsible official that a Non-Appropriation Event has occurred, (iii) deliver to Owner, upon request by Owner, an opinion of Customer's counsel (addressed to Owner) verifying that the Non-Appropriation Event as set forth in the Termination Notice has occurred, and (iv) pay Owner all sums payable to Owner under the Agreement up to and including the Termination Date.
5. Any provisions in this Rider that are in conflict with any applicable statute, law or rule shall be deemed omitted, modified or altered to the extent required to conform thereto, but the remaining provisions hereof shall remain enforceable as written.

Customer signature	
Signature:	Date:
Print name:	
Title:	

Accepted by Flex Financial, a division of Stryker Sales, LLC	
Signature:	Date:
Print name:	
Title:	

2026 Proposed Finance Committee Work Plan (DRAFT)

January	February	March	April
<ul style="list-style-type: none"> ▪ Summit Bank Presentation / Financing Strategy 2026 ▪ Service Line Business Review including Market Share and Profitability ▪ Seismic Update ▪ December Finance Report / 2nd Quarter Review 	<ul style="list-style-type: none"> ▪ District Hospital Leadership Forum (DHLF) Update / Presentation ▪ Detailed A/R Review ▪ Audit Firm Engagement Letter for 2026 Financial Statement Audit (A) ▪ Capital Plan Review – Critical short-term priorities and long-term planning ▪ January Finance Report Review 	<ul style="list-style-type: none"> ▪ UCSF/SVH Joint Operating Committee Update - Review of FY27 Goals & Progress ▪ Payor Profitability & Managed Care Contract Review ▪ FY 2027 Budget Assumptions – Preliminary Estimations ▪ Seismic Update ▪ February Finance Report Review 	<ul style="list-style-type: none"> ▪ Sonoma Valley Hospital Foundation Presentation ▪ Insurance Review ▪ Strategic Plan Update (April or May) ▪ FY 2027 Budget Update ▪ March Finance Report / 3rd Quarter Review
May	June	July	August
<ul style="list-style-type: none"> ▪ Review and Recommend for Approval FY 2027 Budget (A) ▪ Long Range Financial Plan, including Capital Spending Assumptions (A) ▪ April Finance Report Review 	No Meeting	<ul style="list-style-type: none"> ▪ Information Technology Security Systems Review ▪ IGT Update ▪ FY 2027 Cash Flow Forecast ▪ June Finance Report / 4th Quarter Review 	<ul style="list-style-type: none"> ▪ FY 2027 Audit Update / Presentation from Auditors ▪ GO Bond – Setting Tax Rate for Upcoming Year (A) ▪ Debt Profile Review ▪ July Finance Report Review
September	October	November	December
No Meeting	<ul style="list-style-type: none"> ▪ FY 2027 Audit Report Delivery & Presentation (A) ▪ Balance Sheet Review ▪ Strategic Plan Update ▪ September Finance Report / 1st Quarter FY27 Review 	<ul style="list-style-type: none"> ▪ UCSF/SVH JOC Review ▪ 2027 Finance Committee Work Plan (A) ▪ Year over Year Cash Flow Review ▪ October Finance Report Review 	No Meeting

Blue Text – New / modified agenda items proposed for 2026 Work Plan

(A) – Items that require ACTION from Finance Committee



To: SVHCD Finance Committee
 From: Ben Armfield, Chief Financial Officer
 Date: November 18, 2025
 Subject: Financial Report for October 2025

OVERALL PERFORMANCE SUMMARY | MONTH OF OCTOBER 2025

- **Operating Performance** – October was the strongest month of the fiscal year to date, continuing what has been a very favorable start to FY26. The hospital posted a robust Operating EBDA of **\$820,000**, compared to a budgeted Operating EBDA loss of **\$(46,000)**. This result, paired with a **positive Operating Margin of \$311,700** (vs. budgeted operating loss of **\$(560,000)**) - represents a standout month for the organization and underscores the meaningful momentum we are carrying into the second quarter.
- **Operating Revenues – \$7.06 Million**, exceeding budget by **16%** or **\$970,000**. October represented yet another banner revenue month for the hospital, maintaining the strong trajectory established throughout the summer and early fall. Gross charges exceeded \$35 million, setting another all-time high for SVH and finishing more than 20% above budget.

