



Hazel Hawkins
MEMORIAL HOSPITAL

PRESS RELEASE

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**SAN BENITO HEALTH CARE DISTRICT TO APPEAL COURTS DECISION
ON ELIGIBILITY OF CHAPTER 9 BANKRUPTCY**

March 28, 2024 – Hollister, Calif. – After careful review of the Court's decision regarding our Chapter 9 eligibility, the San Benito Health Care District unanimously voted to appeal the Court's ruling.

"We feel this decision is in the best interest of the District and for the future of healthcare in San Benito County," said Jeri Hernandez, District Chair.

In its ruling, the Court found the District satisfied all but one of the five elements required for eligibility to file for bankruptcy. The Court agreed that the District: (i) is an authorized municipality, (ii) satisfied all state law requirements to file, (iii) appropriately desired to adjust its debts in bankruptcy, and (iv) negotiated in good faith with its creditors, including its unions.

The sole remaining issue for the Court was whether the District met the Bankruptcy Code definition of "insolvent." The District feels the Court's reasoning is wrong.

"We have made great progress since declaring a fiscal emergency in November 2022," said Mary Casillas, CEO for Hazel Hawkins Memorial Hospital. "The Court agreed that the District was projected to have less than two days' worth of cash on hand in December 2022. The District was on the verge of shutting down. It is not clear from the Court's ruling how a District facing closure in December can be solvent just five months later."

Regardless of the Courts recent ruling, the Chapter 9 filing did allow the District to accomplish several critical objectives. The District successfully extended the runway to find potential partners and buyers and now has four interested parties ready to present final proposals in the coming

weeks. The District was able to gain millions in cash savings and further stabilized operations, and leaves bankruptcy with much more cash on hand than in December 2022. Most importantly, the District has kept the doors open and continues to provide service to the community. This level of turnaround is an enormous success.

“While the District has made incredible progress, there is still much work to do,” continued Casillas. “We feel the Court got it wrong when it tried to understand the District’s finances. The fact remains that the District still requires a transaction partner to stabilize the District’s operations for long-term success.”

The appeal will not delay the District’s transaction efforts. The District is awaiting final proposals from four potential partners or buyers, and once received, the District Board will review those proposals and make a determination based on what is in the best interest of the District, the Hospital, and the community.

“We are committed to the ultimate sustainability of healthcare for the community,” continued Casillas. “We will continue to evaluate and implement additional cost-saving measures in the weeks and months ahead. Maintaining access to local, quality healthcare is paramount for our hospital and the community.”

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About Hazel Hawkins Memorial Hospital

Hazel Hawkins Memorial Hospital is a full-service, public agency hospital delivering modern medicine and compassionate care to the growing San Benito County community. HHMH offers hundreds of health services across multiple locations, including top-tier specialists, a modern Emergency Department, and a state-of-the-art Women’s Center. To learn more about Hazel Hawkins Memorial Hospital and the Hazel Hawkins Hospital Foundation, please visit www.hazelhawkins.com.