



EL CENTRO REGIONAL MEDICAL CENTER
BOARD OF TRUSTEES – SPECIAL MEETING

WEDNESDAY, SEPTEMBER 27, 2023
5:30 PM

MOB CONFERENCE ROOM 1&2
1271 ROSS AVENUE, EL CENTRO, CA
&

TELECONFERENCE LOCATION *NOTE: Pursuant to Government Code Section 54953(b) Trustee Patty Maysent- CEO, UCSD Health will be attending the Special Meeting via teleconference from:*

**JACOBS MEDICAL CENTER, Suite 1-620
9300 CAMPUS POINT DR.
SAN DIEGO, CA 92037**

PRESIDENT: Tomas Oliva

MEMBERS: Sylvia Marroquin; Martha Cardenas-Singh; Edgard Garcia; Sonia Carter; Patty Maysent-CEO, UCSD Health; Christian Tomaszewski-M.D.-CMO, UCSD; Pablo Velez-CEO ECRMC

CLERK: Belen Gonzalez

ATTORNEY: Elizabeth Martyn, City Attorney

This is a public meeting. If you are attending in person, and there is an item on the agenda on which you wish to be heard, please come forward to the microphone. Address yourself to the president. You may be asked to complete a speaker slip; while persons wishing to address the Board are not required to identify themselves (Gov't. Code § 54953.3), this information assists the Board by ensuring that all persons wishing to address the Board are recognized and it assists the Board Executive Secretary in preparing the Board meeting minutes. The president reserves the right to place a time limit on each person asking to be heard. If you wish to address the board concerning any other matter within the board's jurisdiction, you may do so during the public comment portion of the agenda.

BOARD MEMBERS, STAFF AND THE PUBLIC MAY ATTEND VIA ZOOM.

To participate and make a public comment in person, via Zoom or telephone, please raise your hand, speak up and introduce yourself.

Join Zoom Meeting: <https://ecrmc.zoom.us/j/82221974278?pwd=XIJWmSexaDwh2MzNGbejzvELspcN3T.1>

Optional dial-in number: (669) 444-9171

Meeting ID: 822 2197 4278 **Passcode:** 152613

Public comments via zoom are subject to the same time limits as those in person.

OPEN SESSION AGENDA

ROLL CALL:

PLEDGE OF ALLEGIANCE:

PUBLIC COMMENTS: Any member of the public wishing to address the Board concerning matters within its jurisdiction may do so at this time. Three minutes is allowed per speaker with a cumulative total of 15 minutes per group, which time may be extended by the President. Additional information regarding the format for public comments may be provided at the meeting.

BOARD MEMBER COMMENTS:

CONSENT AGENDA: *(Item 1-2)*

All items appearing here will be acted upon for approval by one motion, without discussion. Should any Board member or other person request that any item be considered separately, that item will be taken up at a time as determined by the President.

1. Review and Approval of Board of Trustees Minutes of Special Meeting of July 6, 2023.
2. Review and Approval of Board of Trustees Minutes of Regular Meeting of July 24, 2023.

NEW BUSINESS:

3. Approval of the Deposit Account Control Agreement (DACA)
4. Approval of the Distressed Hospital Loan Program Loan and Security Agreement
5. Discussion of the Board Finance Committee and Board Quality & Experience Committee—
Informational

FINANCE and OPERATIONAL UPDATE

6. Presentation of Financial Statements for Month and Year-to-Date as of July 2023—**Informational**
7. Presentation of Financial Statements for Month and Year-to-Date as of August 2023—
Informational
8. Presentation of 2024 Fiscal Year Cash Flow Projection—**Informational**
9. Review and Approval of Defined Benefit Pension Plan Fund Manager Replacement
10. Review and Approval of Defined Benefit Pension Plan Transfer
11. Review and Approval of Intuitive Xi Robot Purchase
12. Review and Approval of Three Year Agreement with Vendor to Supply Microsoft Office 365 Licenses
13. Review and Approval of Requisition No. 76—Project Construction Fees

CHIEF EXECUTIVE OFFICER UPDATE

14. Verbal Report from the CEO to the Board of Trustees—**Informational**
15. Manager Update—Patty Maysent—**Informational**

RECESS TO CLOSED SESSION:

A. HEARING/DELIBERATIONS RE MEDICAL QUALITY COMMITTEE REPORTS/STAFF

PRIVILEGES. The Hospital Board will recess to closed session pursuant to Government Code Section 37624.3 for a hearing and/or deliberations concerning reports of the ___ hospital medical audit committee, or X quality assurance committees, or X staff privileges.

B. TRADE SECRETS. The Hospital Board will recess to closed session pursuant to Govt. Code Section 37606(b) for the purpose of discussion and/or deliberation of reports involving hospital trade secret(s) as defined in subdivision (d) of Section 3426.1 of the Civil Code and which is necessary, and would, if prematurely disclosed create a substantial probability of depriving the hospital of a substantial economic benefit:

<u>Discussion of:</u>	<u>Number of Items:</u>
<u>X</u> hospital service;	<u>1</u>
<u>X</u> program;	<u>1</u>

X hospital facility

1

C. CONFERENCE WITH LEGAL COUNSEL— Anticipated Litigation, Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2)—1 claim: *Awiszus Claim*

RECONVENE TO OPEN SESSION – BOARD PRESIDENT

ANNOUNCEMENT OF CLOSED SESSION ACTIONS, IF ANY – GENERAL COUNSEL

16. Approval of Report of Medical Executive Committee’s Credentials Recommendations Report for Appointments, Reappointments, Resignations and Other Credentialing/Privileging Actions of Medical Staff and/or AHP Staff (*Approved in Closed Session*)

ADJOURNMENT: Adjourn. (Time:) Subject to additions, deletions, or changes.



El Centro Regional Medical Center
BOARD OF TRUSTEES – SPECIAL MINUTES
OPEN SESSION MINUTES
 MOB CONFERENCE ROOMS 1 & 2
 1271 Ross Avenue, El Centro, CA 92243

Zoom Meeting link: <https://ecrmc.zoom.us/j/88580155203?pwd=YINFRmx6NEtEWXB6WGZEY1U1ZXVxZz09>

Thursday, July 6, 2023

TOPIC	DISCUSSION/CONCLUSION	RECOMMENDATION/ACTION
ROLL CALL	<p>PRESENT: Oliva; Cardenas-Singh; Marroquin; Garcia; Carter; Tomaszewski; Chief Executive Officer Pablo Velez and Executive Board Secretary Belen Gonzalez</p> <p>Via Zoom: Jenusaitis; Morita</p> <p>ABSENT: Maysent</p> <p>ALSO PRESENT: City of El Centro Manager Cedric Ceseña; City of El Centro Attorney Elizabeth Martyn</p>	
CALL TO ORDER		The Board of Trustees convened in open session at 6:01 p.m. Board President Oliva called the meeting to order.
OPENING CEREMONY	The Pledge of Allegiance was recited in unison.	None
NOTICE OF MEETING	Notice of meeting was posted and mailed consistent with legal requirements.	None
PUBLIC COMMENTS	None	None
BOARD MEMBER COMMENTS	None	None

Special Meeting
July 6, 2023, 6:00 p.m.

TOPIC	DISCUSSION/CONCLUSION	RECOMMENDATION/ACTION
<p>NEW BUSINESS— Review and Approval of Resolution No. ECRMC 23-04 Continuing Expenditures and Revenues in Accordance with the FY 2022-2023 Budget until FY 2023-2024 Budget Adoption</p> <p>RESOLUTION NO. ECRMC 23-04 RESOLUTION OF THE BOARD OF TRUSTEES OF EL CENTRO REGIONAL MEDICAL CENTER CONTINUING EXPENDITURES AND REVENUES IN ACCORDANCE WITH THE FISCAL YEAR 2022-2023 BUDGET UNTIL FISCAL YEAR 2023-2024 BUDGET ADOPTION</p>	<p>Pablo Velez requested approval to continue the Fiscal Year 2022-2023 annual budget until the Board of Trustees adoption of the Fiscal Year 2023-2024 budget on or before August 31, 2023.</p> <p>Requested approval of Resolution No. ECRMC 23-04.</p>	<p>MOTION: by Cardenas-Singh, seconded by Carter and carried to approve the Resolution No. ECRMC 23-04 Continuing Expenditures and Revenues in Accordance with the FY 2022-2023 Budget until FY 2023-2024 Budget Adoption</p> <p>RESOLUTION NO. ECRMC 23-04 RESOLUTION OF THE BOARD OF TRUSTEES OF EL CENTRO REGIONAL MEDICAL CENTER CONTINUING EXPENDITURES AND REVENUES IN ACCORDANCE WITH THE FISCAL YEAR 2022-2023 BUDGET UNTIL FISCAL YEAR 2023-2024 BUDGET ADOPTION</p>
<p>RECESS TO CLOSED SESSION</p>		<p>MOTION: by Garcia seconded by Marroquin and carried to recess to Closed Session at 6:05 p.m. for TRADE SECRETS.</p> <p>All present in favor to recess to Closed Session. None opposed.</p>
<p>RECONVENE TO OPEN SESSION</p>		<p>The Board of Trustees reconvened to Open Session at 8:07 p.m.</p>
<p>ANNOUNCEMENT OF CLOSED SESSION ACTIONS</p>	<p>None</p>	<p>None</p>

TOPIC	DISCUSSION/CONCLUSION	RECOMMENDATION/ACTION
ADJOURNMENT		There being no further business, meeting was adjourned at approximately 8:08 p.m.

BELEN GONZALEZ, BOARD EXECUTIVE SECRETARY

APPROVED BY

TOMAS OLIVA, PRESIDENT



El Centro Regional Medical Center
BOARD OF TRUSTEES – REGULAR MINUTES
OPEN SESSION MINUTES
 MOB CONFERENCE ROOMS 1 & 2
 1271 Ross Avenue, El Centro, CA 92243

Zoom Meeting link: <https://ecrmc.zoom.us/j/82316263672?pwd=am9DbWlvVnAyR2dDWWo3K2YwOEpsZz09>

Monday, July 24, 2023

TOPIC	DISCUSSION/CONCLUSION	RECOMMENDATION/ACTION
ROLL CALL	<p>PRESENT: Oliva; Marroquin; Cardenas-Singh; Garcia(at 6:03pm); Carter; Maysent; Tomaszewski; Chief Executive Officer Pablo Velez and Executive Board Secretary Belen Gonzalez</p> <p>ABSENT: -</p> <p>ALSO PRESENT: Sunny Richley, M.D., Chief of Staff; City of El Centro Manager Cedric Ceseña</p>	
CALL TO ORDER		The Board of Trustees convened in open session at 6:00 p.m. Board President Oliva called the meeting to order.
OPENING CEREMONY	The Pledge of Allegiance was recited in unison.	None
NOTICE OF MEETING	Notice of meeting was posted and mailed consistent with legal requirements.	None
PUBLIC COMMENTS		None

TOPIC	DISCUSSION/CONCLUSION	RECOMMENDATION/ACTION
BOARD MEMBER COMMENTS	<i>Trustee Cardenas-Singh</i> Introduced Mario Renteria as the new Public Information Officer of the City of El Centro and welcomed him to the Board of Trustees meeting.	None
CONSENT AGENDA: (Item 1) Item 1. Review and Approval of Board of Trustees Minutes of Regular Meeting of June 27, 2023.	All items appearing here were acted upon for approval by one motion (or as to information reports, acknowledged receipt by the Board and directed to be appropriately filed) without discussion.	MOTION: by Cardenas, seconded by Garcia and carried to approve the Consent Agenda. All present in favor; none opposed.
NEW BUSINESS: Item 2. Deposit Account Control Agreement (DACA) Update on Process for Approval Discussion—Informational	Elizabeth Martyn, City Attorney provided an update on the DACA process and status.	Informational
FINANCE and OPERATIONAL UPDATE Item 3. Presentation of Financial Statements for Month and Year-to-Date as of June 2023—Informational	David Momberg provided an overview and summary of the Financial Statements for Month and Year-to-Date as of June 2023.	Informational
Item 4. Review and Approval of Requisition No. 75—Project Construction Fees	Tammy Morita presented the Requisition No. 75—Construction Fees and requested approval of reimbursement payment of project costs totaling: \$372, 236.85	MOTION: by Marroquin, seconded by Garcia and carried to approve the Requisition No. 75—Construction Fees All present in favor; none opposed.

TOPIC	DISCUSSION/CONCLUSION	RECOMMENDATION/ACTION
Item 5. Presentation of Current Weekly Cash Budget—Informational	David Momberg presented the current weekly cash budget handout and answered questions regarding the inflows and outflows of cash and what is foreseen in the months ahead.	Informational
Item 6. Review and Approval of Fiscal Year 2024 Operating and Capital Budget	<p>David Momberg presented the Fiscal Year 2024 Operating and Capital Budget.</p> <p>Requested approval of budget from the Board of Trustees.</p> <p>FY 2024 Budget Summary</p> <ul style="list-style-type: none"> • \$156.1 million Net Revenue • (\$5.4) million Operating Deficit • (\$9.8) million Net Deficit • \$8.4 million EBIDA • \$18.9 million Capital Projects (subject to available funding) 	<p>MOTION: by Marroquin, seconded by Garcia and carried to approve the Fiscal Year 2024 Operating and Capital Budget.</p> <p>All present in favor; none opposed.</p>
CHIEF EXECUTIVE OFFICER UPDATE Item 7. Verbal Report from the CEO to the Board of Trustees—Informational	Item to be discussed in Closed Session	Informational
Item 8. Manager Update—Patty Maysent—Informational	Item to be discussed in Closed Session	Informational
RECESS TO CLOSED SESSION		MOTION: by Carter, seconded by Marroquin and carried to recess to Closed Session at 6:37 p.m. for HEARING/

TOPIC	DISCUSSION/CONCLUSION	RECOMMENDATION/ACTION
		<p>DELIBERATIONS RE MEDICAL QUALITY COMMITTEE REPORTS/STAFF PRIVILEGES, LABOR NEGOTIATIONS, TRADE SECRETS, and CONFERENCE WITH LEGAL COUNSEL.</p> <p>All present in favor to recess to Closed Session. None opposed.</p>
RECONVENE TO OPEN SESSION		<p>The Board of Trustees reconvened to Open Session at 7:57 p.m.</p>
ANNOUNCEMENT OF CLOSED SESSION ACTIONS		<p>[A. HEARING/DELIBERATIONS RE MEDICAL QUALITY COMMITTEE REPORTS/STAFF PRIVILEGES— GOVERNMENT CODE SECTION 37624.3]</p> <p>MOTION: by Cardenas, seconded by Marroquin and carried to approve the Report of Medical Executive Committee’s Credentials Recommendations Report for Appointments, Reappointments, Resignations and Other Credentialing/Privileging Actions of Medical Staff and/or AHP Staff.</p> <p>All present in favor; none opposed</p>

TOPIC	DISCUSSION/CONCLUSION	RECOMMENDATION/ACTION
ADJOURNMENT		There being no further business, meeting was adjourned at approximately 7:58 p.m.

BELEN GONZALEZ, BOARD EXECUTIVE SECRETARY

APPROVED BY

TOMAS OLIVA, PRESIDENT



TO: HOSPITAL BOARD MEMBERS
FROM: Pablo Velez, Chief Executive Officer
DATE: September 27, 2023
MEETING: Board of Trustees

SUBJECT: DEPOSIT ACCOUNT CONTROL AGREEMENT (DACA)

BUDGET IMPACT: Does not Apply
A. Does the action impact/affect financial resources? X Yes No
B. If yes, what is the impact amount: To be determined

BACKGROUND: 2018 Bond Covenants directed ECRMC to put into place a Deposit Account Control Agreement. This agreement ensures Bond Trustee and Bond Holders will have access to funds if the need arises to redirect bond payments. The DACA account will act as ECRMCs operational account that vendors are paid through. It is also attached to any sweep accounts attached to the primary DACA account.

DISCUSSION: Requesting approval of the Deposit Control Agreement (DACA)

RECOMMENDATION: (1) Approve (2) Do not approve

ATTACHMENT(S):

- Deposit Account and Sweep Investment Control Agreement
- Collection Account Agreement

Approved for agenda, Chief Executive Officer

Date and Signature: Pablo Velez

DEPOSIT ACCOUNT AND SWEEP INVESTMENT CONTROL AGREEMENT

(Access Restricted after Notice)

This **Deposit Account and Sweep Investment Control Agreement** (the “Agreement”), dated as of the date specified on the page immediately before the initial signature page of this Agreement, is entered into by and among **El Centro Regional Medical Center**, a municipal hospital, separate agency, and enterprise operation of the City of El Centro, California (“Company”), **U.S. Bank National Association**, a national banking association, as trustee (in such capacity, “Secured Party”) and **Wells Fargo Bank, National Association** (“Bank”), and sets forth the rights of Secured Party and the obligations of Bank with respect to (i) the deposit accounts of Company at Bank identified at the end of this Agreement as the Collateral Accounts (each hereinafter referred to individually as a “Collateral Account” and collectively as “Collateral Accounts”), and (ii) the Sweep Investments (as hereinafter defined) maintained by Company with Bank which are linked to a Collateral Account. Each account designated as a Collateral Account includes, for purposes of this Agreement, and without the necessity of separately listing subaccount numbers, all subaccounts presently existing or hereafter established for deposit reporting purposes and integrated with the Collateral Account by an arrangement in which deposits made through subaccounts are posted only to the Collateral Account. Each Collateral Account operated as a “Foreign Currency Account” is a deposit account denominated in certain currencies specified by Bank. All or a portion of the funds withdrawn and debited from a Collateral Account may be invested for Company from time to time by Bank in one or more investment options held by and in the name of Bank for itself and those of Bank’s customers, including Company, that are participating in a deposit account investment program of Bank. An investment of such funds together with any dividend, interest, or other investment return earned thereon is hereinafter referred to individually as a “Sweep Investment” and collectively as “Sweep Investments”. As used herein, the term “Sweep Agreement” has the meaning assigned to it in the “Account Documentation” section of this Agreement.

- 1. Secured Party’s Interest in Collateral Accounts and Sweep Investments.** Secured Party represents that it has extended credit to Company and has been granted a security interest in the Collateral Accounts and Sweep Investments. Company hereby confirms the security interest granted by Company to Secured Party in all of Company’s right, title and interest in and to (i) the Collateral Accounts and all sums now or hereafter on deposit in or payable or withdrawable from the Collateral Accounts (the “Collateral Account Funds”), and (ii) the Sweep Investments and any proceeds thereof (“Sweep Investment Proceeds”).
- 2. Secured Party Control.** Bank, Secured Party and Company each agree that Bank will comply with instructions given to Bank by Secured Party directing disposition of funds in the Collateral Accounts without further consent by Company. Bank, Secured Party and Company further agree that, concerning any Sweep Investment undertaken by Company under a Sweep Agreement, if under such Sweep Agreement, Bank is (i) the registered owner of directly-held securities, or the holder of directly-held instruments, of which the Sweep Investment is a component, then Bank acknowledges that Bank has registered ownership of Company’s interest in the securities, or holds Company’s interest in the instruments, in each case for the benefit and on behalf of Secured Party; or (ii) the entitlement holder of a securities account, or the

customer on a deposit account, of which the Sweep Investment is a component, then Bank acknowledges that Bank has control of Company's interest in Bank's security entitlements in the securities account, or Bank has control of Company's interest in Bank's rights as customer in the funds in the deposit account, in each case for the benefit and on behalf of Secured Party; or (iii) a securities intermediary maintaining a securities account of which the Sweep Investment is a component, then Bank will comply without further consent of Company with entitlement orders originated by Secured Party as to Company's interest in the security entitlements in the securities account; or (iv) a depository bank maintaining a deposit account of which the Sweep Investment is a component, then Bank will comply, without further consent of Company, with instructions originated by Secured Party as to the disposition of Company's interest in the funds in such deposit account. As used in this Agreement, the terms "deposit account", "entitlement holder", "entitlement order", "securities account," "securities intermediary" and "security entitlement" have the respective meanings set forth in the Uniform Commercial Code (as adopted in the applicable state). Instructions to Bank from Secured Party with respect to disposition of funds in the Collateral Accounts, and entitlement orders and other disposition instructions to Bank from Secured Party with respect to any Sweep Investment, are hereinafter collectively referred to as "Disposition Instructions". Except as otherwise required by law, Bank will not agree with any third party to comply with (i) instructions for disposition of funds in the Collateral Accounts, or (ii) entitlement orders or other instructions applicable to any Sweep Investment, originated by such third party.