October’s results were driven by broad-based volume growth. Inpatient activity rebounded relative to recent run-rate (ADC of 9.5, 15% above budget), while outpatient activity surged across nearly every procedural and imaging-related area. Imaging volumes increased sharply in CT, Mammography, and Ultrasound – and MRI volumes exceeded **250 exams** for the second consecutive month.

Surgical volumes were also strong, finishing **15% above budget** - the highest monthly surgical volume recorded so far this fiscal year - driven primarily by continued strength in GI and Orthopedics.

- **Operating Expenses - \$6.75 Million**, coming in just **1.5%** over budget, or **\$100,000**. Most expense categories aligned closely with budget expectations. Benefit expenses, which had spiked in September due to timing within the captive, normalized in October. Supply expenses did run more than 10% above budget, but this variance correlates directly with the significantly elevated volumes achieved during the month.
- **Year-To-Date** the hospital remains in a very strong financial position and continues to show a sharp contrast to prior years. Through the first 4 months of FY26, SVH has generated more than \$2 million in Operating EBDA, and is even sustaining a positive Operating Margin.

OVERALL PERFORMANCE (In 1000s, INCLUDES PARCEL TAXES) | OCTOBER 2025

	Current Month				Year-To- Date				PY Actual	Var	%
	Actual	Budget	Var	%	Actual	Budget	Var	%			
Operating Margin	\$ 311.7	\$ (559.3)	\$ 871.0	156%	\$ 195.3	\$ (1,627.4)	\$ 1,822.7	112%	\$ (1,226.1)	\$ 1,421.5	116%
Operating EBDA	\$ 819.5	\$ (45.9)	\$ 865.4	1884%	\$ 2,223.8	\$ 476.0	\$ 1,747.8	367%	\$ 972.8	\$ 1,251.0	129%
Net Income (Loss)	\$ 485.2	\$ (403.4)	\$ 888.6	220%	\$ 1,162.5	\$ (1,003.9)	\$ 2,166.4	216%	\$ (454.8)	\$ 1,617.3	356%

- **Cash** – October was another solid month for cash collections, with the hospital collecting more than \$4.5 million. Despite strong receipts, days cash on hand declined due to an unusual three-payroll month, which temporarily increased operating cash outflows. The month closed with just over \$1 million in cash on hand. As noted previously, cash will remain extremely tight through the remainder of November and December.

The hospital continues to manage this period carefully, with relief expected from the December parcel tax apportionment (estimated at \$1.8 million) and the January Rate Range IGT payment. But it will be very tight until those supplemental revenues are received.

DRIVERS IN MONTHLY PERFORMANCE

Volumes continued to climb across nearly all service areas, making October the highest-volume month of FY26 so far. Inpatient activity improved meaningfully, and outpatient volumes once again set new records for the organization.

Emergency Room volumes softened slightly from recent months but still registered **952 visits** (30.7/day), finishing nearly **10% above budget**. Despite the dip from September, the ER continues to operate at volumes significantly above historical levels.

ER Visits / Day	FY 2026*	FY 2025	FY 2024	FY 2023
Visits / Day	32.67	30.9	28.1	26.4
YoY Chg - FY26 vs.		1.77	4.57	6.27
YoY % Chg - FY26 vs.		6%	16%	24%

