



Washington Township Hospital Development Corporation

2000 Mowry Avenue, Fremont, CA 94538-1716

July 8, 2021

MEETING NOTICE

In compliance with Governor Gavin Newsom's Reopening Plan for California and Executive Order N-29-20, we will continue to conduct the meeting of the Board of Directors of Washington Township Hospital Development Corporation via Zoom only on Monday, July 12, 2021. The meeting will commence at 12:00 p.m.

Join Zoom Meeting

<https://zoom.us/j/91351866265?pwd=Y1NUMHN0SIJldzZRcHhVNkMyM3AyZz09>

Dial by your location: +1 669 900 9128 US (San Jose)

Meeting ID: 913 5186 6265

Passcode: 541792

Portions of this meeting may be held in closed session in accordance with Sections 1461, 1462, 32106 and 32155 of the California Health & Safety Code and Sections 54962 and 54954.5 of the California Government Code.

In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact the Recording Secretary at (510) 818-7075. Notification two working days prior to the meeting will enable the Recording Secretary to make reasonable arrangements to ensure accessibility to this meeting.

This notice is posted pursuant to Section 54954 of the Government Code.

By direction of the President & Chief Executive Officer
Washington Township Hospital Development Corporation

Vanessa Terrasas

Vanessa Terrasas
Recording Secretary

Kimberly Hartz, President and Chief Executive Officer

Ohlone College Student Health Center • Washington Medical Billing • Washington on Wheels • Washington Outpatient Rehabilitation Center
Washington Outpatient Surgery Center • Washington Radiation Oncology Center • Washington Sports Medicine
Washington Township Medical Foundation • Washington Urgent Care



Washington Township Hospital Development Corporation

2000 Mowry Avenue, Fremont, CA 94538-1716

AGENDA

BOARD OF DIRECTORS' MEETING WASHINGTON TOWNSHIP HOSPITAL DEVELOPMENT CORPORATION

Monday, July 12, 2021 – 12:00 P.M.
2000 Mowry Avenue, Fremont, CA 94538
Meeting Conducted via Zoom

Join Zoom Meeting

<https://zoom.us/j/91351866265?pwd=Y1NUMHN0SIJldzZRcHhVNkMyM3AyZz09>

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Assistance for the Disabled: If you are disabled in any way and need accommodation to participate in the meeting, please call Vanessa Terrasas, Recording Secretary, at (510) 818-7075 for assistance so the necessary arrangements can be made.

		PRESENTED BY:
I.	CALL TO ORDER	Chair
II.	ROLL CALL	Vanessa Terrasas, Executive Assistant
III.	CONSIDERATION OF MINUTES OF February 3, 2021	<i>Motion Required</i>
IV.	COMMUNICATIONS A. Oral B. Written	
V.	PRESIDENT AND CHIEF EXECUTIVE OFFICER REPORT	Kimberly Hartz, President and Chief Executive Officer

In accordance with Section 1461, 1462, 32106 and 32155 of the California Health & Safety Code and Sections 54962 and 54954.5 of the California Government Code, portions of this meeting may be held in closed session.

- | | | |
|--------------|---|-------|
| VI. | CLOSED SESSION | Chair |
| | A. Report involving trade secret pursuant to Health and Safety Code, Section 32106. Estimated public disclosure date August 2021. | |
| VII. | ADJOURN TO OPEN SESSION & REPORT ON CLOSED SESSION | Chair |
| VIII. | OPEN SESSION | Chair |
| | A. Report to Open Session | |
| | B. Action Item | |
| | 1. Appointment of Tina Nunez to the Washington Outpatient Surgery Center, LLC Board of Directors. | |
| | 2. Acceptance of the Washington Township Hospital Development Corporation Budget Estimate for Fiscal Year 2021/22. | |
| | 3. Acceptance of the Washington Township Medical Foundation Budget Estimate for Fiscal Year 2021/22. | |
| | 4. Approval of Unsecured Revolving Credit Line Agreement between DEVCO and Peninsula Surgery Center, LLC | |
| IX. | ADJOURNMENT | Chair |

NEXT MEETING: August 16, 2021

The meeting of the Board of Directors of the Washington Township Hospital Development Corporation was held on February 3, 2021 via Zoom in order to comply with Governor Gavin Newsom's and Alameda County's mandatory orders to Shelter at Home to reduce the risk of spread of COVID-19. Chairman Sah called the meeting to order at 7:32 a.m.