- 3. Company Access to Collateral Accounts and Sweep Investments.** Notwithstanding the provisions of the "Secured Party Control" section of this Agreement, Secured Party agrees that Company will be allowed access to, and the right to give instructions and entitlement orders with respect to, the Collateral Accounts, Collateral Account Funds, Sweep Investments and Sweep Investment Proceeds until Bank receives, and has had a reasonable opportunity to act on, written notice from Secured Party directing that Company no longer have access to, or the right to give instructions or entitlement orders to, any Collateral Accounts, Collateral Account Funds, Sweep Investments or Sweep Investment Proceeds (an "Access Termination Notice"). Company irrevocably authorizes Bank to comply with any Access Termination Notice and any Disposition Instructions even if Company objects to them in any way, and agrees that Bank may pay any and all Collateral Account Funds and/or Sweep Investment Proceeds to Secured Party in response to any Disposition Instructions. Company further agrees that after Bank receives an Access Termination Notice, Company will not have access to, or the right to give instructions or entitlement orders with respect to, any Collateral Accounts, Collateral Account Funds, Sweep Investments or Sweep Investment Proceeds.
- 4. Transfers in Response to Disposition Instructions.** Notwithstanding the provisions of the "Secured Party Control" section of this Agreement, unless Bank separately agrees in writing to the contrary, Bank will have no obligation to disburse funds in response to Disposition Instructions other than by automatic standing wire. Bank agrees that on each Business Day after it receives and has had a reasonable opportunity to act on an Access Termination Notice and corresponding Disposition Instructions it will transfer to the account specified at the end of this Agreement as the Destination Account or, if no account is specified, to such account as Secured Party specifies in the Access Termination Notice (in either case, the "Destination Account") the full amount of the collected and available balance in the Collateral Accounts at the beginning of such Business Day, together with the proceeds of any Sweep Investments linked to such Collateral Accounts. Any instruction or entitlement order in connection with a Sweep Investment delivered by Secured Party to Bank can only be for Bank to liquidate the Sweep Investment (at the end of the applicable investment period, if any) and to redeposit in and credit the funds therefrom (plus any dividend, interest or other return on the Sweep Investment and less any loss of funds suffered by the Sweep Investment) to the linked Collateral Account, and

to thereupon terminate such Sweep Investment. Secured Party also acknowledges and agrees that it cannot instruct Bank to transfer funds from the Sweep Investment to an account other than the Collateral Account to which such Sweep Investment is linked. Any disposition of funds which Bank makes in response to Disposition Instructions is subject to Bank's standard policies, procedures and documentation governing the type of disposition made; provided, however, that in no circumstances will any such disposition require Company's consent. To the extent any Collateral Account or Sweep Investment is a certificate of deposit or time deposit, Bank will be entitled to deduct any applicable early withdrawal penalty prior to disbursing funds from such account in response to Disposition Instructions. To the extent Secured Party requests that funds be transferred from any Collateral Account or Sweep Investment in a currency different from the currency denomination of the Collateral Account or Sweep Investment, the funds transfer will be made after currency conversion at Bank's then current buying rate for exchange applicable to the new currency.

5. **Lockboxes.** To the extent items deposited to a Collateral Account have been received in one or more post office lockboxes maintained for Company by Bank (each a "Lockbox") and processed by Bank for deposit, Company acknowledges that Company has granted Secured Party a security interest in all such items (the "Remittances"). Company agrees that after Bank receives an Access Termination Notice, Company will have no further right or ability to instruct Bank regarding the receipt, processing or deposit of Remittances, and that Secured Party alone will have the right and ability to so instruct Bank. Company and Secured Party acknowledge and agree that Bank's operation of each Lockbox, and the receipt, retrieval, processing and deposit of Remittances, will at all times be governed by Bank's Master Agreement for Treasury Management Services or other applicable treasury management services agreement ("Master Agreement"), and by Bank's applicable standard lockbox Service Description.
6. **Balance Reports and Bank Statements.** Bank agrees, at the request of Secured Party on any day on which Bank is open to conduct its regular banking business, other than a Saturday, Sunday or public holiday (each a "Business Day"), to make available to Secured Party a report ("Balance Report") showing the opening available balance in the Collateral Accounts (and Sweep Investments, if applicable) as of the beginning of such Business Day, by a transmission method determined by Bank, in Bank's sole discretion. Company expressly consents to this transmission of information. After Bank receives an Access Termination Notice, Bank will, on receiving a written request from Secured Party, send to Secured Party by United States mail, at the address indicated for Secured Party after its signature to this Agreement, duplicate copies of all periodic statements on the Collateral Accounts which are subsequently sent to Company.
7. **Returned Items.** Secured Party and Company understand and agree that the face amount ("Returned Item Amount") of each Returned Item will be paid by Bank debiting the Collateral Account to which the Returned Item was originally credited, without prior notice to Secured Party or Company. As used in this Agreement, the term "Returned Item" means (i) any item deposited to a Collateral Account and returned unpaid, whether for insufficient funds or for any other reason, and without regard to timeliness of the return or the occurrence or timeliness of any drawee's notice of non-payment; (ii) any item subject to a claim against Bank of breach of transfer or presentment warranty under the Uniform Commercial Code (as adopted in the applicable state) or Regulation CC (12 C.F.R. §229), as in effect from time to time; (iii) any automated clearing house ("ACH") entry credited to a Collateral Account and returned unpaid or subject to an adjustment entry under applicable clearing house rules, whether for insufficient funds or for any other reason, and without regard to timeliness of the return or adjustment; (iv) any credit to a Collateral Account from a merchant card transaction, against which a contractual demand for chargeback has been made; and (v) any credit to a Collateral Account made in error. Company agrees to pay all Returned Item Amounts immediately on demand, without setoff or counterclaim, to the extent there are not sufficient funds in the applicable Collateral Account to cover the Returned Item Amounts on the day Bank attempts to debit them from the

Collateral Account. After Bank receives an Access Termination Notice, Secured Party agrees to pay all Returned Item Amounts within fifteen (15) calendar days after demand, without setoff or counterclaim, to the extent that (i) the Returned Item Amounts are not paid in full by Company within five (5) calendar days after demand on Company by Bank, and (ii) Secured Party has received proceeds from the corresponding Returned Items under this Agreement.

- 8. Settlement Items.** Secured Party and Company understand and agree that the face amount (“Settlement Item Amount”) of each Settlement Item will be paid by Bank debiting the applicable Collateral Account, without prior notice to Secured Party or Company. As used in this Agreement, the term “Settlement Item” means (i) each check or other payment order drawn on or payable against any controlled disbursement account or other deposit account at any time linked to any Collateral Account by a zero balance account connection or other automated funding mechanism (each a “Linked Account”), which Bank cashes or exchanges for a cashier’s check or official check in the ordinary course of business prior to receiving an Access Termination Notice and having had a reasonable opportunity to act on it, and which is presented for settlement against the Collateral Account (after having been presented against the Linked Account) after Bank receives the Access Termination Notice, (ii) each check or other payment order drawn on or payable against a Collateral Account, which, on the Business Day Bank receives an Access Termination Notice, Bank cashes or exchanges for a cashier’s check or official check in the ordinary course of business after Bank’s cutoff time for posting, (iii) each ACH credit entry initiated by Bank, as originating depository financial institution, on behalf of Company, as originator, prior to Bank having received an Access Termination Notice and having had a reasonable opportunity to act on it, which ACH credit entry settles after Bank receives an Access Termination Notice, and (iv) any other payment order drawn on or payable against a Collateral Account or any Linked Account, which Bank has paid or funded prior to receiving an Access Termination Notice and having had a reasonable opportunity to act on it, and which is first presented for settlement against the Collateral Account in the ordinary course of business after Bank receives the Access Termination Notice and has transferred Collateral Account Funds to Secured Party under this Agreement. Company agrees to pay all Settlement Item Amounts immediately on demand, without setoff or counterclaim, to the extent there are not sufficient funds in the applicable Collateral Account to cover the Settlement Item Amounts on the day they are to be debited from the Collateral Account. Secured Party agrees to pay all Settlement Item Amounts within fifteen (15) calendar days after demand, without setoff or counterclaim, to the extent that (i) the Settlement Item Amounts are not paid in full by Company within five (5) calendar days after demand on Company by Bank, and (ii) Secured Party has received Collateral Account Funds under this Agreement.
- 9. Bank Fees.** Company agrees to pay all Bank’s fees and charges for the maintenance and administration of the Collateral Accounts and Sweep Investments and for the treasury management and other account services provided with respect to the Collateral Accounts and any Lockboxes (collectively “Bank Fees”), including, but not limited to, the fees for (a) Balance Reports provided on the Collateral Accounts and Sweep Investments, (b) funds transfer services received with respect to the Collateral Accounts, (c) lockbox processing services, (d) Returned Items, (e) funds advanced to cover overdrafts in the Collateral Accounts (but without Bank being in any way obligated to make any such advances), and (f) duplicate bank statements. The Bank Fees will be paid by Bank debiting one or more of the Collateral Accounts on the Business Day that the Bank Fees are due, without notice to Secured Party or Company. If there are not sufficient funds in the Collateral Accounts to cover fully the Bank Fees on the Business Day Bank attempts to debit them from the Collateral Accounts, such shortfall or the amount of such Bank Fees will be paid by Company to Bank, without setoff or counterclaim, within five (5) calendar days after demand from Bank. Secured Party agrees to pay any Bank Fees which accrue after Bank receives an Access Termination Notice, within fifteen (15) calendar days after demand, without setoff or counterclaim, to the extent such Bank Fees are not paid in full by Company within five (5) calendar days after demand on Company by Bank.

- 10. Account Documentation.** Except as specifically provided in this Agreement, Secured Party and Company agree that (i) the Collateral Accounts will be subject to, and Bank's operation of the Collateral Accounts will be in accordance with, the terms of Bank's applicable deposit account agreement governing the Collateral Accounts ("Account Agreement"), and (ii) each Sweep Investment will be subject to, and governed by, the terms and conditions of the Master Agreement, Bank's Stagecoach Sweep Service Description or other applicable sweep investment service description (each a "Sweep Investment Service Description") in effect from time to time, any related "Investment Acknowledgment" between Bank and Company, and any prospectus related to a Sweep Investment and/or any related Sweep Investment Agreement (e.g., Sweep Investment – Mutual Funds Agreement) between Bank and Company. (The Master Agreement and Sweep Investment Service Description, together with any Investment Acknowledgment and any prospectus and/or related agreement(s) are herein collectively referred to as the "Sweep Agreement"). Each Collateral Account operated as a "Foreign Currency Account" will be governed by the Master Agreement and Bank's Foreign Currency Account Addendum to Wells Fargo Commercial Account Agreement . All documents referenced in this Agreement as governing any Collateral Account or Sweep Investment, any Foreign Currency Account, or the processing of any Remittances, are herein collectively referred to as the "Account Documentation".
- 11. Partial Subordination of Bank's Rights.** Bank hereby subordinates to the security interest of Secured Party in the Collateral Accounts and Sweep Investments (i) any security interest which Bank may have or acquire in the Collateral Accounts or Sweep Investments, and (ii) any right which Bank may have or acquire to set off or otherwise apply any Collateral Account Funds or Sweep Investment Proceeds against the payment of any indebtedness from time to time owing to Bank from Company, except for debits to the Collateral Accounts permitted under this Agreement for the payment of Returned Item Amounts, Settlement Item Amounts or Bank Fees.
- 12. Bankruptcy Notice; Effect of Filing.** If Bank at any time receives notice of the commencement of a bankruptcy case or other insolvency or liquidation proceeding by or against Company, Bank will continue to comply with its obligations under this Agreement, except to the extent that any action required of Bank under this Agreement is prohibited under applicable bankruptcy laws or regulations or is stayed pursuant to the automatic stay imposed under the United States Bankruptcy Code or by order of any court or agency. With respect to any obligation of Secured Party hereunder which requires prior demand on Company, the commencement of a bankruptcy case or other insolvency or liquidation proceeding by or against Company will automatically eliminate the necessity of such demand on Company by Bank, and will immediately entitle Bank to make demand on Secured Party with the same effect as if demand had been made on Company and the time for Company's performance had expired.
- 13. Legal Process, Legal Notices and Court Orders.** Bank will comply with any legal process, legal notice or court order it receives in relation to a Collateral Account or Sweep Investment if Bank determines in its sole discretion that the legal process, legal notice or court order is legally binding on it.
- 14. Indemnification.** Company will indemnify, defend and hold harmless Bank, its officers, directors, employees, and agents (collectively, the "Indemnified Parties") from and against any and all claims, demands, losses, liabilities, damages, costs and expenses (including reasonable attorneys' fees) (collectively "Losses and Liabilities") Bank may suffer or incur as a result of or in connection with (a) Bank complying with any binding legal process, legal notice or court order referred to in the immediately preceding section of this Agreement, (b) Bank following any instruction or request of Secured Party, including but not limited to any Access Termination Notice or Disposition Instructions, or (c) Bank complying with its obligations under this Agreement, except to the extent such Losses and Liabilities are caused by Bank's gross

negligence or willful misconduct. To the extent such obligations of indemnity are not satisfied by Company within five (5) days after demand on Company by Bank, Secured Party will indemnify, defend and hold harmless Bank and the other Indemnified Parties against any and all Losses and Liabilities Bank may suffer or incur as a result of or in connection with Bank following any instruction or request of Secured Party, except to the extent such Losses and Liabilities are caused by Bank's gross negligence or willful misconduct.

- 15. Bank's Responsibility.** This Agreement does not create any obligations of Bank, and Bank makes no express or implied representations or warranties with respect to its obligations under this Agreement, except for those expressly set forth herein. In particular, Bank need not investigate whether Secured Party is entitled under Secured Party's agreements with Company to give an Access Termination Notice or Disposition Instructions. Bank may rely on any and all notices and communications it believes are given by the appropriate party. Bank will not be liable to Company, Secured Party or any other party for any Losses and Liabilities caused by (i) circumstances beyond Bank's reasonable control (including, without limitation, computer malfunctions, interruptions of communication facilities, labor difficulties, acts of God, wars, or terrorist attacks) or (ii) any other circumstances, except to the extent that such Losses and Liabilities are directly caused by Bank's gross negligence or willful misconduct. In no event will Bank be liable for any indirect, special, consequential or punitive damages, whether or not the likelihood of such damages was known to Bank, and regardless of the form of the claim or action, or the legal theory on which it is based. Any action against Bank by Company or Secured Party under or related to this Agreement must be brought within twelve (12) months after the cause of action accrues.
- 16. Termination.** This Agreement may be terminated by Secured Party or Bank at any time by either of them giving thirty (30) calendar days prior written notice of such termination to the other parties to this Agreement at their contact addresses specified after their signatures to this Agreement; provided, however, that this Agreement may be terminated immediately upon written notice from (i) Bank to Company and Secured Party should Company or Secured Party fail to make any payment when due to Bank from Company or Secured Party under the terms of this Agreement, or (ii) from Secured Party to Bank on termination or release of Secured Party's security interest in the Collateral Accounts (and Sweep Investments, if applicable); provided that any notice from Secured Party under clause (ii) of this sentence must contain Secured Party's acknowledgement of the termination or release of its security interest in the Collateral Accounts (and Sweep Investments, if applicable). Company's and Secured Party's respective obligations to report errors in funds transfers and bank statements and to pay Returned Item Amounts, Settlement Item Amounts, and Bank Fees, as well as the indemnifications made, and the limitations on the liability of Bank accepted, by Company and Secured Party under this Agreement will continue after the termination of this Agreement with respect to all the circumstances to which they are applicable, existing or occurring before such termination, and any liability of any party to this Agreement, as determined under the provisions of this Agreement, with respect to acts or omissions of such party prior to such termination will also survive such termination. Upon any termination of this Agreement which occurs after Bank has received an Access Termination Notice and has had a reasonable opportunity to act on it, (i) Bank will transfer all collected and available balances in the Collateral Accounts on the date of such termination (including all proceeds from redemption of Sweep Investments) in accordance with Secured Party's written instructions, and (ii) Bank will close any Lockbox and forward any mail received at the Lockbox unopened to such address as is communicated to Bank by Secured Party under the notice provisions of this Agreement for a period of three (3) months after the effective termination date, unless otherwise arranged between Secured Party and Bank, provided that Bank's fees with respect to such disposition must be prepaid directly to

Bank at the time of termination by cashier's check payable to Bank or other payment method acceptable to Bank in its sole discretion.

17. **Modifications, Amendments, and Waivers.** This Agreement may not be modified or amended, or any provision thereof waived, except in a writing signed by all the parties to this Agreement.
18. **Notices.** All notices from one party to another must be in writing, must be delivered to Company, Secured Party and/or Bank at their contact addresses specified after their signatures to this Agreement, or any other address of any party communicated to the other parties in writing, and will be effective on receipt. Any notice sent by a party to this Agreement to another party must also be sent to all other parties to this Agreement. Bank is authorized by Company and Secured Party to act on any instructions or notices received by Bank if (a) such instructions or notices purport to be made in the name of Secured Party, (b) Bank reasonably believes that they are so made, and (c) they do not conflict with the terms of this Agreement as such terms may be amended from time to time, unless such conflicting instructions or notices are supported by a court order.
19. **Successors and Assigns.** Neither Company nor Secured Party may assign or transfer its rights or obligations under this Agreement to any person or entity without the prior written consent of Bank, which consent will not be unreasonably withheld or delayed. Notwithstanding the foregoing, Secured Party may transfer its rights and duties under this Agreement to (i) a transferee to which, by contract or operation of law, Secured Party transfers substantially all of its rights and duties under the financing or other arrangements between Secured Party and Company, or (ii) if Secured Party is acting as a representative in whose favor a security interest is created or provided for, a transferee that is a successor representative; provided that as between Bank and Secured Party, Secured Party will not be released from its obligations under this Agreement unless and until Bank receives any such transferee's binding written agreement to assume all of Secured Party's obligations hereunder. Bank may not assign or transfer its rights or obligations under this Agreement to any person or entity without the prior written consent of Secured Party, which consent will not be unreasonably withheld or delayed; provided, however, that no such consent will be required if such assignment or transfer takes place as part of a merger, acquisition or corporate reorganization affecting Bank.
20. **Governing Law.** This Agreement will be governed by and be construed in accordance with the laws of the state in which the office of Bank that maintains the Collateral Accounts is located, without regard to conflict of laws principles. This state will also be deemed to be Bank's jurisdiction, for purposes of Articles 8 and 9 of the Uniform Commercial Code as they apply to this Agreement.
21. **Severability.** To the extent that the terms of this Agreement are inconsistent with, or prohibited or unenforceable under, any applicable law or regulation, they will be deemed ineffective only to the extent of such prohibition or unenforceability, and will be deemed modified and applied in a manner consistent with such law or regulation. Any provision of this Agreement which is deemed unenforceable or invalid in any jurisdiction will not affect the enforceability or validity of the remaining provisions of this Agreement or the same provision in any other jurisdiction.
22. **Counterparts.** This Agreement and any notices delivered under this Agreement, including, without limitation, an Access Termination Notice, may be executed by means of (a) an electronic signature that complies with the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, or any other relevant and applicable electronic signatures law; (b) an original manual signature; or (c) a

faxed, scanned, or photocopied manual signature. Each electronic signature or faxed, scanned, or photocopied manual signature shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Bank reserves the right, in its sole discretion, to accept, deny, or condition acceptance of any electronic signature on this Agreement or on any notice delivered to Bank under this Agreement, including, without limitation, an Access Termination Notice. This Agreement and any notices delivered under this Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one instrument. Delivery of an executed counterpart of a signature page of this Agreement and any notices as set forth herein will be as effective as delivery of a manually executed counterpart of the Agreement or notice.

- 23. Entire Agreement.** This Agreement, together with the Account Documentation, contains the entire and only agreement among all the parties to this Agreement and between Bank and Company, on the one hand, and Bank and Secured Party, on the other hand, with respect to (a) the interest of Secured Party in the Collateral Accounts, Collateral Account Funds, Sweep Investments and Sweep Investment Proceeds, and (b) Bank's obligations to Secured Party in connection with the Collateral Accounts, Collateral Account Funds, Sweep Investments, and Sweep Investment Proceeds.