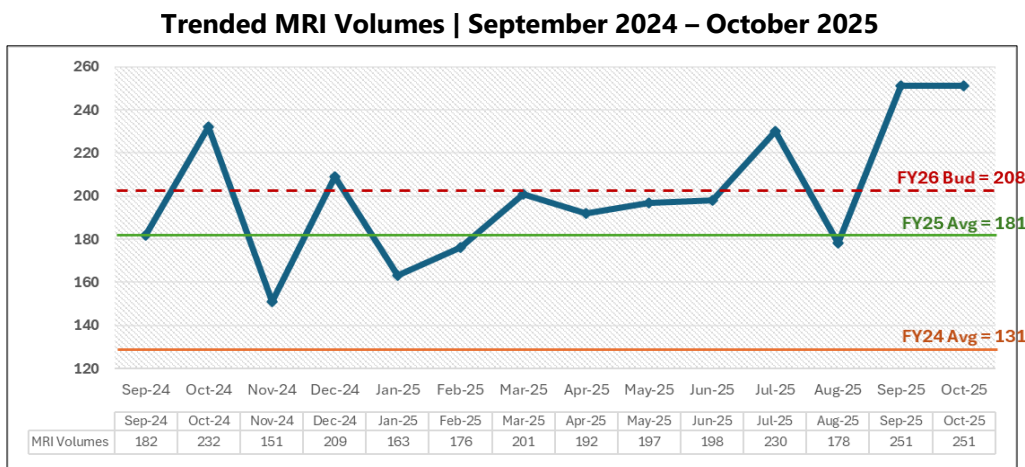
* Through October 2025

Surgical volumes outperformed expectations, finishing nearly **30% above budget**, extending the strong upward trend seen throughout the summer and fall. GI and Orthopedics remained the primary contributors, reflecting sustained strength in two of the hospital’s most critical service lines.

Outpatient activity reached another all-time high. There were approximately **6,600 outpatient visits** (excluding ER and outpatient surgery), finishing nearly **20% above budget**. This growth reflects continued strength across MRI, CT, and other imaging modalities, and highlights the expanding footprint of SVH’s outpatient programs - particularly as new capacity comes online, such as the Physical Therapy expansion.

MRI volumes exceeded 250 exams for the second straight month, matching September’s record and reinforcing the sustained rise in demand for advanced imaging. Year-to-date, MRI volumes are averaging 228 exams per month, well above budget and historical performance - a highly encouraging trend that reflects successful outreach efforts and the increasing strength of SVH’s clinical partnerships.

To further illustrate this momentum, the trended MRI volume chart shows a clear upward trajectory over the past year, culminating in two consecutive record months in September and October.



The accompanying table also highlights the broader year-over-year impact:

MRI Exams/Month	FY 2026*	FY 2025	FY 2024	FY 2023
Exams/Month	228	181	131	125
YoY Chg - FY26 vs.		46	96	102
YoY % Chg - FY26 vs.		26%	73%	82%

* Through October 2025

Through October, FY26 MRI volumes are averaging 228 exams per month, up 26% from FY25 and more than 70–80% above FY24 and FY23 levels. These results demonstrate how materially the service line has grown and the higher sustained baseline of MRI demand now established at SVH.

Payables continue to be managed very carefully as we work through this extremely tight cash period. This remains a challenge - and will continue to be a challenge - until our next major revenue inflows arrive (the December parcel tax distribution and the January Rate Range IGT payment). To preserve liquidity for critical operating needs, we are prioritizing essential vendors and payroll while strategically holding back on lower-priority invoices. As a result, the accounts payable balance will be higher than originally anticipated, and the eventual catch-up will be larger once those revenues are received. We expect to carry this elevated AP position through November and December before normalizing in early 2026.

OTHER HOSPITAL UPDATES

Just a couple of updates on capital projects....

Physical Therapy Expansion Project

We are very happy to report that we received **full occupancy** from CDPH to open up the new PT expansion on 11/3. We are utilizing space already and will come back to the committee with a more robust report out in the coming months on how this expansion is financially impacting the hospital. As discussed previously, this project was completed under the \$2.3 million budget.