*CALL
TO
ORDER*

Present: Russ Blowers, Steven Chan, DDS, Miro Garcia, Benn Sah, MD, Sue Querner and Kimberly Hartz, President and Chief Executive Officer

*ROLL
CALL*

Absent: None

Also present: Tina Nunez, Vice President of Ambulatory and Administrative Services; Chris Henry, Vice President and Chief Financial Officer; Walter Choto, Sr. Director, Ambulatory Care Services; Paul Kozachenko, Attorney and Holly Cedillo, Executive Assistant

Guests: Kristin Ferguson, Chief of Compliance; Sri Boddu, Audio Visual Manager

A motion was made by Director Chan, seconded by Director Blowers to approve the minutes of the meeting of November 5, 2020. The motion was carried by the following vote:

*APPROVAL OF
MINUTES OF
November 5, 2020
And
November 16, 2020*

Ayes: Directors Blowers, Chan, Garcia and Sah

Noes: None

Absent: None

Abstain: Director Querner

A motion was made by Director Chan, seconded by Director Blowers to approve the minutes of the meeting of November 16, 2020. The motion was carried by the following vote:

Ayes: Directors Blowers, Chan, Garcia and Sah

Noes: None

Absent: None

Abstain: Director Querner

At its January 13, 2021 meeting, the District Board of Directors voted to appoint and reappoint the Washington Township Hospital Development Corporation Board members. The District Board of Directors approved the appointment of Sue Querner to the DEVCO Board of Directors to fulfill its five member capacity. Dr. Sah informed the DEVCO Board of Directors on his personal health information prior to a motion being made on the election of officers. There was a discussion regarding the bylaws and what would happen in the event a chair could not serve in his/her role. It was discussed that legal counsel would review the bylaws and will provide an update at the next board meeting. A motion was made by Director Blowers, seconded by Director Chan, to elect the following slate of board officers for 2021 as follows:

*ELECTION OF
OFFICERS 2021*

Benn Sah, MD, as Chair, Kimberly Hartz as President and Chief Executive Officer, Steven Chan, DDS as Secretary, and Russ Blowers as Treasurer. The motion was carried by the following votes:

*ELECTION OF
OFFICERS 2021
(CONT'D)*

Ayes: Directors Blowers, Chan, Garcia, Querner and Sah
Noes: None
Absent: None
Abstain: None

Ms. Hartz noted that there was no written or oral communication.

COMMUNICATIONS

Kristin Ferguson, Chief of Compliance at Washington Hospital, provided ethics training to the Board. The Board was advised that they are also required to complete a minimum of two hours of ethics training online every two years. Once completed, members should print the certificate, keep a copy and provide the original to Holly Cedillo. Original certificates will be provided to Ms. Hartz's office.

*AB 1234 ETHICS
TRAINING*

Ethics training is required of local public officials including members of the legislative body of a local public agency. Ms. Ferguson shared the public service ethical principles including laws related to personal gain, personal advantages, government transparency laws and laws related to fair processes. The importance of public service and strengthening the relationship with the community was emphasized. Ms. Ferguson also notified the Board that she is available to answer any questions or concerns regarding compliance issues.

Ms. Hartz welcomed Sue Querner as the newest member appointed to the Washington Township Hospital Development Corporation Board of Directors. Ms. Querner has served the local community as a small business owner in Fremont for several years. She is an accomplished entrepreneur with over 25 years of experience and has been actively involved with the Healthcare System through the Washington Hospital Healthcare Foundation.