[SIGNATURE PAGES FOLLOW]

This Agreement has been signed by the duly authorized officers or representatives of Company, Secured Party and Bank on the date specified below.

Date: _____, 2023

Collateral Account Numbers:

[TBD]

Destination Account Number:

Bank of Destination Account:

[Insert bank name and bank ABA number]

Branch Name:

ABA # or BIC/ SWIFT Code (if applicable):

Branch Country Code (if applicable):

Account name:

Reference Data:

Frequency (Daily or Weekly):

Balance (Intraday or Start of Day):

Beneficiary Address (complete physical address required):

[SIGNATURE PAGES FOLLOW]

**EL CENTRO REGIONAL MEDICAL
CENTER**

By: _____

Name: _____

Title: _____

Address for Notices:

El Centro Regional Medical Center

1415 Rodd Avenue

El Centro, California 92243

Attn: _____

Fax: _____

U.S. BANK NATIONAL ASSOCIATION

By: _____

Name: _____

Title: _____

Address for Notices:

U.S. Bank National Association

1420 5th Avenue

Seattle, Washington

Attn: _____

Fax: _____

[SIGNATURE PAGES CONTINUE]

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**

By: _____

Name: Celeste Clancy _____

Title: Relationship Manager _____

Address for Notices:

Wells Fargo Bank, National Association _____

Mail Address Code: D1086-370 _____

550 South Tryon Street, 37th Floor _____

Charlotte, North Carolina 28202-4200 _____

Attn: DACA Team _____

Fax: 844.879.6857 _____

with copy to: _____

Wells Fargo Bank, National Association _____

Mail Address Code: E2901-220 _____

401 B Street, 22nd Floor _____

San Diego, California 92101 _____

Attn: Celeste Clancy _____

Fax: None _____

COLLECTION ACCOUNT AGREEMENT

(Governmental Receivables)

This **Collection Account Agreement** (the "Agreement"), dated as of the date specified on the initial signature page of this Agreement, is entered into by and among **El Centro Medical Center**, a municipal hospital, separate agency, and enterprise operation of the City of El Centro, California ("Company"), **U.S. Bank National Association**, a national banking association, as trustee (in such capacity, "Secured Party") and **Wells Fargo Bank, National Association** ("Bank"), and sets forth the rights of Secured Party and the obligations of Bank with respect to the deposit accounts of Company at Bank identified at the end of this Agreement as the Collection Accounts (each hereinafter referred to individually as a "Collection Account" and collectively as the "Collection Accounts"). Each account designated as a Collection Account includes, for purposes of this Agreement, and without the necessity of separately listing subaccount numbers, all subaccounts presently existing or hereafter established for deposit reporting purposes and integrated with the Collection Account by an arrangement in which deposits made through subaccounts are posted only to the Collection Account.

- 1. Secured Party's Interest in Collection Accounts.** Secured Party represents that it has been granted a security interest in the Collection Accounts. Company hereby confirms the security interest granted by Company to Secured Party in all of Company's right, title and interest in and to the Collection Accounts and all sums now or hereafter on deposit in or payable or withdrawable from the Collection Accounts (the "Collection Account Funds").
- 2. Deposit of Payments on Accounts Receivable.** Company represents and warrants to Secured Party that so long as this Agreement remains in effect, Company will use the Collection Account solely for the purpose of depositing and collecting payments on accounts receivable due from governmental entities. However, Bank will have no responsibility for determining whether any deposit consists in whole or in part of payments on accounts receivable due from governmental entities.
- 3. [Reserved.]**
- 4. Transfers from Collection Account.** Bank agrees, on each day on which Bank is open to conduct its regular banking business, other than a Saturday, Sunday or public holiday (each a "Business Day") during the term of this Agreement, to transfer to the deposit account identified on the initial signature page of this Agreement as the Destination Account (hereinafter "Destination Account") by standing wire (or alternative funds transfer method acceptable to Bank in its sole discretion) the full amount of the collected and available balance in the Collection Accounts at the beginning of such Business Day. **Notwithstanding anything to the contrary contained herein, Company may amend, waive, rescind, revoke or terminate the instructions given in this "Transfers from Collection Account" section and otherwise give Bank instructions as to the disposition of Collection Account Funds, but Company must give Secured Party advance written notice of any such amendment, waiver, rescission, revocation or termination (each a "Modification"), and with respect to any Modification, Bank will (a) use commercially reasonable efforts to obtain from Company a certification that Company has given Secured Party advance written notice of such Modification, and (b) use commercially reasonable efforts to independently give Secured**

Party prompt notification of such Modification, provided, however, that Bank will have no liability or responsibility to Secured Party or Company for any unintentional or inadvertent failure to obtain such certification or give such notification. Notwithstanding the foregoing, Company agrees that any such Modification by Company will constitute an immediate event of default under the documentation of Company's credit arrangements with Secured Party in effect from time to time.

5. **Lockboxes.** To the extent items deposited to a Collection Account have been received in one or more post office lockboxes maintained for Company by Bank (each a "Lockbox") and processed by Bank for deposit, Company acknowledges that Company has granted Secured Party a security interest in all such items (the "Remittances"). Company and Secured Party acknowledge and agree that Bank's operation of each Lockbox, and the receipt, retrieval, processing and deposit of Remittances, will at all times be governed by Bank's Master Agreement for Treasury Management Services or other applicable treasury management services agreement, and by Bank's applicable standard lockbox Service Description.
6. **Balance Reports and Bank Statements.** Bank agrees, at the telephone request of Secured Party on any Business Day, to make available to Secured Party a report ("Balance Report") showing the opening available balance in the Collection Accounts as of the beginning of such Business Day, by a transmission method determined by Bank, in Bank's sole discretion. Company expressly consents to this transmission of information. Bank will, on receiving a written request from Secured Party, send to Secured Party by United States mail, at the address indicated for Secured Party after its signature to this Agreement, duplicate copies of all periodic statements on the Collection Accounts which are subsequently sent to Company.
7. **Returned Items.** Secured Party and Company understand and agree that the face amount ("Returned Item Amount") of each Returned Item will be paid by Bank debiting the Collection Account to which the Returned Item was originally credited, without prior notice to Secured Party or Company. As used in this Agreement, the term "Returned Item" means (i) any item deposited to a Collection Account and returned unpaid, whether for insufficient funds or for any other reason, and without regard to timeliness of the return or the occurrence or timeliness of any drawee's notice of non-payment; (ii) any item subject to a claim against Bank of breach of transfer or presentment warranty under the Uniform Commercial Code (as adopted in the applicable state) or Regulation CC (12 C.F.R. §229), as in effect from time to time; (iii) any automated clearing house ("ACH") entry credited to a Collection Account and returned unpaid or subject to an adjustment entry under applicable clearing house rules, whether for insufficient funds or for any other reason, and without regard to timeliness of the return or adjustment; (iv) any credit to a Collection Account from a merchant card transaction, against which a contractual demand for chargeback has been made; and (v) any credit to a Collection Account made in error. Company agrees to pay all Returned Item Amounts immediately on demand, without setoff or counterclaim, to the extent there are not sufficient funds in the applicable Collection Account to cover the Returned Item Amounts on the day Bank attempts to debit them from the Collection Account. Secured Party agrees to pay all Returned Item Amounts within fifteen (15) calendar days after demand, without setoff or counterclaim, to the extent that (i) the Returned Item Amounts are not paid in full by Company within five (5) calendar days after demand on Company by Bank, and (ii) Secured Party has received proceeds from the corresponding Returned Items under this Agreement.
8. **[Reserved.]**
9. **Bank Fees.** Company agrees to pay all Bank's fees and charges for the maintenance and administration of the Collection Accounts and for the treasury management and other account services provided with respect to the Collection Accounts and any Lockboxes (collectively "Bank Fees"), including, but not limited to, the fees for (a) Balance Reports provided on the Collection

Accounts, (b) funds transfer services received with respect to the Collection Accounts, (c) lockbox processing services, (d) Returned Items, (e) funds advanced to cover overdrafts in the Collection Accounts (but without Bank being in any way obligated to make any such advances), and (f) duplicate bank statements. The Bank Fees will be paid by Bank debiting one or more of the Collection Accounts on the Business Day that the Bank Fees are due, without notice to Secured Party or Company. If there are not sufficient funds in the Collection Accounts to cover fully the Bank Fees on the Business Day Bank attempts to debit them from the Collection Accounts, such shortfall or the amount of such Bank Fees will be paid by Company to Bank, without setoff or counterclaim, within five (5) calendar days after demand from Bank. Secured Party agrees to pay any Bank Fees within fifteen (15) calendar days after demand, without setoff or counterclaim, to the extent such Bank Fees are not paid in full by Company within five (5) calendar days after demand on Company by Bank.

10. **Account Documentation.** Except as specifically provided in this Agreement, Secured Party and Company agree that the Collection Accounts will be subject to, and Bank's operation of the Collection Accounts will be in accordance with, the terms of Bank's applicable deposit account agreement governing the Collection Accounts ("Account Agreement"). All documentation referenced in this Agreement as governing any Collection Account or the processing of any Remittances is hereinafter collectively referred to as the "Account Documentation".
11. **Partial Subordination of Bank's Rights.** Bank hereby subordinates to the security interest of Secured Party in the Collection Accounts (i) any security interest which Bank may have or acquire in the Collection Accounts, and (ii) any right which Bank may have or acquire to set off or otherwise apply any Collection Account Funds against the payment of any indebtedness from time to time owing to Bank from Company, except for debits to the Collection Accounts permitted under this Agreement for the payment of Returned Item Amounts or Bank Fees.
12. **Bankruptcy Notice; Effect of Filing.** If Bank at any time receives notice of the commencement of a bankruptcy case or other insolvency or liquidation proceeding by or against Company, Bank will continue to comply with its obligations under this Agreement, except to the extent that any action required of Bank under this Agreement is prohibited under applicable bankruptcy laws or regulations or is stayed pursuant to the automatic stay imposed under the United States Bankruptcy Code or by order of any court or agency. With respect to any obligation of Secured Party hereunder which requires prior demand on Company, the commencement of a bankruptcy case or other insolvency or liquidation proceeding by or against Company will automatically eliminate the necessity of such demand on Company by Bank, and will immediately entitle Bank to make demand on Secured Party with the same effect as if demand had been made on Company and the time for Company's performance had expired.
13. **Legal Process, Legal Notices and Court Orders.** Bank will comply with any legal process, legal notice or court order it receives in relation to a Collection Account if Bank determines in its sole discretion that the legal process, legal notice or court order is legally binding on it.
14. **Indemnification.** Company will indemnify, defend and hold harmless Bank, its officers, directors, employees, and agents (collectively, the "Indemnified Parties") from and against any and all claims, demands, losses, liabilities, damages, costs and expenses (including reasonable attorneys' fees) (collectively "Losses and Liabilities") Bank may suffer or incur as a result of or in connection with (a) Bank complying with any binding legal process, legal notice or court order referred to in the immediately preceding section of this Agreement, (b) Bank following any instruction or request of Secured Party, or (c) Bank complying with its obligations under this Agreement, except to the extent such Losses and Liabilities are caused by Bank's gross negligence or willful misconduct. To the extent such obligations of indemnity are not satisfied by Company within five (5) days after demand on Company by Bank, Secured Party will indemnify, defend and hold harmless Bank and the other Indemnified Parties against any and all Losses

and Liabilities Bank may suffer or incur as a result of or in connection with Bank following any instruction or request of Secured Party, except to the extent such Losses and Liabilities are caused by Bank's gross negligence or willful misconduct.

- 15. Bank's Responsibility.** This Agreement does not create any obligations of Bank, and Bank makes no express or implied representations or warranties with respect to its obligations under this Agreement, except for those expressly set forth herein. Bank may rely on any and all notices and communications it believes are given by the appropriate party. Bank will not be liable to Company, Secured Party or any other party for any Losses and Liabilities caused by (i) circumstances beyond Bank's reasonable control (including, without limitation, computer malfunctions, interruptions of communication facilities, labor difficulties, acts of God, wars, or terrorist attacks) or (ii) any other circumstances, except to the extent such Losses and Liabilities are directly caused by Bank's gross negligence or willful misconduct. In no event will Bank be liable for any indirect, special, consequential or punitive damages, whether or not the likelihood of such damages was known to Bank, and regardless of the form of the claim or action, or the legal theory on which it is based. Any action against Bank by Company or Secured Party under or related to this Agreement must be brought within twelve (12) months after the cause of action accrues.
- 16. Termination.** This Agreement may be terminated by Secured Party or Bank at any time by either of them giving thirty (30) calendar days prior written notice of such termination to the other parties to this Agreement at their contact addresses specified after their signatures to this Agreement; provided, however, that this Agreement may be terminated immediately upon written notice (i) from Bank to Company and Secured Party should Company or Secured Party fail to make any payment when due to Bank from Company or Secured Party under the terms of this Agreement, or (ii) from Secured Party to Bank on termination or release of Secured Party's security interest in the Collection Accounts; provided that any notice from Secured Party under clause (ii) of this sentence must contain Secured Party's acknowledgement of the termination or release of its security interest in the Collection Accounts. Company's and Secured Party's respective obligations to report errors in funds transfers and bank statements and to pay Returned Items Amounts and Bank Fees, as well as the indemnifications made, and the limitations on the liability of Bank accepted, by Company and Secured Party under this Agreement will continue after the termination of this Agreement with respect to all the circumstances to which they are applicable, existing or occurring before such termination, and any liability of any party to this Agreement, as determined under the provisions of this Agreement, with respect to acts or omissions of such party prior to such termination will also survive such termination. Upon any termination of this Agreement, (i) Bank will transfer all collected and available balances in the Collection Accounts on the date of such termination in accordance with Company's written instructions, and (ii) Bank will close any Lockbox and forward any mail received at the Lockbox unopened to such address as is communicated to Bank by Company under the notice provisions of this Agreement for a period of three (3) months after the effective termination date, unless otherwise arranged between Company and Bank, provided that Bank's fees with respect to such disposition must be prepaid directly to Bank at the time of termination by cashier's check payable to Bank or other payment method acceptable to Bank in its sole discretion.
- 17. Modifications, Amendments, and Waivers.** This Agreement may not be modified or amended, or any provision thereof waived, except in a writing signed by all the parties to this Agreement.
- 18. Notices.** All notices from one party to another must be in writing, must be delivered to Company, Secured Party and/or Bank at their contact addresses specified after their signatures

to this Agreement, or any other address of any party communicated to the other parties in writing, and will be effective on receipt. Any notice sent by a party to this Agreement to another party must also be sent to all other parties to this Agreement. Bank is authorized by Company and Secured Party to act on any instructions or notices received by Bank if (a) such instructions or notices purport to be made in the name of Secured Party, (b) Bank reasonably believes that they are so made, and (c) they do not conflict with the terms of this Agreement as such terms may be amended from time to time, unless such conflicting instructions or notices are supported by a court order.

- 19. Successors and Assigns.** Neither Company nor Secured Party may assign or transfer its rights or obligations under this Agreement to any person or entity without the prior written consent of Bank, which consent will not be unreasonably withheld or delayed. Notwithstanding the foregoing, Secured Party may transfer its rights and duties under this Agreement to (i) a transferee to which, by contract or operation of law, Secured Party transfers substantially all of its rights and duties under the financing or other arrangements between Secured Party and Company, or (ii) if Secured Party is acting as a representative in whose favor a security interest is created or provided for, a transferee that is a successor representative; provided that as between Bank and Secured Party, Secured Party will not be released from its obligations under this Agreement unless and until Bank receives any such transferee's binding written agreement to assume all of Secured Party's obligations hereunder. Bank may not assign or transfer its rights or obligations under this Agreement to any person or entity without the prior written consent of Secured Party, which consent will not be unreasonably withheld or delayed; provided, however, that no such consent will be required if such assignment or transfer takes place as part of a merger, acquisition or corporate reorganization affecting Bank.
- 20. Governing Law.** This Agreement will be governed by and be construed in accordance with the laws of the state in which the office of Bank that maintains the Collection Accounts is located, without regard to conflict of laws principles. This state will also be deemed to be Bank's jurisdiction, for purposes of Article 9 of the Uniform Commercial Code as it applies to this Agreement.
- 21. Severability.** To the extent that the terms of this Agreement are inconsistent with, or prohibited or unenforceable under, any applicable law or regulation, they will be deemed ineffective only to the extent of such prohibition or unenforceability, and will be deemed modified and applied in a manner consistent with such law or regulation. Any provision of this Agreement which is deemed unenforceable or invalid in any jurisdiction will not affect the enforceability or validity of the remaining provisions of this Agreement or the same provision in any other jurisdiction.
- 22. Counterparts.** This Agreement and any notices delivered under this Agreement may be executed by means of (a) an electronic signature that complies with the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, or any other relevant and applicable electronic signatures law; (b) an original manual signature; or (c) a faxed, scanned, or photocopied manual signature. Each electronic signature or faxed, scanned, or photocopied manual signature shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Bank reserves the right, in its sole discretion, to accept, deny, or condition acceptance of any electronic signature on this Agreement or on any notice delivered to Bank under this Agreement. This Agreement and any notices delivered under this Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one instrument. Delivery of an executed counterpart of a signature page of this Agreement and any notices as set forth herein will be as effective as delivery of a manually executed counterpart of the Agreement or notice.

- 23. Entire Agreement.** This Agreement, together with the Account Documentation, contains the entire and only agreement among all the parties to this Agreement and between Bank and Company, on the one hand, and Bank and Secured Party, on the other hand, with respect to (a) the interest of Secured Party in the Collection Accounts and Collection Account Funds, and (b) Bank's obligations to Secured Party in connection with the Collection Accounts and Collection Account Funds.

[SIGNATURE PAGES FOLLOW]

This Agreement has been signed by the duly authorized officers or representatives of Company, Secured Party and Bank on the date specified below.

Date: _____, 2023

Collection Account Numbers: 4159801596

Destination Account Number: _____

Bank of Destination Account: [Insert bank name and bank ABA number]

Account Name: _____

Reference Data: _____

Frequency (Daily or Weekly): _____

Balance (Intraday or Start of Day): _____

EL CENTRO REGIONAL MEDICAL CENTER

U.S. BANK NATIONAL ASSOCIATION

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Address for Notices:

Address for Notices:

El Centro Regional Medical Center

U.S. Bank National Association

1415 Rodd Avenue

1420 5th Avenue

El Centro, California 92243

Seattle, Washington

Attn: _____

Attn: _____

Fax: _____

Fax: _____

[SIGNATURE PAGES CONTINUE]

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**

By: _____

Name: Celeste Clancy _____

Title: Relationship Manager _____

Address for Notices:

Wells Fargo Bank, National Association _____

Mail Address Code: D1086-370 _____

550 South Tryon Street, 37th Floor _____

Charlotte, North Carolina 28202-4200 _____

Attn: DACA Team _____

Fax: 844.879.6857 _____

with copy to:

Wells Fargo Bank, National Association _____

Mail Address Code: E2901-220 _____

401 B Street, 22nd Floor _____

San Diego, California 92101 _____

Attn: Celeste Clancy _____

Fax: None _____



TO: HOSPITAL BOARD MEMBERS

FROM: Pablo Velez, Chief Executive

DATE: Officer September 27, 2023

MEETING: Board of Trustees

SUBJECT: DISTRESSED HOSPITAL LOAN PROGRAM LOAN AND SECURITY AGREEMENT

BUDGET IMPACT: Does not Apply
A. Does the action impact/affect financial resources? Yes No
B. If yes, what is the impact amount: To be determined

BACKGROUND: On June 27, 2023 the Board of Trustees approved Resolution No. ECRMC 23-03 allowing ECRMC to apply for the Distressed Hospital Loan Program

DISCUSSION: Requesting approval from the Board of Trustees to submit the Distressed Hospital Loan Program Loan and Security Agreement with proposed changes as redlined in attachment.