Outpatient Diagnostic Center (ODC) MRI

We are still working with the City of Sonoma on the final scope of making the MRI trailer permanent. The City has required a sound study that will be performed in the next two weeks and a proposed beautification plan. The results of the study and the plan to damper sound above the noise ordinance will be submitted to the City in November for the December Planning Hearing. Remaining work includes: a wall to diminish noise from the chillers (if required by the City). a beautification plan which would include an installed fence in front of the MRI with landscaping and paint work to match the hospital. A canopy from the Hospital to the container and a permanent walkway is also being scoped out and will be part of the proposed beautification plan. We will bring the proposed plan with the estimated project costs to the January Finance committee, and February Board Meeting, once we have the final scope from the City.

AC-1 Replacement

We have contracted with a vendor to complete the AC-1 equipment repair. Drawings for the coils are in review by our Mechanical consultant. Fabrication of the coils will begin upon approval. It is expected that the final repair will be completed in January 2026, with the total project costing no more than \$250,000.

FINANCE REPORT ATTACHMENTS:

- Attachment A Income Statement
- Attachment B Balance Sheet
- Attachment C Cash Flow Forecast
- Attachment D Key Performance Indicators | Volumes & Statistics
- Attachment E Key Performance Indicators | Overall Performance

Sonoma Valley Health Care District
Income Statement (in 1000s)
For the Period Ended October 31, 2025

ATTACHMENT A

	Month				Year-To- Date						
	CYM Actual	CYM Budget	Var	%	YTD Actual	YTD Budget	Var	%	PYTD Actual	Var	%
Revenues											
1 Net Patient Revenue	\$ 4,998.9	\$ 4,021.4	977.5	24%	\$ 18,935.7	\$ 16,085.4	2,850.3	18%	\$ 16,973.1	1,962.5	12%
2 IGT Program Revenue	1,648.2	1,653.7	(5.5)	0%	6,609.2	6,614.7	(5.5)	0%	3,486.2	3,123.0	90%
3 Parcel Tax Revenue	316.7	316.7	(0.0)	0%	1,266.7	1,266.7	(0.0)	0%	1,266.7	(0.0)	0%
4 Other Operating Revenue	99.6	99.9	(0.2)	0%	397.3	399.5	(2.2)	-1%	391.2	6.1	2%
5 Total Revenue	\$ 7,063.3	\$ 6,091.6	971.7	16%	\$ 27,208.9	\$ 24,366.4	2,842.5	12%	\$ 22,117.2	5,091.7	23%
Operating Expenses											
6 Labor / Total People Cost	\$ 3,085.7	\$ 3,073.4	12.3	0%	\$ 12,808.2	\$ 11,999.9	808.2	7%	\$ 11,404.2	1,404.0	12%
7 Professional Fees	697.2	697.6	(0.4)	0%	2,584.8	2,661.0	(76.2)	-3%	2,634.1	(49.3)	-2%
8 Supplies	846.2	750.1	96.1	13%	3,015.3	2,761.3	254.0	9%	2,357.0	658.3	28%
9 Purchased Services	413.9	414.0	(0.2)	0%	1,714.4	1,666.1	48.4	3%	1,594.6	119.9	8%
10 Depreciation	507.8	513.3	(5.5)	-1%	2,028.4	2,103.4	(74.9)	-4%	2,198.9	(170.5)	-8%
11 Interest	23.5	36.6	(13.0)	-36%	123.7	146.2	(22.5)	-15%	94.6	29.2	31%
12 Other	412.7	401.1	11.6	3%	1,680.1	1,597.4	82.8	5%	1,599.2	80.9	5%
13 IGT Program Expense	764.6	764.6	-	0%	3,058.5	3,058.5	-	0%	1,460.8	1,597.7	109%
14 Operating Expenses	\$ 6,751.7	\$ 6,650.9	100.8	1.5%	\$ 27,013.5	\$ 25,993.7	1,019.8	3.9%	\$ 23,343.3	3,670.2	16%
15 Operating Margin	\$ 311.7	\$ (559.3)	\$ 871.0	156%	\$ 195.3	\$ (1,627.4)	\$ 1,822.7	112%	\$ (1,226.1)	\$ 1,421.5	116%
Non Operating Income											
16 GO Bond Activity, Net	161.4	128.6	32.8	26%	771.7	514.5	257.1	50%	641.0	130.6	20%
17 Misc Revenue/(Expenses)	12.1	27.2	(15.2)	-56%	195.5	109.0	86.6	79%	130.3	65.2	50%
18 Total Non-Op Income	\$ 173.5	\$ 155.9	17.6	11%	\$ 967.2	\$ 623.5	343.7	55%	\$ 771.4	195.9	25%
19 Net Income (Loss)	\$ 485.2	\$ (403.4)	888.6	220%	\$ 1,162.5	\$ (1,003.9)	2,166.4	216%	\$ (454.8)	1,617.3	356%
20 Restricted Foundation Contr.	201.1	125.0	76.1	61%	1,724.3	500.0	1,224.3	245%	1,290.8	433.5	34%
21 Change in Net Position	\$ 686.3	\$ (278.4)	964.7	347%	\$ 2,886.9	\$ (503.9)	3,390.7	673%	\$ 836.0	2,050.9	245%
22 Operating EBDA	\$ 819.5	\$ (45.9)	865.4	-1884%	\$ 2,223.8	\$ 476.0	1,747.8	367%	\$ 972.8	1,251.0	129%