*PRESIDENT & CHIEF
EXECUTIVE OFFICER
REPORT*

Ms. Hartz shared an update regarding COVID-19. A 90-day supply of Personal Protective Equipment (PPE) is being successfully maintained and the number of negative air pressure rooms have been increased to help contain the spread of the virus. The number of high acuity patients has increased which may be caused by the delay in care due to the pandemic. Also, up to date information regarding the COVID-19 vaccine and vaccination criteria is provided on our Washington Hospital Healthcare System website.

The Vaccination Task Force began coordinating the distribution of the COVID-19 vaccine throughout the Healthcare System beginning in December. Vaccine distribution is done according to the priority guidelines provided by the Alameda County Public Health Department. Approximately 75% of the staff and

physicians have received the vaccine. A call center supported by Washington Township Medical Foundation (WTMF) has opened to receive community calls regarding vaccination appointments.

*PRESIDENT & CHIEF
EXECUTIVE OFFICER
REPORT (CONT'D)*

The community vaccination clinic coordinated by WTMF began on February 1st. Appointments are required and can be scheduled through the call center or online through MyChart. At this time, per county guidelines, appointments are for district residents greater than 65 years who have had a service with the healthcare system in the last two years. The goal is to vaccinate five hundred patients per day based on availability of the vaccine.

The financial impact due to COVID-19 continues to remain a challenge. Elective procedures have been limited and at times had to be placed on hold and additional expenses required to administer testing and distribution of the vaccine have made a direct financial impact. We have applied for the Health and Economic Recovery Omnibus Emergency Solutions Act (HEROES Act). This is intended to supplement the CARES Act.

Overall, we are very proud of the amazing team at Washington Hospital that have come together to ensure the highest quality of patient care during this time.

Ms. Hartz notified the group that the The Joint Commission survey continues to be on hold and may take place virtually due to the pandemic. This survey takes place every three years.

Ms. Hartz announced that the Washington Radiation Oncology Center staff officially returned to the Fremont location on December 14, 2020. Ms. Hartz thanked the Board for approving the new Linear Accelerator and shared that patients expressed excitement about having access to the latest technology. The staff was temporarily located at the Alameda Radiation Oncology located in Hayward.

Ms. Hartz reported that discussion regarding the development of a trauma center is being reinvigorated with Alameda County. Currently the two trauma centers located in the county are Eden Medical Center and Highland Hospital. The need for a third trauma center within the county is important and will help support the increased volumes and continued community growth. WHHS hired a consulting firm to assess our readiness and potential volume. The report showed there is enough volume to support WHHS to be considered a trauma center. Alameda County is conducting their own study to determine the need of an additional trauma center in the county. Valley Care has also expressed an interest to become a trauma site. The Board of Supervisors would be the ones to ultimately vote on this.

Ms. Hartz shared that the first Transcatheter aortic valve replacement (TAVR) case took place in January in conjunction with UCSF. This procedure is a minimally invasive heart valve surgery. *PRESIDENT & CHIEF EXECUTIVE OFFICER REPORT (CONT'D)*

Chris Henry, Vice President and Chief Financial Officer, gave an update on the Peninsula Surgery Center. Construction is complete and the city provided final approval allowing the Medicare certification process to begin. The goal is to begin procedures at the end of April.

Ms. Nunez informed the group that the Washington Township Medical Foundation (WTMF) welcomed Dr. Stephen Catalya on August 31, 2020 to Internal Medicine/Infectious Disease. Dr. Thomas Collins-Pallett joined as of October 1, 2020 at the Warm Springs Clinic and Dr. Kevin Porciuncula will join the Nakamura Clinic on March 1, 2021. Active discussions are also taking place to recruit a neurosurgeon and an interventional cardiologist.

Ms. Hartz shared that the Washing Hospital Healthcare Foundation Annual Golf Tournament has been postponed.

Director Garcia dismissed himself from the meeting at 8:35 a.m.

Chairman Sah adjourned the meeting to closed session at 8:39 a.m.