RECOMMENDATION: (1) Approve (2) Do not approve

ATTACHMENT(S):

- Distressed Hospital Loan Program Loan and Security Agreement

Approved for agenda, Chief Executive Officer

Date and Signature:

Pablo Velez 9/26/23

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

DISTRESSED HOSPITAL LOAN PROGRAM

LOAN AND SECURITY AGREEMENT

This Loan and Security Agreement (“Agreement”) is entered into between the CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY, a public instrumentality of the State of California, having its principal place of business at 901 P Street, Suite 313, Sacramento, California 95814 (together with its successors and assigns, the “Authority” or the “Lender”) and EL CENTRO REGIONAL MEDICAL CENTER, a municipal hospital, separate agency, and enterprise operation of the City of El Centro ~~Regional Medical Center, a California public hospital~~, having its principal place of business at 1415 Ross Avenue, El Centro, California 92243 (“Borrower”), under the Distressed Hospital Loan Program pursuant to Health and Safety Code section 129380 et seq. This Agreement is effective and dated as of the date of the execution of this Agreement by the Authority (the “Effective Date”).

RECITALS

A. Borrower is a public hospital, as defined under Health and Safety Code section 129381.

B. Borrower has applied to the Authority and the Department (as defined below) for an interest-free loan (the “Facility”) from the Distressed Hospital Loan Program Fund (the “Fund”) for the purpose of preventing the closure, or facilitating the reopening, of Borrower’s hospital.

C. The Department of Health Care Access and Information (the “Department” or “HCAI”) has determined that Borrower’s application (Form No. CHFFA 13 DHLP-01 (05/2023)) (the “Application”) meets the eligibility requirements of the Distressed Hospital Loan Program and has determined that the Turnaround Plan, which is within the Application and attached hereto as **Exhibit E** and incorporated herein by reference (the “Turnaround Plan”), is viable and there is reasonable likelihood that Borrower will be able to regain financial viability and continue to operate its hospital.

D. The Department authorized and directed the Authority to make Loans (as defined herein) to Borrower in an amount not to exceed \$28,000,000.00 from the Fund.

E. The Lender is willing to lend Borrower the Loans subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing, the parties agree as follows:

1. Certain Defined Terms. Unless otherwise defined in this Agreement, as used in this Agreement (including in the Recitals of this Agreement), the following terms have the meanings specified below:

“Application” shall have the meaning assigned to such term in the Recitals to this Agreement.

“Borrower” shall have the meaning assigned to such term in the preamble to this Agreement.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the laws of, or are in fact closed in, the State of California.

“Current Ratio” as of any date of determination shall be calculated using the following formula:

Current Ratio = ~~(Current Assets~~ equals the (current assets as of such date ~~Current Liabilities~~ divided by current liabilities as of such date).

“Collateral” shall have the meaning assigned to such term in Section 3(a).

“Days Cash on Hand” as of any date of determination shall be calculated using the following formula:

Days Cash on Hand =equals the unrestricted cash and cash equivalents as of such date divided by [(operating expenses as of the twelve-month period ending on such date ~~-minus~~ non-cash charges as of the twelve-month period ending on such date) ÷divided by 365 days].

“Debt Service Coverage Ratio” as of any date of determination shall be calculated using the following formula:

Debt Service Coverage Ratio =equals the Net Income Available for Debt Service as of the twelve-month period ending on such date ~~Actual Annual Debt Service~~ divided by actual annual debt service as of the twelve-month period ending on such date.

“Department” shall have the meaning assigned to such term in the Recitals of this Agreement.

“Disbursement Request” means a Request for Disbursement of Loan Funds under the Distressed Hospital Loan Program in accordance with Section 2(b) of this Agreement and substantially in the form of **Exhibit C**.

“Effective Date” shall have the meaning assigned to such term in the preamble to this Agreement.

“EFT Cancellation Form” means the form described in Section 3(b) of this Agreement and substantially in the form of **Exhibit B**, together with all amendments, modifications, replacements, extensions, and rearrangements thereof.

“Event of Default” shall have the meaning assigned to such term in Section 7(a) of this Agreement.

“Facility” shall have the meaning assigned to such term in the Recitals of this Agreement.

“Fund” means the Distressed Hospital Loan Program Fund established pursuant to Health and Safety Code section 129385.

“HCAI” shall have the meaning assigned to such term in the Recitals of this Agreement.

“Lender” shall have the meaning assigned to such term in the preamble to this Agreement.

“Loan” shall have the meaning assigned to such term in Section 2(a) of this Agreement.

“Loan Documents” means this Agreement, the Note, the Medi-Cal Intercept Form, the EFT Cancellation Form, each Disbursement Request, the Application, and any other agreements, instruments or documents previously or hereafter executed by Borrower which evidence or secure Borrower’s obligations under this Agreement.

“Maturity Date” shall have the meaning assigned to such term in Section 2(d) of this Agreement.

“Medi-Cal Intercept Form” means the form described in Section 3(b) and substantially in the form of **Exhibit A**, together with all amendments, modifications, replacements, extensions, and rearrangements thereof.

“Net Cash Runway” as of any date of determination shall be calculated using the following formula:

Net Cash Runway = ~~Cash Balance~~ equals the cash balance as of such date + ~~Monthly Average Operating Loss~~ plus monthly average operating loss (excluding depreciation and non-cash expenses) for the twelve-month period ending on such date.

“Net Income Available for Debt Service” for any period shall be calculated using the following formula:

Net Income Available for Debt Service = ~~Excess of Revenue Over Expenses + Depreciation Expense + Amortization Expense + Interest Expense + Non-Cash Charges - Restricted Donations - Extraordinary/Non-Recurring Charge - Non-Cash Revenues - Unrealized Gain (Loss) on Investments~~ equals the excess of revenue over expenses plus depreciation expense plus amortization expense plus interest expense plus non-cash charges minus restricted donations minus extraordinary/non-recurring charge minus non-cash revenues minus unrealized gain (loss) on investments.

“Note” means the Promissory Note of Borrower described in Section 2(~~f~~c) of this Agreement and being substantially in the form of **Exhibit E**, together with all amendments, modifications, replacements, extensions, and rearrangements thereof.

“Operating Margin” for any period shall be calculated using the following formula:

Operating Margin = ~~(Net Income)~~ equals the net income for such period + ~~Total Revenue~~ divided by total revenue for such period.

“Permitted Transfers” means (i) sales, assignments, transfers, leases, subleases, pledges, liens, and other encumbrances and dispositions made, incurred, or imposed in the ordinary course of business; (ii) liens existing on the date hereof and any renewals or extensions thereof; (iii) liens for taxes not yet due or that are being contested in good faith; (iv) liens securing debts permitted

by Section 6(k) of this Agreement; and (v) the lien on the Collateral in favor of the Lender created by this Agreement.

“Turnaround Plan” shall have the meaning assigned to such term in the Recitals of this Agreement.

2. The Loan Disbursement and Repayment.

(a) Loan Availability. Subject to the terms and conditions of this Agreement and as of the Effective Date, the Lender agrees to make interest-free loans (each a “Loan” and together, the “Loans”) in the aggregate principal amount not to exceed Twenty-Eight Million Dollars and No Cents (\$28,000,000.00) to Borrower, and Borrower agrees to repay the Loans in accordance with the terms hereof. The proceeds of each Loan shall be disbursed to Borrower upon the satisfaction of all the conditions precedent set forth in Section 45 of this Agreement.

(b) Borrowing Procedure. For each Loan, Borrower shall submit a signed and completed Request for Disbursement of Loan Funds under the Distressed Hospital Loan Program (a “Disbursement Request”), in the form attached hereto as **Exhibit C** and incorporated herein by reference, submitted to the Lender, who shall forward a copy of the request to HCAI. The Lender ~~may~~shall disburse Loan proceeds incrementally upon receipt of an approved Disbursement Request from HCAI for each incremental disbursement.

(c) The Note. Borrower’s obligation to repay the Loans shall be evidenced by a Promissory Note (“Note”), dated as of the Effective Date, in the form attached hereto as **Exhibit D** and incorporated herein by reference, payable to the Lender and its successors or assigns. The Lender may attach a schedule to its Note and endorse the date, amount and maturity of the Loans and payments made with respect thereto. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of Borrower hereunder to pay any amount owing with respect to the Loans. The Lender’s books and records shall be conclusive absent manifest error of the amount of the Loans made by the Lender and the interest and principal payments thereon.

(d) Repayment; Maturity. Borrower agrees to repay the Loans in equal monthly installments, commencing on the first day of the nineteenth (19th) ~~month~~full month (not counting the month in which the Effective Date falls) from the Effective Date until the principal sum of the Loans is paid in full, which shall occur no later than seventy-two (72) months from the date of this Agreement (the “Maturity Date”). If Borrower commences a restructuring under chapter 11 of the Bankruptcy Code before the Maturity Date and seeks debtor- in-possession financing from the Lender, the Lender agrees to “roll up” the Loans under this Facility into a debtor-in-possession financing facility on a dollar-for-dollar basis and on such other terms and conditions acceptable to the Lender.

(e) Prepayment. Borrower shall have the right at any time to prepay the Loans in whole or in part without premium or penalty. The Lender shall apply any prepayments to the last monthly installments of the Loans.

(f) Method of Payment. Borrower shall make payments on the Loans by check or through the Authority’s Electronic Payment System (“EPS”).

3. Security Interest.

(a) Grant of Security. To induce the Lender to make the Loans and to secure Borrower's performance under this Agreement, including, without limitation, the punctual payment of the Loans under this Agreement and the Note, Borrower hereby grants a security interest to the Lender and to its successors and assigns, in all of its right, title and interest, whether now owned or hereafter acquired, in and to all Medi-Cal checkwrite payments with respect to Medi-Cal reimbursements due to Borrower from the Department of Health Care Services ("DHCS") and the accounts and payment intangibles relating to same and the proceeds thereof (all those rights being the "Collateral").

(b) Security Documents. Borrower hereby agrees to execute a written authorization in the form attached hereto as **Exhibit A** and incorporated herein by reference (the "Medi-Cal Intercept Form"), and an electronic fund transfer cancellation form in the form attached hereto as **Exhibit B** and incorporated herein by reference (the "EFT Cancellation Form"), authorizing DHCS to intercept and redirect twenty percent (20%) of the Medi-Cal checkwrite payments to the Lender as further set forth in such forms and in Section 7(f).

4. Representations and Warranties.

To induce the Lender to make the Loans under this Agreement, Borrower hereby represents and warrants to the Lender that as of the Effective Date and, until the Note is paid in full and all obligations under this Agreement are performed in full, that:

(a) Borrower is a public hospital, as defined under Health and Safety Code section 129381, and undertakes the Loans to prevent the closure of, or facilitate the reopening of, Borrower's hospital pursuant to Health and Safety Code section 129380 et seq., and Borrower does not belong to integrated health care systems with more than two separately licensed hospital facilities;

(b) Borrower has the requisite ~~[corporate]~~ right, power and authority to execute and deliver all documents authorizing this Facility and the Loans thereunder, including this Agreement, the Medi-Cal Intercept Form, the EFT Cancellation Form, the Disbursement Request, the Note, and Borrower's Application (all such documents are sometimes hereafter collectively referred to as the "Loan Documents"), and to carry out and consummate all transactions contemplated by these Loan Documents;

(c) the officers of Borrower executing this Agreement, the Note and all of the other Loan Documents are duly and properly in office and fully authorized to execute same;

(d) Borrower has duly authorized, executed and delivered this Agreement, the Note and all of the other Loan Documents;

(e) the execution, delivery and performance of this Agreement, the Note and all of the other Loan Documents, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof will not: conflict with or constitute a breach of, violation or default (with due notice or the passage of time or both) under the articles of incorporation or bylaws of Borrower, any

applicable law or administrative rule or regulation or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement, evidence of indebtedness or instrument to which Borrower is a party or to which or by which it or its properties are otherwise subject or bound (except, in each case, to the extent Borrower has received consents or waivers), or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of Borrower (except, in each case, to the extent Borrower has received consents or waivers), which conflict, violation, breach, default, lien, charge or encumbrance ~~might have consequences that~~ would materially and adversely affect the consummation of the transactions contemplated by the Loan Documents;

(f) this Agreement, the Note, and all of the other Loan Documents constitute the legal, valid and binding obligations of Borrower, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting the enforcement of creditors' rights, to the application of equitable principles, regardless of whether enforcement is sought in a proceeding at law or in equity, to public policy and to the exercise of judicial discretion in appropriate cases;

(g) no consent or approval of any trustee or holder of any indebtedness (including, without limitation, guaranty and credit or liquidity enhancement reimbursement obligations) of Borrower, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or "blue sky" laws or reporting to governmental payors) is necessary in connection with the execution and delivery of this Agreement, the Note and all of the other Loan Documents or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except, in each case, for consents that Borrower has obtained and filings that have been or will be made;

(h) this Agreement creates a valid and binding security interest in the Collateral in favor of the Lender as security for payment of the Loans, enforceable by the Lender in accordance with the terms hereof;

(i) Borrower has not heretofore made a pledge of, granted a lien on or security interest in, or made an assignment or sale of the Collateral that ranks on a parity with or prior to the pledge and assignment and security interest granted hereby, except for Permitted Transfers;

(j) no representation made, nor any information, exhibit or report furnished to the Lender by Borrower in connection with the negotiation of the Loan Documents contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(k) except as previously disclosed to the Lender in writing, there is no action, suit or proceeding, pending or threatened against Borrower or the assets, properties or operations of Borrower (~~4~~i) in any way contesting or affecting the validity of this Agreement, the Note or

the other Loan Documents or (2ii) which ~~might~~ adversely ~~affect~~affects Borrower in any material respect; and

(l) all proceeds of this Facility will be used by Borrower solely for the purpose approved by the Lender, as described in the Recitals of this Agreement, the Disbursement Request, and in Borrower's Application, including the Turnaround Plan.

5. Conditions Precedent.

(a) The Lender shall have no obligation to make any Loans under this Agreement until the Lender is satisfied that all of the following conditions have been met for each Loan:

(i) Borrower shall have delivered to Lender a duly executed Agreement, Medi-Cal Intercept Form, EFT Cancellation Form, Note, and all other requested Loan Documents;

(ii) Borrower shall have delivered to the Lender a resolution of Borrower's Board of Directors or governing body duly authorizing the execution, delivery, and performance by it of each of the Loan Documents;

(iii) Borrower shall have delivered to the Lender the Disbursement Request including the required representations therein for each Loan; and

(iv) Borrower shall have delivered to the Lender any other documents reasonably required by the Lender in connection with carrying out the purposes of this Agreement.

6. Covenants.

From the Effective Date until the Note is paid in full and all obligations under this Agreement are performed, Borrower covenants that:

(a) Borrower shall provide periodic reports and financial information to the Lender in the manner set forth below:

(i) as soon as available, but in any event no later than one hundred ~~twentyeighty~~ (120180) days after the end of each fiscal year of Borrower, a copy of Borrower's audited consolidated financial statements prepared by a Certified Public Accountant and consisting of, at a minimum, a balance sheet, statement of income and expenses, and a cash flow statement;

(ii) as soon as available, but in any event no later than forty-five (45) days after the end of each fiscal quarter of Borrower, a copy of Borrower's unaudited quarterly financial statements and consisting of, at a minimum, a balance sheet, statement of income and expenses, and a cash flow statement;

(iii) as soon as available, but in any event no later than thirty (30) days after the end of each fiscal year of Borrower, a copy of Borrower's board-approved annual budget;

(iv) as soon as available, but in any event no later than forty-five (45) days after the end of each fiscal quarter of Borrower, a report from Borrower of the status of progress made in relation to the Turnaround Plan that was submitted as part of the Loan application process. The Turnaround Plan Progress Report shall consist of, at a minimum, ~~(1A)~~ an updated narrative describing actions taken pursuant to the Turnaround Plan and remaining actions to be taken by leadership; ~~(2B)~~ an updated 24-month cashflow projection of Borrower's future financial situation, which projection shall incorporate all remaining actions to be taken by Borrower and also identify how Loan proceeds were utilized and will be repaid after the 18-month grace period; and ~~(3C)~~ an updated description of how the actions taken will affect various revenue and expense line items in the future. After the 18-month grace period, if Borrower is in compliance with all terms and conditions of this Agreement and the Note, the Turnaround Plan Progress Report requirement may be waived by the Department;

(v) as soon as available, but in any event no later than one hundred twenty (120) days after the end of each fiscal year of Borrower, a report detailing Borrower's utilization statistics;

(vi) as soon as available, but in any event no later than one hundred twenty (120) days after the end of each fiscal year of Borrower, a calculation of financial ratios, including Days Cash on Hand, Current Ratio, Operating Margin, Net Cash Runway, and Debt Service Coverage Ratio, in each case, as of the last day of such fiscal year, based on Borrower's audited consolidated financial statements for such fiscal year; and

(vii) as soon as available, but in any event no later than forty-five (45) days after the end of each fiscal quarter of Borrower, a calculation of financial ratios, including Days Cash on Hand, Current Ratio, Operating Margin, Net Cash Runway, and Debt Service Coverage Ratio, in each case, as of the last day of such fiscal quarter, based on Borrower's unaudited financial statements for such fiscal quarter and the immediately preceding three fiscal quarters;

(b) upon reasonable notice from the Lender, Borrower shall allow visits by representatives or agents of the Lender or the Department to observe Borrower's operations, to review Borrower's financial records and corporate records, and to discuss Borrower's financial position, results of operations, business or prospects with Borrower's staff and governing board and upon notice to Borrower, communicate with Borrower's independent certified public accountants;

(c) Borrower shall ~~accurately~~ maintain books of account, records and documents of every kind of or relating to all income, expenditures, assets, and liabilities of Borrower, including information related to the Collateral;

(d) Borrower shall at all times (i) maintain its corporate existence, if applicable, and shall (ii) do or cause to be done all things necessary to preserve and keep in full force and effect its rights, licenses, or franchises;

(e) (i) Borrower shall not, without ~~the~~ prior written ~~notification~~notice to the Lender, change its name or place of business and (ii) Borrower shall not, without prior written ~~consent of~~notice to the Lender, dissolve, sell or otherwise dispose of all or substantially all of its assets or ~~affiliate with,~~ consolidate with or merge into another entity or permit one or more other entities to ~~affiliate with,~~ consolidate with or merge into it or otherwise substantially change its organization or corporate structure or the general character of its business as it is conducted as of the date hereof;

(f) Borrower shall not, without ~~the~~ prior written ~~consent of~~notice to the Lender, sell, assign, transfer, lease, sublease, pledge, or otherwise encumber or dispose of any of the properties or assets of Borrower used in connection with the delivery of health services, except for ~~the lien on the Collateral in favor of the Lender created by this Agreement~~Permitted Transfers;

(g) Borrower shall not use or permit any required Collateral to be used unlawfully or in violation of any provision of this Agreement, or any applicable statute, regulation, or ordinance covering the Collateral if, in each case, such use would have a material adverse effect on Borrower or the Collateral;

(h) Borrower acknowledges that the Lender shall file in the applicable UCC filing office of Borrower's jurisdiction of formation a UCC-1 financing statement describing the Collateral. Borrower agrees to execute and deliver such assignments or other documents deemed necessary or appropriate by the Lender to perfect, maintain and protect the Lender's ~~first priority~~ security interest in the Collateral;

(i) Borrower shall pay all taxes, assessments, and related obligations when such taxes, assessments and obligations are due and payable, unless they are being contested in good faith or the failure to pay would not have a material adverse effect on Borrower or the Collateral;

(j) Borrower shall not create, incur, assume or suffer to exist any assignment, encumbrance, or lien upon the Collateral ~~(other than the lien on the Collateral in favor of the Lender created by this Agreement)~~ without the prior written consent of the Lender, except for Permitted Transfers;

(k) Borrower shall not create, incur, assume or suffer to exist any ~~additional~~ debt other than (i) ~~the~~ debt in existence as of the Effective Date that has been disclosed in writing to the Lender prior to the Effective Date, and any renewals, extensions, replacements, or refinancings thereof; (ii) debt incurred after the Effective Date with the prior written consent of the Lender; (iii) debt incurred in the ordinary course of business; (iv) debt to complete state-mandated seismic-construction work; and (v) other debts in an aggregate outstanding principal amount not exceeding \$2 million;

(l) Borrower shall not assign its rights under this Agreement or the Note to any person or entity, and none of Borrower's obligations under this Agreement or the Note may be assumed by any person or entity without the prior written consent of the Lender;