Sonoma Valley Health Care District

ATTACHMENT B

Balance Sheet
As of October 31, 2025
 Expressed in 1,000s

	<u>Current Month</u>	<u>Prior Month</u>	<u>FYE 2025 Prior Year</u>
Assets			
Current Assets:			
1 Cash	\$ 1,083.5	\$ 2,723.3	\$ 4,386.3
2 Net Patient Receivables	8,227.8	7,729.5	7,585.1
3 Allow Uncollect Accts	(1,511.5)	(1,462.6)	(1,256.1)
4 Net Accounts Receivable	\$ 6,716.3	\$ 6,266.9	\$ 6,329.0
5 IGT Program Receivable	19,320.5	19,844.3	-
6 Parcel Tax Receivable	3,800.0	3,800.0	-
7 GO Bond Tax Receivable	3,344.0	3,344.0	-
8 Other Receivables	402.7	432.4	1,423.3
9 Inventory	985.7	942.5	841.0
10 Prepaid Expenses	1,314.2	1,329.3	788.1
11 Total Current Assets	\$ 36,967.0	\$ 38,682.8	\$ 13,767.9
12 Property, Plant & Equip, Net	\$ 60,911.1	\$ 61,200.5	\$ 60,342.6
13 Trustee Funds - GO Bonds	3,481.7	3,469.5	5,986.7
14 Other Assets - Deferred IGT Expense	6,313.6	7,103.3	-
15 Total Assets	\$ 107,673.4	\$ 110,456.0	\$ 80,097.1
Liabilities & Fund Balances			
Current Liabilities:			
16 Accounts Payable	7,576.6	\$ 7,827.8	\$ 7,282.7
17 Accrued Compensation	3,794.5	4,639.2	4,059.9
18 IGT Program Payable	9,243.6	9,015.0	-
19 Interest Payable - GO Bonds	74.2	34.2	154.4
20 Accrued Expenses	412.7	718.6	166.1
21 Deferred IGT Revenue	13,235.0	14,883.2	-
22 Deferred Parcel Tax Revenue	2,533.3	2,850.0	-
23 Deferred GO Bond Tax Revenue	2,194.7	2,395.3	-
24 Current Maturities-LTD	740.0	740.0	740.0
25 Line of Credit - Summit Bank	-	-	-
26 Other Liabilities	-	-	-
27 Total Current Liabilities	\$ 39,804.7	\$ 43,103.3	\$ 12,403.1
28 Long Term Debt, net current portion	\$ 24,049.5	\$ 24,219.8	\$ 27,239.3
29 Total Fund Balance	\$ 43,819.2	\$ 43,132.8	\$ 40,455.4
30 Total Liabilities & Fund Balances	\$ 107,673.4	\$ 110,456.0	\$ 80,097.8