ADJOURN TO CLOSED SESSION

Chairman Sah adjourned the meeting to open session at 8:51 a.m. He reported that no action was taken in closed session.

ADJOURN TO OPEN SESSION

There being no further business, the meeting adjourned at 8:55 a.m. The next meeting is currently scheduled for May 17, 2021 at 7:30 a.m.

ADJOURNMENT

Benn Sah, MD
Chair

Steven Chan, DDS
Secretary

**Washington Township Hospital
Development Corporation
Summary Income Statement
April 2021**

Current Month				Year - To - Date				
Actual	Budget	Favorable/(Unfavorable)		Actual	Budget	Favorable/(Unfavorable)		
		Variance	%			Variance	%	
2,238	2,990	(752)	(25.2%)	22,138	27,358	(5,220)	(19.1%)	
279	279	0	0.0%	2,821	2,668	153	5.7%	
2,517	3,269	(752)	(23.0%)	24,959	30,026	(5,067)	(16.9%)	
				Gross Revenue				
4,437,101	4,426,156	10,945	0.2%	36,649,985	41,113,740	(4,463,755)	(10.9%)	
882,652	933,235	(50,583)	(5.4%)	10,027,230	9,183,416	843,814	9.2%	
5,319,753	5,359,391	(39,638)	(0.7%)	46,677,215	50,297,156	(3,619,941)	(7.2%)	
				Deductions				
2,413,345	2,265,362	(147,983)	(6.5%)	19,303,700	21,042,873	1,739,173	8.3%	
54.4%	51.2%	(3.2%)		Contractual Percentage	52.7%	51.2%	(1.5%)	
2,906,408	3,094,029	(187,621)	(6.1%)	(8) Net Revenue	27,373,515	29,254,283	(1,880,768)	(6.4%)
				Expenses				
879,803	843,989	(35,814)	(4.2%)	(9) Purchased Labor	8,268,072	7,961,978	(306,094)	(3.8%)
288,792	305,458	16,666	5.5%	(10) Purchased Benefits	2,753,921	2,995,578	241,657	8.1%
369,430	479,839	110,409	23.0%	(11) Supplies	3,522,163	4,515,796	993,633	22.0%
338,609	334,631	(3,978)	(1.2%)	(12) Professional Fees	3,014,958	3,284,866	269,908	8.2%
221,464	299,498	78,034	26.1%	(13) Purchased Services	2,628,051	3,154,456	526,405	16.7%
121,867	117,027	(4,840)	(4.1%)	(14) Depreciation and Amort	1,034,453	1,104,406	69,953	6.3%
25,280	23,083	(2,197)	(9.5%)	(15) Utilities	284,573	252,501	(32,072)	(12.7%)
416,917	432,566	15,649	3.6%	(16) Building Lease	5,190,463	4,791,249	(399,214)	(8.3%)
122,742	123,002	260	0.2%	(17) Other Expenses	1,324,727	1,311,933	(12,794)	(1.0%)
2,784,904	2,959,093	174,189	5.9%	(18) Total Expenses	28,021,381	29,372,763	1,351,382	4.6%
121,504	134,936	(13,432)	(10.0%)	(19) Net Operating Income/Loss	(647,866)	(118,480)	(529,386)	(446.8%)
91,309	124,278	32,969	26.5%	(20) Minority Interest	110,657	866,736	756,079	87.2%
30,195	10,658	19,537	183.3%	(21) Net Income/Loss	(758,523)	(985,216)	226,693	23.0%



Memorandum

DATE: July 12, 2021

TO: Board of Directors
Washington Township Hospital Development Corporation

FROM: Kimberly Hartz
President and Chief Executive Officer

SUBJECT: Appointment of Tina Nunez to the Washington Outpatient Surgery Center, LLC
Board of Directors

The Washington Outpatient Surgery Center is a California limited liability company where the Washington Township Development Corporation (DEVCO) owns a 50.1% interest. The remaining ownership interests are held by the physician owners. There is a six member Board of Directors governing the WOSC. Three members are appointed by DEVCO and three members are appointed by the physician management services organization.