(m) Borrower shall promptly notify the Lender in writing of the occurrence of any event which ~~might~~ materially adversely ~~affect~~affects Borrower, or which constitutes, ~~or upon notice or passage of time or both, would constitute~~ an Event of Default;

(n) Borrower shall comply with any service provision requirements during the term of this Agreement as determined by the Department under Health and Safety Code section 129383, except to the extent such requirements are being contested in good faith;

(o) Borrower shall implement or otherwise adhere to the Turnaround Plan as approved by the Department in all material respects; and

(p) Borrower shall use the proceeds of any Loan for ~~purpose~~purposes approved by the Lender, as described in the Recitals of this Agreement, the Disbursement Request, and in Borrower's Application, including the Turnaround Plan; ~~and~~

~~(q) if Borrower commences a restructuring under chapter 11 of the Bankruptcy Code prior to the Maturity Date and seeks debtor-in-possession financing from the Lender, Borrower covenants and agrees to "roll up" the Loans under this Facility into postpetition loans under such postpetition financing facility on a dollar for dollar basis and on such other terms and conditions acceptable to the Lender.~~

7. Events of Default.

(a) The occurrence of any of the following events shall constitute an "Event of Default":

(i) failure by Borrower to pay any principal or any other amount payable hereunder or under the Note when due in accordance with the terms of this Agreement or the Note, and the failure remains uncured for a period of ~~ten~~fourteen (~~10~~14) days;

(ii) failure by Borrower to fully and completely perform any covenant set forth in subsection ~~(a)~~, (d)(i), (e), ~~(f), (g), (j), (k)~~, (l), ~~(m), (n)~~ or (p) of Section 6 of this Agreement;

(iii) any representation or warranty made by Borrower in this Agreement or in any other Loan Document or financial or other statement furnished at any time under or in connection herewith or therewith is incorrect, false or misleading in any material respect on or as of the date when made or deemed to have been made or prior to the date when all obligations of this Agreement have been fully satisfied;

(iv) failure of Borrower to fully and completely perform any obligation, covenant, or agreement set forth in this Agreement or in any other Loan Document (except for the obligations and covenants set forth in clauses (i) and (ii) of this Section (a)) and the failure remains uncured for a period of thirty (30) days; provided, however, if ~~the Lender, in its sole discretion, determines that~~ the default is incapable of cure within the thirty (30) day period, then, ~~in the sole discretion of the Lender~~, such failure shall not constitute an Event of Default if (A) Borrower commences steps to cure the failure within the thirty (30) day period and (B) Borrower cures the failure within ninety (90) days after the date of the failure;

(v) Borrower (A) makes an assignment for the benefit of creditors, (B) is the subject of any voluntary ~~or involuntary~~ case commenced under the federal bankruptcy laws, as now constituted or hereafter amended, or any other voluntary proceeding under other applicable laws regarding bankruptcy, insolvency, reorganization, adjustment of debt or other forms of relief for debtors in any jurisdiction, or is the subject of an involuntary case covered under the federal bankruptcy laws that is not dismissed within 90 days; (C) consents to the appointment of a receiver, trustee, custodian or similar official for substantially all of its property or permits a decree ordering such appointment to remain in effect and unstayed for ~~60~~90 days, (D) is the subject of any voluntary dissolution or liquidation proceeding, (E) has issued against it or its property any writ of attachment, execution, or other legal process involving ~~an~~ a material amount or risk ~~deemed material by the Lender,~~ or (F) has filed or recorded against it or its property any notice of levy, notice to withhold, or other claim for taxes other than real property taxes not yet delinquent involving ~~an~~ a material amount ~~deemed,~~ unless such notice or claim is being contested in good faith or the failure to pay would not have a material byadverse effect on Borrower or the LenderCollateral; or

(vi) Borrower suspends the transaction of its usual business, Borrower ceases to be authorized by the laws of this State to operate its hospital, or Borrower's hospital otherwise ceases to operate as a hospital.

(b) ~~Borrower agrees that, as~~ As soon as is practicable and in any event within ten (10) days of knowledge of an Event of Default, Borrower shall provide written notice to the Lender of any event which is an Event of Default, which notice shall set forth the nature of such event and the action which Borrower proposed to take with respect thereto.

(c) If any Event of Default occurs, then, at the option and upon the declaration of the Lender, all amounts owed to the Lender under this Agreement and the Note, without presentment, demand, protest, or notice of any kind, all of which are hereby expressly waived, shall become immediately due and payable, and the Lender may immediately, and without expiration of any period of grace, enforce payment of all amounts owed to the Lender under this Agreement and the Note and exercise any and all other remedies granted to it at law, in equity or otherwise, for the enforcement of realization of the security interests provided in this Agreement; provided, that upon the occurrence of any Event of Default specified in subclauses (A) through (D) of Section 7(a)(v), the all amounts owed to the Lender under this Agreement and the Note shall automatically become due and payable without presentment, demand, protest or other notice of any kind, all of which are expressly waived. In addition, the Lender shall be entitled to recover from Borrower all costs and expenses, including reasonable attorneys' fees, incurred by the Lender in exercising any remedies under this Agreement.

(d) No delay in accelerating the maturity of any obligation contained in this Agreement or in taking any other action with respect to any Event of Default shall affect the rights of the Lender later to take such action with respect thereto, and no waiver as to a prior occasion shall affect the Lender's rights as to any other Event of Default. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of, any subsequent right, remedy or recourse as to a subsequent event.

(e) Borrower waives presentment and demand for payment, notice of intent to accelerate maturity, notice of acceleration and maturity, protest or notice of protest and nonpayment, bringing of suit and diligence in taking any action to collect any sums owing under this Agreement, and agrees that its liability on this Agreement shall not be affected by any release of or change in any security for the payment of sums due under this Agreement.

(f) Without limitation of any of the Lender's other rights and remedies provided by this Agreement, the Note, at law or in equity, if an Event of Default has occurred and is continuing, the Lender may deliver to DHCS the Medi-Cal Intercept Form and the EFT Cancellation Form and instruct DHCS to pay directly to the Lender twenty percent (20%) of Medi-Cal checkwrite payments with respect to Medi-Cal reimbursements due to Borrower from DHCS, which amounts shall be applied by the Lender to amounts owed to the Lender under this Agreement and the Note until all such amounts paid in full.

(g) Acceptance by the Lender or holder of the Note of any installment after any Event of Default has occurred under this Agreement shall not operate to extend the time of payment, of any amount then remaining unpaid or constitute a waiver of any of the other rights of the Lender or holder under the Note or this Agreement.

8. Miscellaneous.

(a) (i) Borrower hereby irrevocably and unconditionally agrees, to the fullest extent permitted by law, to defend, indemnify and hold harmless the Lender, the Department, the State Treasurer and their members, officers, directors, trustees, employees and agents (each, an "Indemnified Party"), from and against any and all Indemnifiable Losses arising out of, resulting from or in any way connected with any act or omission of Borrower, its members, officers, directors, trustees, employees or agents, in applying for or accepting the Loan, carrying out of any of the transactions or undertakings contemplated by the Loan Documents, expending or applying the funds furnished pursuant to this Agreement or any breach by Borrower of any covenant or undertaking under this Agreement or the Note. This section shall survive the termination of this Agreement.

(ii) The Lender ~~agrees to~~shall notify Borrower promptly, but in no event later than twenty (20) business days, after written notice to the Lender that any third party has brought any action, suit or proceeding against an Indemnified Party that may result in an Indemnifiable Loss (a "Third Party Action"). Upon such notice or other notice from an Indemnified Party of a Third Party Action, Borrower shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party and reasonably acceptable to Borrower (which may be the Attorney General of the State of California), and shall assume the payment of all Litigation Expenses related thereto, with full power to litigate, compromise or settle the same in its discretion; provided that the Indemnified Party ~~shall have the right to review and approve or disapprove (in its sole and absolute discretion) any such compromise or settlement and the Indemnified Party~~ has no liability with respect to any compromise or settlement of any Third Party Action effected without its written approval. ~~Each Indemnified Party~~Parties shall have the right to employ separate counsel in any Third Party Action and participate in the investigation and defense thereof, ~~and Borrower shall pay the reasonable fees and disbursements of such separate counsel~~at their own expense. If the Indemnified Party fails to provide such notice to

Borrower, Borrower is still obligated to indemnify the Indemnified Party for Indemnifiable Losses, except that Borrower is not liable for any Litigation Expense the Indemnified Party incurs during the period in which the Indemnified Party failed to give such notice or for any Indemnifiable Losses arising during such period.

(iii) For purposes of this Section 8(a): “Indemnifiable Losses” means the aggregate of Losses and Litigation Expenses; “Losses” means any liability, loss, claim, settlement payment, cost and expense, interest, award, judgment, damages (other than punitive damages to the extent they may not, under law, be indemnified), diminution in value, fine, fee and penalty, and other charge, of every conceivable kind, character and nature whatsoever, contingent or otherwise, known or unknown, except Litigation Expenses, and “Litigation Expenses” means any court filing fee, court cost, witness fee, and each other fee and cost of investigating and defending or asserting a claim, including, without limitation, in each case, attorneys’ fees, and other professionals’ fees and disbursements.

(b) The terms of this Agreement may be revised or modified only with the written consent of both parties, and if necessary, with the approval of the Department and the Department of Finance under Health and Safety Code section 129384.

(c) The descriptive headings in this Agreement are inserted for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions of this Agreement.

(d) Any provision of this Agreement that is illegal, invalid or unenforceable, shall be ineffective to the extent of such illegality, invalidity or unenforceability without rendering illegal, invalid or unenforceable the remaining provisions of this Agreement.

(e) This Agreement is ~~intended by the parties to be~~ the final expression of ~~their~~ the parties’ agreement with respect to the terms included in this Agreement and may not be contradicted by evidence of any prior or contemporaneous agreement.

(f) This Agreement may be executed and delivered electronically or manually and in any number of counterparts, each of which when so executed and delivered shall be an original, but all counterparts shall together constitute one and the same instrument.

(g) All notices given under this Agreement shall be in writing and shall be hand- delivered or mailed by registered or certified mail, postage prepaid and shall be sent to the parties’ respective addresses first written above or any other address as a party may have specified in writing.

(h) Borrower waives the right to interpose any defense, set-off, or counterclaim of any nature or description to any action by the Lender in enforcing this Agreement or Note.

(i) ~~The Lender and Borrower hereby agree that the~~ laws of the State of California apply to this Agreement, including, without limitation, its validity, interpretation, construction, performance, and enforcement. Any party bringing a legal action or proceeding against any other party arising out of or relating to this Agreement shall bring the legal action or

proceeding in the Sacramento County Superior Court, Sacramento, California, unless the Lender waives this requirement in writing. ~~Each party agrees that the~~The exclusive (subject to waiver as set forth herein) choice of forum set forth in this section does not prohibit the enforcement of any judgment obtained in that forum or any other appropriate forum. Each party waives, to the fullest extent permitted by law, (a) any objection which it may now or later have to the laying of venue of any legal action or proceeding arising out of or relating to this Agreement brought in the Sacramento County Superior Court, Sacramento, California, and (b) any claim that any such action or proceeding brought in such court has been brought in an inconvenient forum.

IN WITNESS WHEREOF, the parties to this Agreement have caused this Agreement to be executed and delivered as of the date of the execution of this Agreement by the Authority.

LENDER:

**CALIFORNIA HEALTH FACILITIES
FINANCING AUTHORITY**, a public
instrumentality of the State of California

By: _____

~~Name:~~ Carolyn Aboubechara

~~Title:~~ Executive Director

Date: _____

BORROWER:

El Centro Regional Medical Center,
a California public hospital

By: _____

Pablo Velez

Chief Executive Officer

~~Name:~~

~~Title:~~ _____

~~Date:~~ _____

EXHIBIT A – MEDI-CAL INTERCEPT FORM

**AUTHORIZATION TO CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES
REDIRECTION OF MEDI CAL WARRANTS TO
CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY**

1. NAME OF BORROWER (MEDI-CAL PROVIDER)	2. MEDI-CAL PROVIDER NUMBER
El Centro Regional Medical Center	05-0045
3. MAIN CONTACT PERSON NAME	4. TELEPHONE NUMBER
Pablo Velez	760-339-7157
5. ADDRESS CITY STATE ZIP	
1415 Ross Avenue, El Centro, California 92243	
6. LOAN AMOUNT NOT TO EXCEED	
Twenty-Eight Million Dollars and No Cents (\$28,000,000.00)	

Pursuant to Health and Safety Code section 129384, subdivision (b), and the terms and conditions of that certain Loan and Security Agreement by and between _____ as Borrower, and the California Health Facilities Financing Authority (“CHFFA”), as Lender (the “Loan Agreement”), Borrower has authorized the intercept of twenty percent (20%) of the Medi-Cal checkwrite payments with respect to reimbursements due to Borrower from the Department of Health Care Services (“DHCS”), by CHFFA in an Event of Default, as defined in the Loan Agreement, until the loan has been paid in full.

This assignment shall be effective until CHFFA, in its sole discretion, has notified DHCS that the loan has been paid in full, whereupon the right to full future reimbursements shall revert to Borrower.

Borrower receives Medi-Cal reimbursement via (check appropriate box):

- Paper warrants
- Electronic funds transfer (EFT)

If an EFT recipient, Borrower acknowledges and agrees to the following requirements:

Borrower shall complete an EFT Cancellation Form (attached as **Exhibit B** to the Loan Agreement), which shall be submitted to CHFFA along with the Medi-Cal Intercept Form. Please note that the EFT Cancellation Form must be notarized.

Borrower acknowledges that after DHCS receives notice from CHFFA that Borrower’s loan is paid in full, the Medi-Cal reimbursement to Borrower will be by paper warrants until such time as Borrower reapplies for EFT and that application is effective.

Borrower assumes the responsibility of updating its address on file with DHCS and CHFFA, submitting to DHCS any necessary address correction using the Medi-Cal Supplemental Changes form (Form 6209) and submitting to CHFFA an updated Medi-Cal Intercept Form and an updated and notarized EFT Cancellation Form.

BORROWER: **El Centro Regional Medical Center**, a public hospital

By: _____

| **Name:**

Pablo Velez

| **Title:**

Chief Executive Officer

EXHIBIT B – EFT CANCELLATION FORM

EXHIBIT C – LOAN FUNDS DISBURSEMENT REQUEST

**REQUEST FOR DISBURSEMENT OF LOAN FUNDS UNDER THE
DISTRESSED HOSPITAL LOAN PROGRAM**

Borrower, El Centro Regional Medical Center, requests from CHFFA the disbursement of Loan funds in the amount of \$_____ (the “Requested Advance”) pursuant to the Loan and Security Agreement between CHFFA and Borrower (the “Loan Agreement”), and confirms and certifies the following:

1. Date of Advance: _____

2. Intended Use of Proceeds:

3. The representations and warranties contained in Section 4 of the Loan Agreement are true and correct in all respects as of the date of this request and will be true and correct as of the Date of Advance as though made on such date, except to the extent any such representation or warranty relates to a specific date, in which case, such representation or warranty will be true and correct in all respects as of such date as though made on such date;

4. No Event of Default or event that, if it continues uncured, will, with passage of time or notice or both, be an Event of Default, has occurred and is continuing or will result from the making of the Requested Advance; and

5. The Requested Advance will be used only for the purposes set forth above. Under no circumstances shall any proceeds of any Loan be used for any purpose other than the above-described purposes.

Borrower requests Loan funds to be disbursed via:

Bank wire

Paper warrant

For bank wire: Loan funds shall be directed to the following account:

Bank Routing No.: _____
Bank Account No.: _____
Bank Name: _____
Beneficiary Name: _____
Type of Bank Account: _____
Checking/Savings/Other

For paper warrant: Loan funds shall be mailed or delivered to the following address:

Attention: _____

IN WITNESS WHEREOF, Borrower has caused this Loan Funds Disbursement Request to be executed and delivered by its duly authorized officer, as of the date listed below.

BORROWER:

El Centro Regional Medical Center

By: _____
Pablo Velez
Chief Executive Officer

Date: September 14~~th~~th, 2023

EXHIBIT D - NOTE

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

DISTRESSED HOSPITAL LOAN PROGRAM

PROMISSORY NOTE

This Promissory Note is dated as of the Effective Date of the Hereinafter Defined Loan Agreement

EL CENTRO REGIONAL MEDICAL CENTER, a municipal hospital, separate agency, and enterprise operation of the City of El Centro ~~Regional Medical Center, a California public hospital, as defined under Government Code section 129381,~~ having its principal place of business at 1415 Ross Avenue, El Centro, California 92243 (the “Borrower”), for value received, hereby promises to pay to CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY, a public instrumentality of the State of California (the “Lender”) and its successors and assigns (the Lender and its successors and assigns, the “Holder”), at its office located at 901 P Street, Suite 313, Sacramento, California 95814, or at such other place as the Holder may from time to time designate in writing, in lawful money of the United States of America, the principal sum of Twenty-Eight Million Dollars and No Cents (\$28,000,000.00) (or such lesser amount as shall equal the aggregate unpaid principal amount of the Loans made by the Lender to Borrower under and as described in the Loan Agreement described below).

This Note is the Note referred to in, is executed and delivered under, and is subject to the terms of, the Loan and Security Agreement of even date herewith (as amended, restated, amended and restated, joined, supplemented or otherwise modified from time to time, the “Loan Agreement”) by and between the Borrower and the Lender. Capitalized terms used, but not defined, in this Note have the meanings given them in the Loan Agreement.

The Borrower agrees to repay the outstanding Loans in equal monthly installments commencing the first day of the nineteenth ~~month~~ (19th) full month (not counting the month in which the Effective Date falls) from the Effective Date of the Loan and Security Agreement until payment of such principal sum shall be discharged and in no event later than the Maturity Date, as more particularly provided for in the Loan Agreement.

The Borrower shall be in default of this Note on the occurrence of any Event of Default. Upon default of this Note, the Holder may exercise all of its rights and remedies provided for under the Loan Agreement. The Holder may also use all remedies in law and in equity to enforce and collect the amount owed under this Note. The remedies of the Holder, as provided in the Loan Agreement, shall be cumulative and concurrent and may be pursued singularly, successively or together, at the sole discretion of the Holder, and may be exercised as often as occasion therefor shall arise. No act of omission or commission of the Holder, including specifically any failure to exercise any right, remedy or recourse shall be deemed to be a waiver or release of the same, such waiver or release to be effected only through a written document executed by the Holder and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of, any subsequent right, remedy or recourse as to a subsequent event.

Borrower hereby waives presentment and demand for payment, notice of intent to accelerate maturity, notice of acceleration and maturity, protest or notice of protest and non-payment, bringing of suit and diligence in taking any action to collect any sums owing hereunder, and agrees that its liability on this Note shall not be affected by any release of or change in any security for the payment of this Note.

Borrower shall have the right to prepay this Note in whole or in part at any time without penalty or premium.

Any provision of this Note or corresponding Loan Agreement that is illegal, invalid, or unenforceable shall be ineffective only to the extent of that illegality, invalidity, or unenforceability without rendering illegal, invalid, or unenforceable the remaining provisions of this Note.

~~Borrower agrees that the~~ The laws of the State of California apply to this Note. Any legal action or proceedings brought to enforce or interpret the terms of this Note shall be initiated and maintained in the courts of the State of California in Sacramento County, provided that the Holder may waive venue in Sacramento County in its sole discretion.

El Centro Regional Medical Center ;
a California public hospital

By: _____
~~(Authorized Officer)~~

~~Name:~~ Pablo Velez

~~Title:~~
Chief Executive Officer

Document comparison by Workshare Compare on Monday, September 25, 2023
8:41:23 AM

Input:	
Document 1 ID	netdocuments://4882-1088-8320/1
Description	DHLP Loan and Security Agreement
Document 2 ID	netdocuments://4882-1088-8320/2
Description	DHLP Loan and Security Agreement
Rendering set	Standard

Legend:	
Insertion	
Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	105
Deletions	103
Moved from	0
Moved to	0
Style changes	0
Format changes	0
Total changes	208

Item 5- no attachments

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TO: HOSPITAL BOARD MEMBERS
FROM: David Momberg Chief Financial Officer
DATE: September 27, 2023
MEETING: Board of Trustees

SUBJECT: July 2023 Month and Year-to-Date Financial Statements

BUDGET IMPACT: Does not Apply
A. Does the action impact/affect financial resources? Yes No
B. If yes, what is the impact amount: _____

BACKGROUND: The month of July 2023 resulted in an excess of expenses over revenues of <\$1.5M>, a negative margin of -13.1%. FYTD numbers are same as Month numbers.