<u>Cash Indicators</u>	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year FYE</u>
Days Cash	7.2	17.5	29.2
A/R Days	43.6	41.4	45.8
A/P Days	70.2	72.5	67.2

**Sonoma Valley Health Care District
Projected Cash Forecast (In 1000s)
FY 2026**

ATTACHMENT C

	<i>ACTUAL</i>	<i>ACTUAL</i>	<i>ACTUAL</i>	<i>ACTUAL</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>TOTAL</i>
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Hospital Operating Sources													
1 Patient Payments Collected	\$ 4,683.2	\$ 4,292.8	\$ 4,956.9	\$ 4,513.5	\$ 4,300.0	\$ 4,300.0	\$ 4,373.0	\$ 4,300.0	\$ 4,400.0	\$ 4,300.0	\$ 4,300.0	\$ 4,357.0	\$ 53,076.4
2 Other Revenue - Operating & Non-Op	182.5	104.0	101.6	94.6	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	1,322.7
3 IGT Program Revenue	-	-	-	523.7	-	-	22,857.6	-	0.9	-	-	1,000.1	24,382.3
4 Parcel Tax Revenue	110.9	-	-	-	-	1,800.0	-	-	-	1,864.1	-	-	3,775.0
5 Unrestricted Contributions	4.0	-	-	-	-	-	-	-	-	-	-	-	4.0
6 Sub-Total Hospital Sources	\$ 4,980.6	\$ 4,396.8	\$ 5,058.5	\$ 4,608.1	\$ 4,405.0	\$ 6,779.2	\$ 27,335.6	\$ 4,405.0	\$ 4,505.9	\$ 6,269.1	\$ 4,405.0	\$ 5,462.1	\$ 82,610.9
Hospital Uses of Cash													
7 Operating Expenses / AP Payments	\$ 5,649.7	\$ 4,948.5	\$ 4,975.3	\$ 6,009.0	\$ 4,700.0	\$ 5,200.0	\$ 7,810.8	\$ 6,300.0	\$ 5,750.0	\$ 5,500.0	\$ 5,900.0	\$ 5,200.0	\$ 67,943.3
8 Term Loan Paydowns - Summit / CHFFA	73.6	73.6	73.6	73.6	73.6	73.6	73.6	73.6	73.6	73.6	73.6	73.6	882.9
9 IGT Financing Interest	-	-	-	-	75.0	90.0	75.0	-	-	-	-	-	240.0
10 IGT Matching Fee Payments	-	228.5	-	-	10,426.1	-	-	-	293.5	-	87.7	-	11,035.9
11 Capital Expenditures - SVH Funded	145.6	-	11.3	84.5	-	144.9	166.7	723.8	344.5	344.5	244.5	244.5	2,454.8
12 Capital Expenditures - Foundation Funded	876.5	468.8	133.8	205.4	-	-	-	-	-	-	-	-	1,684.5
13 Total Hospital Uses	\$ 6,745.4	\$ 5,719.5	\$ 5,194.0	\$ 6,372.4	\$ 15,274.7	\$ 5,508.5	\$ 8,126.0	\$ 7,097.3	\$ 6,461.6	\$ 5,918.1	\$ 6,305.8	\$ 5,518.1	\$ 84,241.4
Net Hospital Sources/Uses of Cash	\$ (1,764.7)	\$ (1,322.7)	\$ (135.5)	\$ (1,764.3)	\$ (10,869.7)	\$ 1,270.8	\$ 19,209.6	\$ (2,692.3)	\$ (1,955.8)	\$ 351.0	\$ (1,900.8)	\$ (56.0)	\$ (1,630.5)
Non-Hospital Sources													
14 Restricted Donations (rec'd from Foundation)	806.7	538.6	214.6	124.5	-	-	-	-	-	-	-	-	1,684.5
15 Line of Credit Draw - Summit Bank	-	-	-	-	10,500.0	-	-	-	-	-	-	-	10,500.0
16 Sub-Total Non-Hospital Sources	\$ 806.7	\$ 538.6	\$ 214.6	\$ 124.5	\$ 10,500.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,184.5
Non-Hospital Uses of Cash													
17 Line of Credit Repayments	-	-	-	-	-	-	10,500.0	-	-	-	-	-	10,500.0
18 Sub-Total Non-Hospital Uses of Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,500.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,500.0
19 Net Non-Hospital Sources/Uses of Cash	\$ 806.7	\$ 538.6	\$ 214.6	\$ 124.5	\$ 10,500.0	\$ -	\$ (10,500.0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,684.5
20 Net Sources/Uses	\$ (958.0)	\$ (784.1)	\$ 79.1	\$ (1,639.8)	\$ (369.7)	\$ 1,270.8	\$ 8,709.6	\$ (2,692.3)	\$ (1,955.8)	\$ 351.0	\$ (1,900.8)	\$ (56.0)	\$ 54.0
21 Total Cash at beginning of period	\$ 4,386.3	\$ 3,428.3	\$ 2,644.2	\$ 2,723.3	\$ 1,083.5	\$ 713.8	\$ 1,984.6	\$ 10,694.2	\$ 8,001.8	\$ 6,046.1	\$ 6,397.1	\$ 4,496.3	
22 Total Cash at End of Period	\$ 3,428.3	\$ 2,644.2	\$ 2,723.3	\$ 1,083.5	\$ 713.8	\$ 1,984.6	\$ 10,694.2	\$ 8,001.8	\$ 6,046.1	\$ 6,397.1	\$ 4,496.3	\$ 4,440.3	
23 Days of Cash on Hand at End of Month	22.0	17.0	17.5	7.2	4.6	12.7	68.6	51.3	38.8	41.0	28.8	28.5	