Its current Board of Directors consists of: Kimberly Hartz, Chris Henry, Robert Roth, M.D. as appointed by the DEVCO Board of Directors and Kranthi Achanta, M.D, Steven Andersen, M.D., Annamalai Veerappan, M.D as appointed by the physician management services organization.

Robert Roth, MD is retiring and therefore I am recommending for consideration by the Washington Township Hospital Development Corporation Board of Directors to appoint Tina Nunez to the Washington Outpatient Surgery Center as replacement of Robert Roth, M.D.



Memorandum

DATE: July 12, 2021

TO: Board of Directors
Washington Township Hospital Development Corporation

FROM: Kimberly Hartz
President and Chief Executive Officer

SUBJECT: **Washington Township Hospital Development Corporation
Budget Estimate FY 22**

The Budget Estimate for FY 22 for the Washington Township Hospital Development Corporation (DEVCO) is being presented to the Board of Directors of the Development Corporation for its adoption.

Over the past year, DEVCO focused on operating during the COVID-19 pandemic environment. The majority of the sites are trending to return to at least 90% of the Pre-COVID volumes by the end of FY 21. Washington Urgent Care will be closing at the end of FY 21 as more hospitals are partnering with organizations that specialize in urgent care and have the infrastructure and technology platforms to better serve evolving community needs. The Peninsula Surgery Center is anticipated to open the beginning of FY 22. This center will provide a full range of services primarily focusing on orthopedics and sports medicine.

Our continued commitment to these programs through the Development Corporation provides an important mechanism in helping us to meet our goal of improving and maintaining the health status of the residents of the District.

This budget takes into account inflation, contracted changes, and operation changes. For the FY 22, the Washington Township Hospital Development Corporation is budgeted as follows:

Visits are budgeted at **27,714**
Total Operating Revenue is budgeted at **\$42,703,616**
Total Expenses are budgeted at **\$40,123,032**
Net income is budgeted at **\$834,895**
Capital request is **\$201,968**

In accordance with District Law, Policies and Procedure, I request that the Washington Township Hospital Development Corporation Board of Directors authorize the President and Chief Executive Officer to proceed with the adoption of the Washington Township Hospital Development Corporation FY 22 Budget Estimate.

Kimberly Hartz

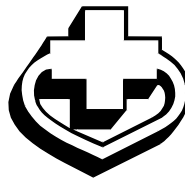
KIMBERLY HARTZ
President and Chief Executive Officer

Consolidated Income Statement

	<i>Budget Estimate</i>	<i>Projected</i>	<i>\$</i>	<i>%</i>
	<i>FY 22</i>	<i>FY 21</i>	<i>Change</i>	<i>Change</i>
Visits	27,714	40,310	(12,596)	-31.2%
Gross Patient Revenue	\$ 88,397,817	\$ 52,181,408	36,216,409	69.4%
Other Revenue	5,193,436	6,754,517	(1,561,081)	-23.1%
Contractual Allowances	50,887,637	27,177,279	(23,710,358)	-87.2%
Total Operating Revenue	\$ 42,703,616	\$ 31,758,646	\$ 10,944,970	34.5%
Expense:				
Salaries and Wages	\$ 7,497,587	\$ 7,258,649	\$ (238,938)	-3.3%
Employee Benefits	2,878,852	2,679,328	\$ (199,524)	-7.4%
Supplies	8,640,619	4,024,612	\$ (4,616,007)	-114.7%
Professional Fees and Purchased Services	10,529,841	9,046,877	\$ (1,482,964)	-16.4%
Depreciation	2,391,776	1,280,338	\$ (1,111,438)	-86.8%
Building Lease	5,672,881	5,529,438	\$ (143,443)	-2.6%
Insurance, Utilities, Taxes, and Other Expenses	2,098,299	1,905,410	\$ (192,889)	-10.1%
Interest Expense	413,177	19,747	\$ (393,430)	-1992.4%
Total Expense	\$ 40,123,032	\$ 31,744,399	\$ (8,378,633)	-26.4%
Income from Operations	\$ 2,580,584	\$ 14,247	\$ 2,566,337	18013.2%
Minority Interest	(1,745,689)	(1,282,980)	(462,709)	-36.1%
Net Income	\$ 834,895	\$ (1,268,733)	\$ 2,103,628	165.8%