DISCUSSION: For a more detailed description of financial performance, please see the attached Financial Report.

RECOMMENDATION: Informational

ATTACHMENT(S):

- Financial Packet for July 2023

Approved for agenda, Chief Executive Officer

Date and Signature: _____

Pablo Valdez



July 2023 Financial Report

August 28, 2023

To: Finance Committee

From: Tammy Morita, Interim Chief Financial Officer

The following package contains:

- Comparative volumes vs. Prior Month/Year
- Balance Sheet vs. Prior Month comparison
- Operating Statement vs. Prior Month comparison
- Monthly Cash Flow (Fiscal Year to Date)

Balance Sheet:

- a) Cash balance decreased (\$1.3M) mainly due to the lower cash collections (\$2.8M) during the month, partially offset by lower expenses during the month (\$1.6M).
- b) Our net patient accounts receivable decreased directly related to lower patient revenue.
- c) Other receivables decreased (\$53k) mainly due to 340B pharmacy payments received (\$39k) coupled with Grant (\$8k) and Research Study payments received (\$9k).
- d) Property plant and equipment decreased due to month depreciation (\$687k) partially offset by "Construction-in-progress" additions (\$21k)
- e) Days in A/R decreased to 48.22 from 49.00 days. The goal is 50 days.
- f) Accounts payable days are fairly stable, 69.05 vs. 68.89 days from previous month.
- g) Current Ratio decreased to 0.84 vs. 0.86 previous month.

Income Statement – Current Month Actual to Budget Comparison:

- a) Our Inpatient Revenue is 21% under MTD budget due to lower MedSurg and ICU admissions.
- b) Outpatient Revenue is 4.71% lower than budget mainly due to lower oncology visits and infusions (Dr. Ahmed was out).
- c) Charity and Bad debt expense was 31% lower than budget due to lower charity write-offs.
- d) Employee benefits expense is 18.1% favorable mainly due to lower employee insurance claims.
- e) Non-Medical Prof Fee expense exceeding our MTD budget (\$57k) mainly due to unbudgeted CNO services (\$33k) coupled with underbudgeted UCSD management services (\$25k).
- f) Supplies medical/non-medical are favorable \$285k related to lower patient volumes.
- g) Other fees are favorable \$332k mainly due to Vitalacy contract release coupled with lower Marketing expenses.
- h) Insurance expense is \$82k higher than budget due to Alliant Insurance down-payment of \$81k.
- i) Grants and contributions are \$90k higher than budget related to unexpected \$130k SDSU funding.
- j) July 2023 shows a Net loss of -\$1.5 million (*\$155K positive EBIDA*).

Definitions:

- **EBIDA** - Earnings Before Interest, Depreciation, and Amortization.
- **Contribution Margin** – Total Revenue minus Expenses (excluding functional areas of IT, Finance, HR, and management assessments/restructuring costs).
- **EBIDA Margin** – EBIDA/Total Revenue.
- **Operating Expenses Per Day** – Total Expenses less Depreciation divided by Days.
- **Operating Revenue Per Day** – Operating Income/Days.
- **Days Cash on Hand** – Cash/Operating Expenses per Day.
- **Days Revenue in A/R** – Accounts Receivable/Operating Revenue per Day.
- **Current Ratio** – Current Assets/Current Liabilities.
- **Equity Financing Ratio** – Total Capital/Total Debt.

EI Centro Regional Medical Center Comparative Volumes as of July 31, 2023

	Month-to-date		
	Prior	Current	Budget
Adult Admissions (excl. Observation)	250	212	318
Patient Days (excl. Observation)	1,171	1,110	1,696
Average Length of Stay (excl. Observation)	4.7	5.2	5.3
Average Daily Census (excl. Observation)	57.1	35.8	54.7
Average Daily Census (ADC) Observation	8.1	6.5	6.8
Total ADC (including Observation)	65.1	42.3	61.5
Observation Days (excluding Obstetrics)	250	201	211
Outpatient Visits (excluding Clinics)	7,318	6,538	8,288
Emergency Room Visits	2,870	2,670	3,369
EI Centro Rural Health Clinic Visits	3,499	2,839	4,336
Calexico Rural Health Clinic Visits	2,512	2,775	3,160
Rural Health Clinic Visits - Total	6,011	5,614	7,497
Wound Healing Center Visits	155	163	179
Oncology Center Visits	609	594	633
Oncology Center Infusion Procedures	1,298	1,065	1,330
Surgeries without C-Sections	518	409	467
DaVinci Cases	50	59	33

Current vs Budget		Current vs Prior	
Variance	% Variance	Variance	% Variance
(106)	-33%	(38)	-15%
(586)	-35%	(61)	-5%
0	2%	(1)	-12%
19	35%	21	37%
0	5%	2	20%
19	31%	23	35%
10	5%	49	20%
(1,750)	-21%	(780)	-11%
(699)	-21%	(200)	-7%
(1,497)	-35%	(660)	-19%
(385)	-12%	263	10%
(1,883)	-25%	(397)	-7%
(16)	-9%	8	5%
(39)	-6%	(15)	-2%
(265)	-20%	(233)	-18%
(58)	-12%	(109)	-21%
26	79%	9	18%

	Year-to-date		
	Prior	Current	Budget
Adult Admissions (excl. Observation)	362	212	318
Patient Days (excl. Observation)	1,769	1,110	1,696
Average Length of Stay (excl. Observation)	4.9	5.2	5.3
Average Daily Census (excl. Observation)	57.1	35.8	54.7
Average Daily Census (ADC) Observation	5.5	6.5	6.8
Total ADC (including Observation)	62.6	42.3	61.5
Observation Days (excluding Obstetrics)	172	201	211
Outpatient Visits (excluding Clinics)	7,687	6,538	8,288
Emergency Room Visits	3,184	2,670	3,369
EI Centro Rural Health Clinic Visits	3,975	2,839	4,336
Calexico Rural Health Clinic Visits	3,099	2,775	3,160
Rural Health Clinic Visits - Total	7,074	5,614	7,497
Wound Healing Center Visits	167	163	179
Oncology Center Visits	433	594	633
Oncology Center Infusion Procedures	1,291	1,065	1,330
Surgeries without C-Sections	467	409	467
DaVinci Cases	33	59	33

Current vs Budget		Current vs Prior	
Variance	% Variance	Variance	% Variance
(106)	-33%	(150)	-41%
(586)	-35%	(659)	-37%
0	2%	(0)	-7%
19	35%	21	37%
0	5%	(1)	-17%
19	31%	20	32%
10	5%	(29)	-17%
(1,750)	-21%	(1,149)	-15%
(699)	-21%	(514)	-16%
(1,497)	-35%	(1,136)	-29%
(385)	-12%	(324)	-10%
(1,883)	-25%	(1,460)	-21%
(16)	-9%	(4)	-2%
(39)	-6%	161	37%
(265)	-20%	(226)	-18%
(58)	-12%	(58)	-12%
26	79%	26	79%

ECRMC BALANCE SHEET COMPARED TO PRIOR MONTH

	July 31, 2023	June 30, 2023	Variance (\$)	Variance (%)
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 5,884,145	\$ 7,143,861	\$ (1,259,716)	-18%
Net Patient Accounts Receivable	12,856,916	13,058,084	(201,168)	-2%
Other Receivables	96,358	150,193	(53,835)	-36%
Due from Third-Party Payors	11,789,459	9,971,398	1,818,060	18%
Inventories	3,485,394	3,395,074	90,320	3%
Prepaid Expenses & Other	3,363,908	3,228,570	135,337	4%
Total Current Assets	37,476,179	36,947,181	528,998	1%
Assets Limited as to Use				
Restricted Building Capital Fund	811,475	811,475	-	0%
Funds Held by Trustee for Debt Service	13,570,004	13,570,004	-	0%
Restricted Programs	11,497	11,497	-	0%
Total Assets Limited as to Use	14,392,976	14,392,976	0	0%
Property, Plant, and Equipment: Net	140,798,882	141,464,866	(665,984)	0%
Other Assets	262,595	262,595	-	0%
Total Assets	192,930,633	193,067,619	(136,986)	0%
Deferred Outflows of Resources				
Deferred Outflows of Resources - Pension	3,754,631	4,140,898	(386,267)	-9%
Total Deferred Outflows of Resources	3,754,631	4,140,898	(386,267)	-9%
Total Assets and Deferred Outflows of Resources	\$ 196,685,263	\$ 197,208,517	\$ (523,253)	0%
Liabilities				
Current Liabilities:				
Current Portion of Bonds	1,290,000	1,285,000	5,000	0%
Current Portion of Capital Lease Obligations	1,482,349	1,591,083	(108,734)	-7%
Accounts Payable and Accrued Expenses	23,168,973	22,104,735	1,064,238	5%
Accrued Compensation and Benefits	8,437,689	8,109,773	327,916	4%
Due to Third-Party Payors	10,097,231	10,097,231	-	0%
Total Current Liabilities	44,476,242	43,187,822	1,288,420	3%
Long-Term Bond Payable, Less Current Portion	112,517,680	112,608,947	(91,267)	0%
Capital Lease Obligations, Less Current Portion	4,436,649	4,637,034	(200,385)	-4%
Net Pension Liability	39,119,000	39,119,000	-	0%
Total Liabilities	200,549,571	199,552,803	996,768	0%
Deferred Inflows of Resources				
Deferred Inflows of Resources - Pension	7,448,200	7,448,200	-	0%
Total Deferred Inflows of Resources	7,448,200	7,448,200	-	0%
Net Position				
Restricted Fund Balance	17,238	17,238	-	0%
Fund Balance	(11,329,747)	(9,809,725)	(1,520,021)	15%
Total Net Position	(11,312,508)	(9,792,487)	(1,520,021)	16%
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 196,685,263	\$ 197,208,517	\$ (523,253)	0%
Days Cash on Hand	14.66	19.13		
Days Revenue in A/R	48.22	49.00		
Days in A/P	86.17	67.81		
Current Ratio	0.84	0.86		
Debt Service Coverage Ratio	(1.62)	(1.02)		

STATEMENTS OF OPERATIONS COMPARISON TO BUDGET

MTD July 31, 2023	MTD June 30, 2023	Month-to Month Variance	% Variance Favorable/ (Unfavorable)		YTD July 31, 2023	YTD July 31, 2022	Year-over Year Variance
				OPERATING REVENUE			
\$ 13,189,979	\$ 14,218,035	\$ (1,028,056)	-7.23%	I/P Revenue	\$ 13,189,979	\$ 18,509,343	\$ (5,319,364)
6,260,419	6,452,725	(192,306)	-2.98%	O/P Revenue - Laboratory	6,260,419	7,112,383	(851,964)
6,507,162	6,358,071	149,091	2.34%	O/P Revenue - CT Scanner	6,507,162	6,367,704	139,458
6,053,929	6,060,156	(6,227)	-0.10%	O/P Revenue - Emergency Room	6,053,929	5,414,618	639,311
4,620,692	6,198,590	(1,577,898)	-25.46%	O/P Revenue - Oncology	4,620,692	4,195,000	425,692
<u>17,866,590</u>	<u>18,183,367</u>	<u>(316,777)</u>	<u>-1.74%</u>	O/P Revenue - Others	<u>17,866,590</u>	<u>17,946,117</u>	<u>(79,527)</u>
54,498,771	57,470,944	(2,972,173)	-5.17%	Gross Patient Revenues	54,498,771	59,545,166	(5,046,395)
311,732	(654,842)	966,574	-147.60%	Other Operating Revenue	311,732	301,902	9,830
<u>54,810,503</u>	<u>56,816,102</u>	<u>(2,005,600)</u>	<u>-3.53%</u>	Total Operating Revenue	<u>54,810,503</u>	<u>59,847,068</u>	<u>(5,036,565)</u>
				Contractuals			
10,478,780	11,974,890	1,496,110	12.49%	IP Contractuals	10,478,780	13,707,668	3,228,888
34,355,411	38,610,154	4,254,743	11.02%	OP Contractuals	34,355,411	30,813,978	(3,541,433)
211,838	361,285	149,447	41.37%	Charity	211,838	1,311,037	1,099,199
527,854	121,962	(405,892)	-332.80%	Provision for Bad Debts	527,854	566,621	38,767
(1,784,563)	(2,165,472)	(380,909)	-17.59%	Other Third Party Programs	(1,784,563)	(1,080,444)	704,119
(226,793)	(279,341)	(52,548)	-18.81%	M/Cal Disproportionate Share	(226,793)	(189,917)	36,876
<u>43,562,528</u>	<u>48,623,478</u>	<u>5,060,950</u>	<u>10.41%</u>	Total Deductions	<u>43,562,528</u>	<u>45,128,944</u>	<u>1,566,416</u>
11,247,975	8,192,624	3,055,350	37.29%	Total Net Revenues	11,247,975	14,718,123	(3,470,149)
				EXPENSES			
4,990,602	4,758,525	(232,077)	-4.88%	Salaries & Wages	4,990,602	5,517,439	526,837
103,296	182,038	78,741	43.26%	Registry	103,296	1,057,743	954,447
965,682	1,596,352	630,669	39.51%	Employee Benefits	965,682	1,103,838	138,156
386,267	(516,071)	(902,338)	174.85%	Employee Benefits - Pension GASB 68	386,267	(36,419)	(422,686)
1,137,526	96,013	(1,041,513)	-1084.76%	Professional Fees - Medical	1,137,526	1,434,093	296,568
295,535	314,014	18,479	5.88%	Professional Fees - Non-Med	295,535	211,956	(83,579)
2,101,052	2,254,067	153,015	6.79%	Supplies - Medical	2,101,052	2,305,888	204,836
141,528	123,985	(17,543)	-14.15%	Supplies - Non-Medical	141,528	243,451	101,923
70,048	89,848	19,800	22.04%	Food	70,048	79,044	8,996
599,390	617,504	18,113	2.93%	Repairs and Maintenance	599,390	725,709	126,319
338,131	592,962	254,831	42.98%	Other Fees	338,131	656,183	318,052
36,365	33,624	(2,741)	-8.15%	Lease and Rental	36,365	60,700	24,335
197,312	176,712	(20,599)	-11.66%	Utilities	197,312	197,911	599
687,349	685,872	(1,478)	-0.22%	Depreciation and Amortization	687,349	713,569	26,220
284,067	156,744	(127,323)	-81.23%	Insurance	284,067	235,632	(48,436)
109,547	38,672	(70,876)	-183.27%	Other Expenses	109,547	166,032	56,484
<u>12,443,698</u>	<u>11,200,858</u>	<u>(1,242,840)</u>	<u>-11.10%</u>	Total Operating Expenses	<u>12,443,698</u>	<u>14,672,767</u>	<u>2,229,070</u>
(1,195,723)	(3,008,234)	1,812,511	-60.25%	Operating Income	(1,195,723)	45,356	(1,241,079)
-10.6%	-36.7%			Operating Margin %	-10.6%	0.3%	
				Non-Operating Revenue and Expenses			
5,198	25,951	(20,753)	-79.97%	Investment Income	5,198	649,502	(644,304)
146,228	47,272	98,956	209.33%	Grants and Contributions Revenue	146,228	62,018	84,210
125,708	11,901	113,807	956.28%	Non Operating Revenue/(Expense)	125,708	8,060	117,648
(601,433)	(631,916)	30,483	4.82%	Interest Expense	(601,433)	(608,274)	6,841
<u>(324,298)</u>	<u>(546,792)</u>	<u>222,494</u>	<u>40.69%</u>	Total Non-Operating Rev. and Expenses	<u>(324,298)</u>	<u>111,306</u>	<u>(435,604)</u>
<u>\$ (1,520,021)</u>	<u>\$ (3,555,026)</u>	<u>\$ 2,035,005</u>	<u>57.24%</u>	(Deficit)/Excess Rev. Over Exp.	<u>\$ (1,520,021)</u>	<u>\$ 156,662</u>	<u>\$ (1,676,683)</u>
-13.5%	-43.4%			(Deficit)/Excess Rev. Over Exp. %	-13.5%	1.1%	

El Centro Regional Medical Center

Monthly Cash Flow

Unaudited

	July 2023	Year-to-Date 2024	
<u><i>Cash Flow From Operating Activities</i></u>			
Net Income/(Loss)	\$ (1,520,021)	\$ (1,520,021)	
<i>Adjustments to reconcile net income to net cash:</i>			
Add: Depreciation	687,349	\$ 687,349	
Capital Lease Interest	10,925	\$ 10,925	
Bond Interest	588,073	\$ 588,073	
Accounts Receivable	201,168	\$ 201,168	
Other Receivables	53,835	\$ 53,835	
Inventory	(90,320)	\$ (90,320)	
Prepaid Expenses/Other Assets	(135,337)	\$ (135,337)	
Accounts Payable and Accrued Expenses	378,705	\$ 378,705	
Accrued Compensation and Benefits	339,108	\$ 339,108	
Third-Party Liabilities	(1,818,060)	\$ (1,818,060)	
Net Pension Obligation	386,267	\$ 386,267	
<i>Net Cash From Operating Activities</i>	\$ (918,307)	\$ (918,307)	
<u><i>Cash Flow From Investing Activities</i></u>			
Fixed Assets - Gross	\$ (21,365)	\$ (21,365)	
Intangible Assets - Gross	\$ -	\$ -	
Restricted Assets	-	\$ -	
<i>Net Cash From Investing Activities</i>	\$ (21,365)	\$ (21,365)	
<u><i>Cash Flow From Financing Activities</i></u>			
Bond Payable	\$ -	\$ -	
Capital Leases	(320,043)	\$ (320,043)	
Notes Payable	-	\$ -	
<i>Net Cash From Financing Activities</i>	\$ (320,043)	\$ (320,043)	
 <i>Total Change In FY 2024 Cash</i>	 \$ (1,259,716)	 \$ (1,259,716)	
<i>Cash & Cash Equivalents, Beginning Balance</i>	7,143,861	7,143,861	
 <i>Cash & Cash Equivalents, Ending Balance</i>	 \$ 5,884,146	 5,884,146	



August 2023 Financial Report

September 25, 2023

To: Finance Committee

From: David Momberg, Chief Financial Officer

The following package contains:

- Comparative volumes vs. Prior Month/Year
- Balance Sheet vs. Prior Month comparison
- Operating Statement vs. Prior Month comparison
- Monthly Cash Flow (Fiscal Year to Date)

Balance Sheet:

- a) Cash balance decreased (\$2.9M) mainly due to additional payroll (\$1.6M) coupled with quarterly payroll taxes sent (\$1.0M).
- b) Other receivables increased (\$135k) mainly due to 340B pharmacy receivables (Optum pharmacy \$130k).
- c) Due from third-party payers increased (\$1.8k), no expected third-party payments received during the month.
- d) Restricted building capital fund decreased due to bond project reimbursement (\$370k).
- e) Days in A/R decreased to 46.16 from 48.22 days. The goal is 50 days.
- f) Accounts payable days decreased, 66.31 vs. 73.47 days from previous month.
- g) Current Ratio decreased to 0.95 vs. 0.94 previous month.

Income Statement – Current Month Actual vs. Prior Month:

- a) Our Inpatient Revenue is 21% higher than prior month due to higher admissions (257 vs. 212 prior) and patient days (1,356 vs. 1,110 prior).
- b) Outpatient Revenue is 12% higher than last month due to higher oncology visits and infusions (2,324 vs. 1,659 prior), higher RHC visits (7,009 vs. 5,614 prior) and higher surgeries (601 vs. 409 prior).
- c) Charity and Bad debt show minimal change in aggregate.
- d) Medi-Cal DSH is \$1M higher than last month due to FY 2023 DSH program true-up received (\$1M).
- e) Registry expense is 18% higher related to higher ER volumes (2,873 vs 2,670 prior)
- f) Employee benefits expense is 52% higher due to higher employee health insurance claims.
- g) Medical Prof Fee expense is 20% higher due to Radiology contract with Vesta.
- h) Non-Medical Prof Fee expense is 12% lower mainly related to lower attorney expenses.
- i) Supplies medical are 19% higher mainly related to higher Oncology infusions.
- j) Other fees are 90% higher mainly due to Vitalacy contract release last month, coupled with higher Hemodialysis expense in August.
- k) Utilities expense is 24% higher mainly due to higher gas expenses that did not reflect prior month.
- l) Insurance expense is 18% higher mainly due to Marsh Insurance brokers deposits.
- m) August 2023 shows a Net profit of \$83k (*\$1.8M positive EBIDA*), the first month to show profits in over 12 months.