Sonoma Valley Health Care District
Key Performance Indicators | Volumes & Statistics
 For the Period Ended October 31, 2025

	Current Month				Year-To-Date							
	Actual	Budget	Var	%	YTD	YTD	Var	%	PYTD			
					Actual	Budget			Actual	Var	%	
Inpatient Volume												
Acute Patient Days	295	257	38	15%	1,027	1,012	15	1%	917	110	12%	
Acute Discharges	78	70	8	11%	275	276	(1)	0%	233	42	18%	
Average Length of Stay	3.8	3.7	0.1	3%	3.7	3.7	0.1	2%	3.9	(0.2)	-5%	
Average Daily Census	9.5	8.3	1.2	15%	8.3	8.2	0.1	1%	7.5	1	12%	

	Actual	Budget	Var	%	YTD	YTD	Var	%	PYTD		
					Actual	Budget			Actual	Var	%
Surgical Volume											
IP Surgeries	15	10	5	56%	47	38	9	24%	33	14	42%
OP Surgeries	161	128	33	26%	576	512	64	13%	536	40	7%
Total Surgeries	176	138	38	28%	623	550	73	13%	569	54	9%

	Actual	Budget	Var	%	YTD	YTD	Var	%	PYTD		
					Actual	Budget			Actual	Var	%
Other Outpatient Activity											
Total Outpatient Visits	6,601	5,660	941	17%	24,846	22,640	2,206	10%	23,034	1,812	8%
Emergency Room Visits	952	875	77	9%	4,019	3,500	519	15%	3,681	338	9%

Payor Mix	Actual	Budget	%	Actual	Budget	%
	Medicare	41.3%	37.7%	3.6%	40.8%	37.9%
Medicare Mgd Care	17.7%	18.2%	-0.5%	18.3%	18.3%	0.0%
Medi-Cal	18.6%	16.2%	2.4%	17.4%	16.2%	1.3%
Commercial	17.8%	23.9%	-6.1%	19.8%	23.8%	-4.0%
Other	4.5%	3.9%	0.6%	3.7%	3.8%	-0.1%
Total	100.0%	100.0%		100.0%	100.0%	