Capital – WOSC Fremont

Product Description	Net Price
OEC Elite™ I.I. 9" Digital Mobile Super C-arm	\$ 133,034
Sony UP-991AD, Sony Hybrid Graphic Printer	\$ 5,200
Total :	\$ 137,012
Glide Scope Core	\$ 15,000
Multigen Generator	\$ 31,634
Total	\$ 184,864
Tax 9.25%	\$ 17,100
Total	\$ 201,968



Memorandum

DATE: July 12, 2021

TO: Board of Directors
Washington Township Hospital Development Corporation

FROM: Kimberly Hartz
Chief Executive Officer

SUBJECT: **WTMF Budget Estimate FY 2021/22**

This past year was an unprecedented year with the budget year starting out in the midst of the pandemic. WTMF was able to “weather the storm” and ended the fiscal year close to pre-pandemic levels. WTMF was able to pivot and implement telehealth to continue to offer care throughout the pandemic. In addition, WTMF began operating a very successful covid vaccination clinic meeting the immediate needs of the community.

The FY 2021/22 budget takes into account inflation, contracted changes, staffing changes, budgetary changes and market and strategic growth for the Foundation. It also includes infrastructure expense related to the Quality Improvement Plan (QIP) which is an important healthcare system quality initiative that is focused on improving the quality of care for WTMF patients.

For the FY 2021/22, Washington Township Medical Foundation is budgeted as follows:

Visits are budgeted at 237,921 including a more limited COVID Vaccine Clinic based on lower demand
Total Operating Revenue is budgeted at \$49,303,955
Total Expenses are budgeted at \$73,257,051
Net Loss is budgeted at (\$23,953,096)
Total Capital Budget of \$132,371

This budget reflects a medical foundation that continues to grow and is committed to meeting the health care needs of the community through the provision of high quality, cost effective care locally. Washington Township Medical Foundation contracts with third-party payers for the delivery of health care services and focuses on research and educational activities.

Washington Township Medical Foundation is helping to better position Washington Hospital Healthcare System and physicians in this rapidly changing health care landscape at both the state and federal levels along with an environment driven by great uncertainty. Washington Township Medical Foundation provides opportunities for care coordination and collaboration that is

important to the current and future success of Washington Hospital Healthcare System. WTMF also creates a vehicle that allows us to continue to successfully recruit primary care and specialist physicians to our community and offers community physicians another option for practicing medicine so that the health care needs of the community can be met now and into the future.

Our continued commitment to Washington Township Medical Foundation provides an important strategic initiative in helping us meet our goal of providing local access to quality care along with improving and maintaining the health status of the residents of our District.