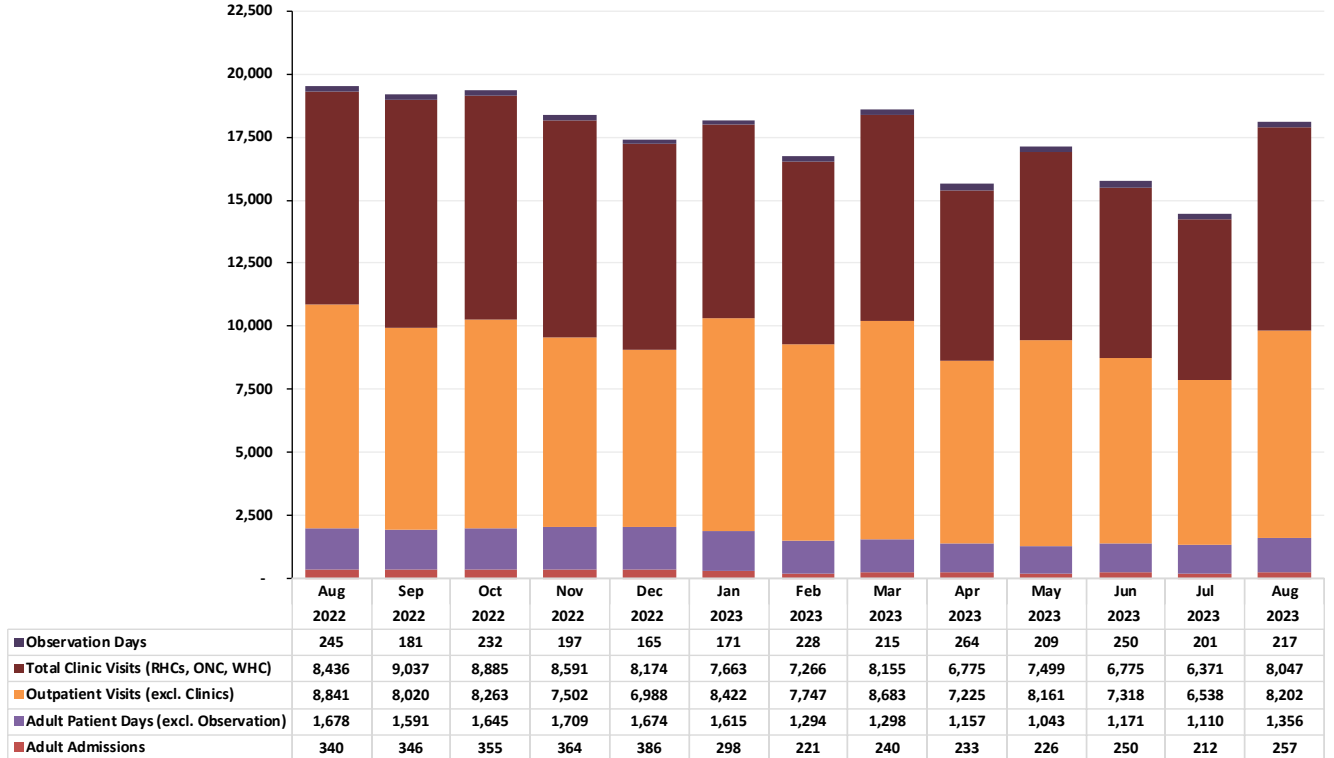
Definitions:

- **EBIDA** - Earnings Before Interest, Depreciation, and Amortization.
- **Contribution Margin** – Total Revenue minus Expenses (excluding functional areas of IT, Finance, HR, and management assessments/restructuring costs).
- **EBIDA Margin** – EBIDA/Total Revenue.
- **Operating Expenses Per Day** – Total Expenses less Depreciation divided by Days.
- **Operating Revenue Per Day** – Operating Income/Days.
- **Days Cash on Hand** – Cash/Operating Expenses per Day.
- **Days Revenue in A/R** – Accounts Receivable/Operating Revenue per Day.
- **Current Ratio** – Current Assets/Current Liabilities.
- **Equity Financing Ratio** – Total Capital/Total Debt.

El Centro Regional Medical Center Comparative Volumes as of August 31, 2023

	May 2023	Jun 2023	Jul 2023	Aug 2023	YTD Actual	YTD Budget	YTD Variance
Adult Admissions (excl. Observation)	226	250	212	257	469	616	(147)
Patient Days (excl. Observation)	1,043	1,171	1,110	1,356	2,466	3,305	(839)
Average Length of Stay (excl. Observation)	4.6	4.7	5.2	5.3	5.3	5.4	(0.1)
Average Daily Census (excl. Observation)	33.6	39.0	35.8	43.7	39.8	39.8	-
Average Daily Census (ADC) Observation	6.7	8.3	6.5	7.0	6.7	6.9	(0.1)
Total ADC (including Observation)	40.4	47.4	42.3	50.7	46.5	46.6	(0.1)
Observation Days (excluding Obstetrics)	209	250	201	217	418	425	(7)
Outpatient Visits (excluding Clinics)	8,161	7,318	6,538	8,202	14,740	16,608	(1,868)
Emergency Room Visits	3,368	2,870	2,670	2,873	5,543	6,712	(1,169)
El Centro Rural Health Clinic Visits	3,993	3,499	2,839	3,974	6,813	8,700	(1,887)
Calexico Rural Health Clinic Visits	2,622	2,512	2,775	3,035	5,810	6,311	(501)
Rural Health Clinic Visits - Total	6,615	6,011	5,614	7,009	12,623	15,012	(2,389)
Wound Healing Center Visits	205	155	163	175	338	359	(21)
Oncology Center Visits	679	609	594	863	1,457	1,282	175
Oncology Center Infusion Procedures	1,377	1,298	1,065	1,461	2,526	2,663	(137)
Surgeries without C-Sections	577	518	409	601	1,010	1,103	(93)
DaVinci Cases	48	50	59	62	121	59	62

Rolling-12 Volume Trend



ECRMC BALANCE SHEET COMPARED TO PRIOR MONTH

	August 31, 2023	July 31, 2023	Variance (\$)	Variance (%)
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 2,998,592	\$ 5,884,145	\$ (2,885,553)	-49%
Net Patient Accounts Receivable	13,731,071	12,856,916	874,155	7%
Other Receivables	231,965	96,358	135,607	141%
Due from Third-Party Payors	13,632,138	11,789,459	1,842,679	16%
Inventories	3,422,897	3,485,394	(62,497)	-2%
Prepaid Expenses & Other	3,022,808	3,363,908	(341,100)	-10%
Total Current Assets	37,039,470	37,476,179	(436,710)	-1%
Assets Limited as to Use				
Restricted Building Capital Fund	473,243	835,252	(362,009)	-43%
Funds Held by Trustee for Debt Service	9,698,558	9,036,352	662,205	7%
Restricted Programs	11,497	11,497	-	0%
Total Assets Limited as to Use	10,183,298	9,883,102	300,196	3%
Property, Plant, and Equipment: Net	140,213,486	140,798,882	(585,396)	0%
Other Assets	262,595	262,595	-	0%
Total Assets	187,698,848	188,420,758	(721,910)	0%
Deferred Outflows of Resources				
Deferred Outflows of Resources - Pension	3,368,364	3,754,631	(386,267)	-10%
Total Deferred Outflows of Resources	3,368,364	3,754,631	(386,267)	-10%
Total Assets and Deferred Outflows of Resources	\$ 191,067,212	\$ 192,175,389	\$ (1,108,177)	-1%
Liabilities				
Current Liabilities:				
Current Portion of Bonds	1,295,000	1,290,000	5,000	0%
Current Portion of Capital Lease Obligations	1,376,427	1,482,349	(105,922)	-7%
Accounts Payable and Accrued Expenses	19,294,987	18,507,754	787,233	4%
Accrued Compensation and Benefits	6,839,120	8,437,689	(1,598,570)	-19%
Due to Third-Party Payors	10,097,231	10,097,231	-	0%
Total Current Liabilities	38,902,765	39,815,024	(912,259)	-2%
Long-Term Bond Payable, Less Current Portion	112,426,412	112,517,680	(91,267)	0%
Capital Lease Obligations, Less Current Portion	4,248,981	4,436,649	(187,668)	-4%
Net Pension Liability	39,119,000	39,119,000	-	0%
Total Liabilities	194,697,158	195,888,353	(1,191,195)	-1%
Deferred Inflows of Resources				
Deferred Inflows of Resources - Pension	7,448,200	7,448,200	-	0%
Total Deferred Inflows of Resources	7,448,200	7,448,200	-	0%
Net Position				
Restricted Fund Balance	17,238	17,238	-	0%
Fund Balance	(11,095,384)	(11,178,402)	83,018	-1%
Total Net Position	(11,078,146)	(11,161,164)	83,018	-1%
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 191,067,212	\$ 192,175,389	\$ (1,108,177)	-1%
Days Cash on Hand	7.47	12.27		
Days Revenue in A/R	46.16	48.22		
Days in A/P	66.31	73.47		
Current Ratio	0.95	0.94		
Debt Service Coverage Ratio	(1.43)	(1.62)		

STATEMENTS OF OPERATIONS COMPARISON TO BUDGET

	MTD May 31, 2023	MTD June 30, 2023	MTD July 31, 2023	MTD August 31, 2023	YTD August 31, 2023	YTD FLEX August 31, 2023	YTD vs. Flex Budget Variance
Adult Admissions	226	250	212	257	469	469	
Adult Patient Days (excl. Observation)	1,043	1,171	1,110	1,356	2,466	2,466	
Outpatient Visits (excl. Clinics)	8,161	7,318	6,538	8,202	14,740	14,740	
Total Clinic Visits (RHCs, ONC, WHC)	7,499	6,775	6,371	8,047	14,418	14,418	
Observation Days	209	250	201	217	418	418	
OPERATING REVENUE							
I/P Revenue	\$ 13,058,645	\$ 14,218,035	\$ 13,189,979	\$ 15,924,237	\$ 29,114,217	\$ 27,441,033	\$ 1,673,184
O/P Revenue - Laboratory	7,121,181	6,452,725	6,260,419	6,807,670	13,068,089	12,092,832	975,257
O/P Revenue - CT Scanner	7,143,097	6,358,071	6,507,162	6,484,885	12,992,047	12,403,103	588,944
O/P Revenue - Emergency Room	7,010,661	6,060,156	6,053,929	6,012,887	12,066,816	11,487,874	578,942
O/P Revenue - Oncology	5,958,784	6,198,590	4,620,692	6,504,363	11,125,055	11,346,509	(221,453)
O/P Revenue - Others	19,853,165	18,183,367	17,866,590	20,475,549	38,342,139	35,257,380	3,084,759
Gross Patient Revenues	60,145,533	57,470,944	54,498,771	62,209,592	116,708,363	110,028,730	6,679,632
Other Operating Revenue	414,230	(654,842)	311,732	429,856	741,588	963,816	(222,229)
Total Operating Revenue	60,559,763	56,816,102	54,810,503	62,639,448	117,449,950	110,992,546	6,457,404
Contractuals							
IP Contractuals	10,585,538	11,974,890	10,478,780	12,190,328	22,669,108	24,288,191	1,619,083
OP Contractuals	38,179,102	38,610,154	34,355,411	38,339,874	72,695,285	67,092,768	(5,602,518)
Charity	512,650	361,285	211,838	332,175	544,013	2,700,794	2,156,780
Provision for Bad Debts	210,205	121,962	527,854	386,413	914,268	599,421	(314,847)
Other Third Party Programs	(2,165,468)	(2,165,472)	(1,784,563)	(1,632,422)	(3,416,985)	(3,182,535)	234,449
M/Cal Disproportionate Share	(279,334)	(279,341)	(226,793)	(1,242,523)	(1,469,316)	(453,586)	1,015,730
Total Deductions	47,042,693	48,623,478	43,562,528	48,373,846	91,936,374	91,045,052	(891,322)
Total Net Revenues	13,517,070	8,192,624	11,247,975	14,265,602	25,513,576	19,947,494	5,566,082
EXPENSES							
Salaries & Wages	5,098,702	4,758,525	4,990,602	5,080,613	10,071,215	9,052,605	(1,018,611)
Registry	166,795	182,038	103,296	121,909	225,206	180,424	(44,781)
Employee Benefits	2,407,306	1,596,352	965,682	1,463,945	2,429,628	2,435,579	5,951
Employee Benefits - Pension GASB 68	426,085	(516,071)	386,267	386,267	772,534	639,200	(133,334)
Professional Fees - Medical	1,293,390	96,013	1,137,526	1,367,538	2,505,063	2,997,642	492,579
Professional Fees - Non-Med	352,939	314,014	295,535	259,518	555,053	474,371	(80,682)
Supplies - Medical	2,371,018	2,254,067	2,101,052	2,506,768	4,607,820	4,142,634	(465,186)
Supplies - Non-Medical	163,826	123,985	141,528	140,632	282,160	420,604	138,443
Food	84,344	89,848	70,048	87,092	157,140	156,943	(197)
Repairs and Maintenance	668,229	617,504	599,390	658,240	1,257,630	1,428,873	171,242
Other Fees	561,686	592,962	338,131	643,628	981,759	1,355,178	373,419
Lease and Rental	89,562	33,624	36,365	42,400	78,765	93,314	14,549
Utilities	184,886	176,712	197,312	245,402	442,713	394,389	(48,324)
Depreciation and Amortization	714,139	685,872	687,349	685,421	1,372,770	1,463,548	90,777
Insurance	185,954	156,744	284,067	335,987	620,054	404,084	(215,970)
Other Expenses	94,300	38,672	109,547	111,619	221,167	296,602	75,435
Total Operating Expenses	14,863,160	11,200,858	12,443,698	14,136,980	26,580,677	25,935,989	(644,688)
Operating Income	(1,346,090)	(3,008,234)	(1,195,723)	128,622	(1,067,101)	(5,988,495)	4,921,394
Operating Margin %	-10.0%	-36.7%	-10.6%	0.9%	-4.2%	-30.0%	
Non-Operating Revenue and Expenses							
Investment Income	30,677	25,951	156,542	12,325	168,867	42,488	126,379
Grants and Contributions Revenue	23,683	47,272	146,228	17,699	163,927	112,799	51,128
Non Operating Revenue/(Expense)	18,036	11,901	125,708	525,899	651,608	332,338	319,270
Interest Expense	(617,695)	(631,916)	(601,433)	(601,527)	(1,202,960)	(1,204,745)	1,785
Total Non-Operating Rev. and Expenses	(545,300)	(546,792)	(172,954)	(45,604)	(218,558)	(717,119)	498,561
(Deficit)/Excess Rev. Over Exp.	\$ (1,891,390)	\$ (3,555,026)	\$ (1,368,677)	\$ 83,018	\$ (1,285,659)	\$ (6,705,614)	\$ 5,419,955
(Deficit)/Excess Rev. Over Exp. %	-14.0%	-43.4%	-12.2%	0.6%	-5.0%	-33.6%	
EBIDA	(133,471)	(2,753,309)	306,372	1,756,233	2,062,605	(3,398,122)	5,460,727
EBIDA %	-1.0%	-33.6%	2.7%	12.3%	8.1%	-17.0%	

El Centro Regional Medical Center

Monthly Cash Flow

Unaudited

	July 2023	August 2023	Year-to-Date 2024
<u><i>Cash Flow From Operating Activities</i></u>			
Net Income/(Loss)	\$ (1,368,677)	\$ 83,018	\$ (1,285,659)
<i>Adjustments to reconcile net income to net cash:</i>			
Add: Depreciation	687,349	685,421	\$ 1,372,770
Capital Lease Interest	10,925	10,082	\$ 21,007
Bond Interest	588,073	588,073	\$ 1,176,146
Accounts Receivable	201,168	(874,155)	\$ (672,987)
Other Receivables	53,835	(135,607)	\$ (81,772)
Inventory	(90,320)	62,497	\$ (27,823)
Prepaid Expenses/Other Assets	(135,337)	341,100	\$ 205,763
Accounts Payable and Accrued Expenses	378,705	96,138	\$ 474,843
Accrued Compensation and Benefits	339,108	(1,581,815)	\$ (1,242,707)
Third-Party Liabilities	(1,818,060)	(1,842,679)	\$ (3,660,739)
Net Pension Obligation	386,267	386,267	\$ 772,534
<i>Net Cash From Operating Activities</i>	\$ (766,964)	\$ (2,181,659)	\$ (2,948,623)
<u><i>Cash Flow From Investing Activities</i></u>			
Fixed Assets - Gross	\$ (21,365)	\$ (100,025)	\$ (121,390)
Intangible Assets - Gross	\$ -	\$ -	\$ -
Restricted Assets	4,509,875	(300,196)	\$ 4,209,679
<i>Net Cash From Investing Activities</i>	\$ 4,488,509	\$ (400,221)	\$ 4,088,289
<u><i>Cash Flow From Financing Activities</i></u>			
Bond Payable	\$ (4,661,219)	\$ -	\$ (4,661,219)
Capital Leases	(320,043)	(303,673)	\$ (623,716)
Notes Payable	-	-	\$ -
<i>Net Cash From Financing Activities</i>	\$ (4,981,262)	\$ (303,673)	\$ (5,284,935)
<i>Total Change In FY 2024 Cash</i>	\$ (1,259,717)	\$ (2,885,553)	\$ (4,145,270)
<i>Cash & Cash Equivalents, Beginning Balance</i>	7,143,861	5,884,145	7,143,861
<i>Cash & Cash Equivalents, Ending Balance</i>	\$ 5,884,145	\$ 2,998,592	2,998,592

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TO: HOSPITAL BOARD MEMBERS
FROM: David Momberg, Chief Financial Officer
DATE: September 27, 2023
MEETING: Board of Trustees

SUBJECT: 2024 Fiscal Year Cash Flow Projection

BUDGET IMPACT: Does not Apply
A. Does the action impact/affect financial resources? Yes No
B. If yes, what is the impact amount: _____

BACKGROUND:

Due to major economic considerations the Hospital has been dealing with (Medi-Cal's Supplemental payment delays, Inflation, COVID-19 State regulations, new EHR implementation, Building constructions, Operational mishaps, etc.), the Medical Center Administration has the necessity to anticipate more than ever before the cash inflows and outflows for coming months to appropriately plan ahead the operation and the decision making of the Management and the Board.

The Cash Flow forecast attached to this motion sheet has the main intention of tracking our monthly cash position to implement immediate actions that will help us reduce our cash deficits foreseen in the near future.