Payor Mix calculated based on gross revenues

Department	Most Recent Six Months						Last 6 Months	YoY Monthly Averages			
	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25		FY26	FY25	Chg	% Chg
Lab	1,403	1,392	1,450	1,403	1,481	1,535		1,467	1,348	119	9%
Medical Imaging	1,095	1,051	1,087	1,011	999	1,056		1,038	982	56	6%
Physical Therapy	1,485	1,460	1,319	1,465	1,502	1,600		1,472	1,424	47	3%
CT Scanner	457	497	508	458	482	545		498	449	49	11%
Occ. Health	282	268	198	256	285	313		263	267	(4)	-1%
Mammography	213	237	233	230	250	295		252	245	7	3%
Occ. Therapy	210	211	288	208	195	236		232	203	29	14%
Ultrasound	195	220	297	251	247	281		269	218	51	24%
Wound Care	258	295	285	278	325	284		293	251	42	17%
MRI	197	198	230	178	251	251		228	181	46	26%
ECHO	144	148	134	100	114	131		120	129	(9)	-7%
Speech Therapy	72	70	60	59	53	57		57	68	(11)	-16%
Other	19	17	28	28	19	17		23	23	(0)	-1%
TOTAL	6,030	6,064	6,117	5,925	6,203	6,601		6,212	5,789	423	7%
Emergency Room	1,073	985	1,052	1,040	975	952		1,005	868	137	16%

Sonoma Valley Health Care District
Overall Performance | Key Performance Indicators
 For the Period Ended October 31, 2025

	Current Month				Year-To-Date				PY Actual	Var	%
	Actual	Budget	Var	%	Actual	Budget	Var	%			
Operating Margin	\$ 311.7	\$ (559.3)	\$ 871.0	156%	\$ 195.3	\$ (1,627.4)	\$ 1,822.7	112%	\$ (1,226.1)	\$ 1,421.5	116%
Operating EBDA	\$ 819.5	\$ (45.9)	\$ 865.4	1884%	\$ 2,223.8	\$ 476.0	\$ 1,747.8	367%	\$ 972.8	\$ 1,251.0	129%
Net Income (Loss)	\$ 485.2	\$ (403.4)	\$ 888.6	220%	\$ 1,162.5	\$ (1,003.9)	\$ 2,166.4	216%	\$ (454.8)	\$ 1,617.3	356%

Operating Revenue Summary (All Numbers in 1000s)

Net Patient Revenue	\$ 6,647	\$ 5,675	\$ 972	17%	\$ 25,545	\$ 22,700	\$ 2,845	13%	\$ 20,459	\$ 5,086	25%
NPR as a % of Gross	18.9%	19.7%	-3.7%		18.9%	19.7%	-4.0%		17.4%	8.4%	
Operating Revenue	\$ 7,063	\$ 6,092	\$ 972	16%	\$ 27,209	\$ 24,366	\$ 2,843	12%	\$ 22,117.2	\$ 5,092	23%

Operating Expense Summary (All Numbers in 1000s)

Operating Expenses	\$ 6,752	\$ 6,651	\$ 101	2%	\$ 27,014	\$ 25,994	\$ 1,020	4%	\$ 23,343	\$ 3,670	16%
Op Exp. Excl. Depr.	\$ 6,244	\$ 6,138	\$ 106	2%	\$ 24,985	\$ 23,890	\$ 1,095	5%	\$ 21,144	\$ 3,841	18%
Worked FTEs	228.04	230.19	(2.15)	-1%	229.63	223.32	\$ 6.31	3%	218.09	11.54	5%

Trended Operating Revenue & Operating Expense Graphs

Trended Operating Revenues
 CY Actual vs CY Budget vs PY Actual



Trended Operating Expenses (excl Depreciation)
 CY Actual vs CY Budget vs PY Actual



— CY ACTUAL - - - CY BUDGET — PY ACTUAL

Cash Indicators

	Current Month	Prior Month	Var	% Var
Days Cash	7.2	17.5	(10.3)	-59%
A/R Days	43.6	41.4	2.2	5%
A/P Days	70.2	72.5	(2.3)	-3%