WTMF FY 2022

Consolidated Income Statement

	FY 2022 Budget	FY 2021 Projected	Change	% Change
Visits	204,921	199,765	5,156	2.6%
COVID-19 Vaccine Visits	33,000	80,375	(47,375)	-58.9%
Total Visits	237,921	280,140	(42,219)	-15.1%
<u>OPERATING REVENUE</u>				
Gross Patient Revenue	\$ 67,428,505	\$ 65,624,125	\$ 1,804,380	2.7%
COVID-19 Vaccine Gross Revenue	2,640,000	6,406,310	(3,766,310)	-58.8%
Total Gross Patient Revenue	70,068,505	72,030,435	(1,961,930)	-2.7%
Contractual Adjustments	(32,458,853)	(32,780,305)	321,452	1.0%
COVID-19 Vaccine Contractual Adj.	(1,223,040)	(2,954,648)	1,731,608	58.6%
Total Contractual Adjustments	(33,681,893)	(35,734,953)	2,053,060	-5.7%
Net Patient Revenue	\$ 36,386,612	\$ 36,295,482	\$ 91,130	0.3%
Contractual Adjustments %	48.1%	50.0%	1.9%	
Other Non-Patient Revenue**	12,917,343	13,898,381	(981,038)	-7.1%
Total Operating Revenue	\$ 49,303,955	\$ 50,193,863	\$ (889,908)	-1.8%
<u>OPERATING EXPENSES</u>				
PSA Costs	44,300,387	44,124,838	\$ (175,549)	-0.4%
Salaries & Wages	12,922,951	12,513,022	(409,929)	-3.3%
Benefits	3,829,288	3,397,263	(432,025)	-12.7%
Professional & Purchased Services	3,710,441	3,512,715	(197,726)	-5.6%
Supplies	2,886,476	2,810,150	(76,326)	-2.7%
Occupancy Costs	3,415,295	3,358,354	(56,941)	-1.7%
Depreciation	170,747	238,956	68,209	28.5%
Other Expense*	2,021,466	2,034,425	12,959	0.6%
Total Operating Expense	\$ 73,257,051	\$ 71,989,723	\$ (1,267,328)	-1.8%
NET PROFIT / (LOSS)	\$ (23,953,096)	\$ (21,795,860)	\$ (2,157,236)	-9.9%

* Other Expense includes: Insurance, Marketing, Bank Charges, Interpreting, Record Storage, Equip Rent, Taxes & Licenses

** Other Non Patient Revenue includes: Incentive Rev, Hospitalist Rev, Meaningful Use Rev, WTMG Management Fees, Lean Phys Champion, and PAMF Revenue

WTMF FY 2022

Capital Budget

Site	Item Description	Cost
Cardiology	Echo PAC software for Vivid E 90 Echo Ultrasound	\$ 8,085
Center Medical Group	Ritter M11 STEAM STERILIZER	4,165
ENT	Exam Chair and SMR Cabinet	13,780
Martin	Philips Pagewriter TC30 Electrocardiograph	4,370
Nakamura	Audiometer	5,463
Nakamura	Interior Painting of Building	13,853
Orthopedic Surgery	Ritter M11 Autoclave	4,164
Thoracic	EKG Machine	4,371
Vascular Surgery	MAC PC for 3D Imaging and OPC Software	6,143
Vascular Surgery	Vascular Ultrasound Machine - GE Venue GO Model	38,114
Warm Springs	Philips Pagewriter TC30 Electrocardiograph	4,370
Warm Springs	Ritter M11 Steam Sterilizer - Autoclave	4,165
WIMG	Ritter M11 Autoclave	4,164
Women's Health	Corometrics 179 Series 172 + fetal movement detect	7,232
Women's Health	Exam Table Lights	9,932
	Total Capital Budget	<u>\$ 132,371</u>



Memorandum

DATE: July 1, 2021

TO: DEVCO Board of Directors

FROM: Kimberly Hartz, Chief Executive Officer

SUBJECT: DEVCO Board Action Requested - \$4 Million Line of Credit to PSC, LLC

As the construction of the Peninsula Surgery Center (PSC) comes to an end and preparations are being made to begin operations, additional funding will be required until the center is fully operational.

As you are aware, 80% of the construction cost was financed through a loan from Fremont Bank. The remainder of the construction cost is required to be funded by PSC.

As the center proceeds with Medicare certification and prepares to open, additional funding is needed to cover the 90 day interim period. Once operations have begun there is typically an additional 45 to 60 day period before payments are received.

As a result, we are proposing that DEVCO provide access to working capital in the form of a line of credit of up to \$4 million. The proposed terms are as follows:

- Interest rate of Prime plus 1%
- Floor rate at 4.25%
- Maximum 60 month term
- No annual fee
- Draws available beginning August 1, 2021 as required

To date, DEVCO has provided approximately \$1.7 million in funding that will be rolled into this line of credit.

We will be presenting this arrangement for consideration by the DEVCO Board of Directors at the meeting on July 12, 2021.