DISCUSSION: N/A

RECOMMENDATION: Informational

ATTACHMENT(S):

- Cash Flow Forecast –CY2024

Approved for agenda, Chief Executive Officer

Date and Signature: Pablo Valdez

El Centro Regional Medical Center

Cash Flow Forecast dated: September 16, 2023

Actual/Projection	Actual	Actual	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Month	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024
Beginning Wells Fargo cash balance	9,015	6,121	6,072	2,270	25,702	25,803	27,183	24,747	17,128	5,478	16,526	9,130
Cash receipts												
Patient receipts	10,919	9,477	11,447	9,463	9,463	11,828	9,463	9,463	11,828	9,463	9,463	11,828
Cerner Implementation - AR Slowdown	-	-	-	-	-	-	-	-	(2,500)	(4,000)	(4,750)	(3,750)
Pharmacy receipts	65	58	55	58	58	73	58	58	73	58	58	73
Collector deposits	191	80	150	113	113	141	113	113	141	113	113	141
Rent collection	-	-	2	5	5	6	5	5	6	5	5	6
Cafeteria receipts	6	5	6	5	5	6	5	5	6	5	5	6
Other receipts	143	37	18	32	32	40	32	32	40	32	32	40
Total operating receipts	11,323	9,657	11,679	9,676	9,676	12,095	9,676	9,676	9,595	5,676	4,926	8,345
Total operating disbursements	(13,543)	(10,631)	(13,317)	(9,095)	(8,795)	(10,084)	(11,927)	(11,927)	(15,854)	(11,927)	(11,927)	(13,963)
Cash flow from operations	(2,220)	(974)	(1,638)	581	881	2,011	(2,251)	(2,251)	(6,259)	(6,251)	(7,001)	(5,618)
Supplemental receipts	-	-	1,467	2,084	340	550	550	(1,760)	(4,656)	18,034	340	(104)
Capital expenditures	-	-	(1,486)	(6,399)	(287)	(323)	-	(2,873)	-	-	-	-
Bond payments	(637)	-	(2,058)	(735)	(735)	(735)	(735)	(735)	(735)	(735)	(735)	-
Other loan payments	(37)	(43)	(46)	27,982	(18)	(23)	-	-	-	-	-	-
Transfers (to)/from bond funds	-	372	-	-	-	-	-	-	-	-	-	-
Transfers (to)/from UBS	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring Cost	-	-	(40)	(80)	(80)	(100)	-	-	-	-	-	-
Net non-operating cash flows	(674)	925	(2,163)	22,851	(780)	(631)	(185)	(5,368)	(5,391)	17,299	(395)	(104)
Net cash flow excl. sweep transfers	(2,894)	(50)	(3,801)	23,432	101	1,380	(2,436)	(7,619)	(11,650)	11,048	(7,396)	(5,722)
Beginning unrestricted cash	9,017	6,123	6,073	2,272	25,704	25,805	27,184	24,748	17,130	5,479	16,528	9,132
Total net cash flow	(2,894)	(50)	(3,801)	23,432	101	1,380	(2,436)	(7,619)	(11,650)	11,048	(7,396)	(5,722)
Ending unrestricted cash	6,123	6,073	2,272	25,704	25,805	27,184	24,748	17,130	5,479	16,528	9,132	3,410

Key Assumptions:



TO: HOSPITAL BOARD MEMBERS
FROM: David Momberg, Chief Financial Officer
DATE: September 27, 2023
MEETING: Board of Trustees

SUBJECT: Defined Benefit Pension Plan Fund Manager Replacement

BUDGET IMPACT: Does not Apply
 Yes No
 A. Does the action impact/affect financial resources?
 B. If yes, what is the impact amount: _____

BACKGROUND: Defined Benefit Pension Plan held at UBS Financial conducts annual review of fund managers and allocation of investments. Each fund manager contains a percentage of total allocation of funds held in investment accounts to maximize and grow returns for ECRMC pension plan participants

DISCUSSION: UBS financial advisors have recommended removing/replacing two fund managers due to poor performance and strategy drift.

Existing Fund Mgr	Proposed Fund Mgr
London Finance	Delaware Finance
Brandes Finance	Lazard Finance

Also, Millenium fund has exceeded their fund distribution due to enhanced performance. UBS Financial advisors are requesting to reallocate funds in relation to current approved allocation spread.

Finally, this change will increase our targeted interest earnings from 7.25 to 7.71 and increase differential from 8.81 to 11.98.

We request approval of replacing fund managers with better performers and to redistribute allocation of funds held to comply with board approved target allocations.

RECOMMENDATION: (1) Approve (2) Do not approve

ATTACHMENT(S):

- Fund Manager Replacement

Approved for agenda, Chief Executive Officer

Date and Signature: Pablo Vulez

Current Allocation – June 30th, 2023

ECRMC DB

Period Ending June 30, 2023

Asset Allocation							
Name	Incept. Date	Benchmark	Market Value	% Portfolio	\$ Target	\$ Difference	% Allocation Target
Total							
Fixed Income							
Pimco	10/07/2019	BB Agg Bond	\$17,812,695	21.6%	\$20,618,921	(\$2,806,225)	25.0%
Wellesley	10/07/2019	BB Agg Bond	\$8,960,651	10.9%	\$8,247,568	\$713,082	10.0%
Cash	02/12/2020	BB 3 Mth TBill	\$96,579	0.1%	\$0	\$96,579	0.0%
Total Fixed Income	10/07/2019		\$26,869,925	32.6%	\$28,866,489	(\$1,996,564)	35.0%
US Equity							
Delaware LCV	10/07/2019	Russell 1000 Value	\$6,462,863	7.8%	\$6,598,055	(\$135,191)	8.0%
Polen LCG	10/07/2019	Russell 1000 Growth	\$5,723,035	6.9%	\$6,598,055	(\$875,019)	8.0%
Kayne Anderson SMID Core	04/15/2020	Russell 2500	\$1,713,141	2.1%	\$1,649,514	\$63,627	2.0%
Edge SMID Dividend	04/15/2020	Russell 2500 Value	\$1,808,270	2.2%	\$1,649,514	\$158,756	2.0%
Total US Equity	10/07/2019		\$15,707,309	19.0%	\$16,495,136	(\$787,827)	20.0%
International Equity							
Lazard Intl Core	04/15/2020	MSCI AC Wld x US Val	\$3,302,295	4.0%	\$3,299,027	\$3,267	4.0%
Jennison Intl Core	04/15/2020	MSCI AC Wld x US Grw	\$3,001,234	3.6%	\$3,299,027	(\$297,793)	4.0%
NB Emerging Markets	04/15/2020	MSCI Emerg Mkts	\$1,322,012	1.6%	\$1,649,514	(\$327,501)	2.0%
Total International Equity	04/15/2020		\$7,625,541	9.2%	\$8,247,568	(\$622,027)	10.0%
Alternative Investments							
Millennium International Ltd.	08/01/2013	HFRI Fund Weighted	\$25,921,430	31.4%	\$20,618,921	\$5,302,509	25.0%
Alkeon	02/16/2021	HFRI Fund of Funds	\$6,351,478	7.7%	\$8,247,568	(\$1,896,090)	10.0%
Total Alternative Investments	08/31/2019		\$32,272,908	39.1%	\$28,866,489	\$3,406,419	35.0%
Total Fund	04/24/2012	Policy Index	\$82,475,682	100.0%	\$82,475,682	\$0	100.0%

More Aggressive Allocation

More Aggressive Allocation Proposal						
Asset Class	Portfolio Manager	Current		Proposed		
		%	\$	%	\$	
US Fixed Income		20%	\$ 16,354,921	20%	\$ 16,354,921	
Multi Sector Bonds	PIMCO Total Return	10%	\$ 8,177,461	10%	\$ 8,177,461	
Convertible Bonds	Wellesley Asset Mgmt - Convertibles	10%	\$ 8,177,461	10%	\$ 8,177,461	
US Equity		34%	\$ 27,803,366	34%	\$ 27,803,366	
Large Cap Growth	Polen Capital Management - Large Cap Growth	12%	\$ 9,812,953	12%	\$ 9,812,953	
Large Cap Value	Delaware Investments US Equity - Large Cap Value	12%	\$ 9,812,953			
Large Cap Value	London Company - Large Cap Value - Core			12%	\$ 9,812,953	
SMID Core	Kayne Anderson Rudrick IM - SMID Core	5%	\$ 4,088,730	5%	\$ 4,088,730	
SMID Value	Edge SMID Cap Value w/o MLPs	5%	\$ 4,088,730	5%	\$ 4,088,730	
Non-US Equity		16%	\$ 13,083,937	16%	\$ 13,083,937	
Developed Equity Core	Lazard International Equity - Core	6%	\$ 4,906,476			
Developed Equity Value	Brandes Investment Partners International Equity - International Value			6%	\$ 4,906,476	
Developed Equity Growth	Jennison International Equity Opportunities	6%	\$ 4,906,476	6%	\$ 4,906,476	
Emerging Market	Neuberger Berman Emerging Markets	4%	\$ 3,270,984	4%	\$ 3,270,984	
Hedge Funds		30%	\$ 24,532,382	30%	\$ 24,532,382	
Multi Strategy	Alpha Keys Millenium Fund, LLC	20%	\$ 16,354,921	20%	\$ 16,354,921	
Equity Hedged	Alkeon Growth Partners II, LP	10%	\$ 8,177,461	10%	\$ 8,177,461	
Total		100%	\$81,774,605	100%	\$81,774,605	

	Current	Proposed
5 yr Trailing Return	7.72%	8.12%
Standard Deviation	11.85%	11.96%
Upside Capture	95.65%	98.72%
Downside Capture	89.09%	89.79%

TO: ECRMC BOARD MEMBERS
FROM: David Momberg, Chief Financial Officer
DATE: September 27, 2023
MEETING: Board of Trustees



SUBJECT: Defined Benefits Pension Plan Transfer

BUDGET IMPACT: Does not Apply
A. Does the action impact/affect financial resources? Yes No
B. If yes, what is the impact amount: _____

BACKGROUND: El Centro Regional Medical Center, in accordance with Statement No. 86 of the Governmental Accounting Standards Board (GASB 68), conducts an annual actuarial valuation of its Defined Benefit Retirement Income Plan to determine the fiscal year end Net Pension Liability. This review is conducted by Steve Persons, CEO of Creative Benefits Strategies.

The employer cash contributions is made on a monthly basis to Wilmington Trust Retirements and Institutional Services (MATRIX), which is the third party administrator that handles the Defined Pension Plan retirees. This amount is reviewed annually and has seen periodic changes over time based on input from our Actuarial. The three most recent changes have been the following:

- **Fiscal Year 2018 - \$4,064,100** (a \$716,200 increase);
- **Fiscal Year 2019 - \$4,780,300** (a \$716,200 increase);
- **Fiscal Year 2020-2022 - \$5,400,000** (a \$619,700 increase).
- **Fiscal Year 2023 - \$6,600,000** (a \$1,200,000 increase)

Current cash contribution by ECRMC and employees is less than expected annual distribution by \$1.8M.

Recommend funding shortfall from UBS Defined Benefit Pension (DBP) to lessen burden on ECRMCs cash position.

RECOMMENDATION: Move to Approve an Annual Adjustment of \$1.8M from DBP (UBS) to TRUSTEE (MATRIX)

OPTION(S):

1. Accept allocation of \$1.8M from UBS to Matrix.
2. Do not accept the recommendation herein and consider other alternatives.

IMPLEMENTATION PLAN:

To start making the reduced cash contribution immediately (Sept 2023).

SUPPORTING DOCUMENT LIST:

1. None

Approved for agenda, Chief Executive Officer

Date and Signature: _____

A handwritten signature in black ink, appearing to read "Pablo Velazquez", is written over a horizontal line.



TO: HOSPITAL BOARD MEMBERS
FROM: David Momberg, Chief Financial Officer
DATE: September 27, 2023
MEETING: Board of Trustees

SUBJECT: Intuitive Xi Robot Purchase

BUDGET IMPACT: Does not Apply
A. Does the action impact/affect financial resources? Yes No
B. If yes, what is the impact amount: \$216,480

BACKGROUND: Intuitive Xi Robot lease contract has expired. ECRMC has the option to purchase Xi at FMV (\$216,480). Intuitive purchase contract spreads purchase price over seven (7) months at approximately \$31K/month. This robot is still in high demand and used frequently by providers.

DISCUSSION: Requesting Board of Trustee approval to purchase Xi Robot.

RECOMMENDATION: (1) Approve (2) Do not approve

ATTACHMENT(S): None

Approved for agenda, Chief Executive Officer

Date and Signature: Pablo Velazquez



TO: HOSPITAL BOARD MEMBERS
FROM: David Momberg, Chief Executive Officer
DATE: September 27, 2023
MEETING: Board of Trustees

SUBJECT: Microsoft Office 365 Subscription

BUDGET IMPACT: Does not Apply
 Yes No
 A. Does the action impact/affect financial resources?
 B. If yes, what is the impact amount: \$501,512.49

BACKGROUND: Microsoft Office 365 is a comprehensive software solution designed to enhance ECRMC's file storage collaboration capabilities and is pivotal to our upcoming phone system upgrade. By integrating cloud storage with essential Microsoft platforms like Outlook, Excel, and Teams, Office 365 offers a more robust and integrated approach to data management. Adopting Office 365 will enable ECRMC to retire outdated software solutions, streamlining our IT infrastructure and reducing costs. Furthermore, the integration capabilities of Office 365 are crucial for the seamless operation of our new phone system. If not approved, ECRMC risks relying on unsupported software solutions and may face challenges in implementing the phone system upgrade, potentially compromising data integrity, communication efficiency, and security.

DISCUSSION: Requesting Board of Trustee approval to enter into three year agreement with vendor to supply Microsoft Office 365 licenses for strategic IT infrastructure upgrades.

RECOMMENDATION: (1) Approve (2) Do not approve

ATTACHMENT(S): None

Approved for agenda, Chief Executive Officer

Date and Signature: Pablo V. Lopez

\$125,000,000
El Centro Financing Authority
Hospital Revenue Refunding Bonds
(El Centro Regional Medical Center Project)
Series 2018

REQUISITION NO. 76

U.S. Bank, N.A.

Re: Series 2018 Project Account (“Project Account”) held pursuant to the Trust Agreement (defined below) relating to the El Centro Financing Authority Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2018

The undersigned hereby states and certifies:

1. That I am the duly qualified [Authorized Medical Center Representative] of the EL CENTRO REGIONAL MEDICAL CENTER, a municipal hospital and agency of the City of El Centro duly organized and existing under and by virtue of the laws of the State of California (the “Medical Center”), and as such, am familiar with the facts herein certified and am authorized and qualified to execute and deliver this requisition.

2. I, on behalf of the Medical Center, hereby request U.S. Bank, N.A. (the “Trustee”), pursuant to that certain Trust Agreement, dated as of April 1, 2018, (the “Trust Agreement”), between the El Centro Financing Authority and the Trustee, to pay from the moneys in the Project Account established pursuant to the Trust Agreement, the amounts provided below to the payee identified below.

<u>Payee</u>	<u>Purpose for Payment</u>	<u>Amount</u>
El Centro Regional Medical Center	Reimbursement of project costs	\$ 479,409.40

3. That the obligations in the amounts stated above have been incurred by the Medical Center and are presently due and payable and that each item thereof is a proper charge against the Project Account and has not been previously paid therefrom.

4. That there has not been filed with or served upon the City of El Centro or the Medical Center notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in this requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen’s or mechanics’ liens accruing by mere operation of law.

5. That such payments shall be made by check or wire transfer in accordance with the payment instructions set forth below and the Trustee shall rely on such payment instructions as though given by the Medical Center with no duty to investigate or inquire as to the authenticity of the payment instructions or the authority under which they were given.

Payment Instructions:

**Wells Fargo Bank
297 West Main Street
Brawley, CA 92227**

**Routing Number – 121000248
Account Number – 4159-801596
Account Name – El Centro Regional Medical Center General Fund**

Capitalized terms used and not defined herein shall have the meaning ascribed to such terms in the Trust Agreement.

Date: September 25, 2023

EL CENTRO REGIONAL MEDICAL CENTER

By: _____
Authorized Medical Center Representative

Payee	Purpose of Payment		ORIGINAL COST	VENDOR NAME	INVOICE NO.
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	BOILER, MEDICAL AIR & VACUUM UPGRADES	\$ 4,220.50	ATLAS ENGINEERING	4243
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	BOILER, MEDICAL AIR & VACUUM UPGRADES	\$ 3,632.00	ATLAS ENGINEERING	4597
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	ANCILLARY SERVICES BUILDING	\$ 22,363.83	ATLAS ENGINEERING	4627
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	ANCILLARY SERVICES BUILDING	\$ 2,705.50	ATLAS ENGINEERING	5012
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	BOILER, MEDICAL AIR & VACUUM UPGRADES	\$ 1,414.50	ATLAS ENGINEERING	5014
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	ANCILLARY SERVICES BUILDING	\$ 15,400.00	LYN INSPECTION SERVICES	66
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	ANCILLARY SERVICES BUILDING	\$ 12,800.00	LYN INSPECTION SERVICES	68
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	ANCILLARY SERVICES BUILDING	\$ 15,600.00	LYN INSPECTION SERVICES	69
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	ANCILLARY SERVICES BUILDING	\$ 18,158.57	MASCARI WARNER DINH ARCHITECTS	2212004
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	BOILER, MEDICAL AIR & VACUUM UPGRADES	\$ 14,235.71	MASCARI WARNER DINH ARCHITECTS	2212005
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	SPC-4D UPGRADE	\$ 2,146.76	MASCARI WARNER DINH ARCHITECTS	2212006
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	ANCILLARY SERVICES BUILDING	\$ 18,158.57	MASCARI WARNER DINH ARCHITECTS	2301006
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	BOILER, MEDICAL AIR & VACUUM UPGRADES	\$ 14,235.71	MASCARI WARNER DINH ARCHITECTS	2301007
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	SPC-4D UPGRADE	\$ 226.86	MASCARI WARNER DINH ARCHITECTS	2301008
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	ANCILLARY SERVICES BUILDING	\$ 18,158.57	MASCARI WARNER DINH ARCHITECTS	2302004
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	BOILER, MEDICAL AIR & VACUUM UPGRADES	\$ 14,235.71	MASCARI WARNER DINH ARCHITECTS	2302005
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	SPC-4D UPGRADE	\$ 43,793.46	MASCARI WARNER DINH ARCHITECTS	2302006
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	ANCILLARY SERVICES BUILDING	\$ 18,158.58	MASCARI WARNER DINH ARCHITECTS	2303004
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	ANCILLARY SERVICES BUILDING	\$ 653.84	MASCARI WARNER DINH ARCHITECTS	2303005
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	BOILER, MEDICAL AIR & VACUUM UPGRADES	\$ 14,235.74	MASCARI WARNER DINH ARCHITECTS	2303007
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	SPC-4D UPGRADE	\$ 45,846.13	MASCARI WARNER DINH ARCHITECTS	2303008
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	ANCILLARY SERVICES BUILDING	\$ 20,307.50	MASCARI WARNER DINH ARCHITECTS	2304010
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	ANCILLARY SERVICES BUILDING	\$ 252.93	MASCARI WARNER DINH ARCHITECTS	2304011
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	BOILER, MEDICAL AIR & VACUUM UPGRADES	\$ 17,877.42	MASCARI WARNER DINH ARCHITECTS	2304012
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	SPC-4D UPGRADE	\$ 44,916.66	MASCARI WARNER DINH ARCHITECTS	2304013
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	ANCILLARY SERVICES BUILDING	\$ 20,307.50	MASCARI WARNER DINH ARCHITECTS	2305009
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	BOILER, MEDICAL AIR & VACUUM UPGRADES	\$ 17,814.16	MASCARI WARNER DINH ARCHITECTS	2305010
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	SPC-4D UPGRADE	\$ 14,972.22	MASCARI WARNER DINH ARCHITECTS	2305011
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	ANCILLARY SERVICES BUILDING	\$ 15,307.49	MASCARI WARNER DINH ARCHITECTS	2306026
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	ANCILLARY SERVICES BUILDING	\$ 248.55	MASCARI WARNER DINH ARCHITECTS	2306027
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	BOILER, MEDICAL AIR & VACUUM UPGRADES	\$ 17,816.68	MASCARI WARNER DINH ARCHITECTS	2306028
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	ANCILLARY SERVICES BUILDING	\$ 250.00	OSHPD	339586
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	ANCILLARY SERVICES BUILDING	\$ 250.00	OSHPD	339779
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	ANCILLARY SERVICES BUILDING	\$ 250.00	OSHPD	341125
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	ANCILLARY SERVICES BUILDING	\$ 250.00	OSHPD	341126
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	ANCILLARY SERVICES BUILDING	\$ 2,430.00	STERNCO	233663025
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	BOILER, MEDICAL AIR & VACUUM UPGRADES	\$ 3,120.00	STERNCO	233827014
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	ANCILLARY SERVICES BUILDING	\$ 1,024.00	STERNCO	233663026
EL CENTRO REGIONAL MEDICAL CENTER	REIMBURSEMENT FOR	BOILER, MEDICAL AIR & VACUUM UPGRADES	\$ 1,633.75	STERNCO	233827015

SUB-TOTAL: \$ 479,409.40

REIMBURSEMENT REQUEST TOTAL: \$ 479,409.40