



Hazel Hawkins
MEMORIAL HOSPITAL

**REGULAR MEETING OF THE FACILITIES AND FINANCE COMMITTEE
SAN BENITO HEALTH CARE DISTRICT
911 SUNSET DRIVE, HOLLISTER, CALIFORNIA
MONDAY, OCTOBER 19, 2026 - 4:30 P.M.
SUPPORT SERVICES BUILDING, 2ND FLOOR – GREAT ROOM**

San Benito Health Care District is a public agency that serves as a responsive, comprehensive health care resource for its patients, physicians and the community.

1. Call to Order
2. Approve Minutes of the Finance Committee Meeting of September 21, 2026
 - Motion/Second
3. Update on Current Projects
 - Project Dashboard – September 2026
4. Review Financial Updates
 - Financial Statements – September 2026
 - Finance Dashboard – September 2026
 - Supplemental Payments – September 2026
 - Pension Plan GASB 68 Report FYE June 30, 2026
5. Consider Recommendation for Board Approval of Professional Services Agreement with Barton Giessel, MD.
 - Report
 - Committee Questions
 - Motion/Second
6. Public Comment

This opportunity is provided for members of the public to make a brief statement, not to exceed three (3) minutes, on matters within the jurisdiction of this District Board **Committee**, which are not on this agenda.

7. Adjournment

The next Facilities and Finance Committee meeting is scheduled for **Monday, November 16, 2026 at 4:30 p.m.**

The complete Facilities and Finance Committee packet, including subsequently distributed materials and presentations, is available at the Facilities and Finance Committee meeting and in the Administrative Offices of the District. All items appearing on the agenda are subject to action by the Facilities and Finance Committee. Staff and Committee recommendations are subject to change by the Facilities and Finance Committee.

Notes: Requests for a disability-related modification or accommodation, including auxiliary aids or services, to attend or participate in a meeting should be made to District Administration during regular business hours at 831-636-2673. Notification received 48 hours before the meeting will enable the District to make reasonable accommodations.

San Benito Health Care District
Facilities and Finance Committee Minutes
September 21, 2026 - 4:00pm

Present: Bill Johnson, Board President
Victoria Angelo, Board Treasurer
Mary Casillas, Chief Executive Officer
Mark Robinson, Chief Financial Officer
Amy Breen-Lema, Vice President Clinic, Ambulatory & Physician Services
Sandra DiLaura, Controller

Public: Bernadette Castronuevo, Director Laboratory and Diagnostic Imaging

1. CALL TO ORDER

The meeting of the Facilities and Finance Committee was called to order at 4:05pm.

2. UPDATE ON CURRENT PROJECTS

August 21st HCAI came by and signed off on the lab remodel phase 2 and 2 of the 3 boilers for the Emergency Dept have been replaced.

3. UPDATE ON CURRENT PROJECTS

A. August 2026 Project Dashboard

The 3rd and final boiler has been replaced. Phase 3 & 4 for the lab remodel will not be out to bid until Jan/Feb.

4. REVIEW FINANCIAL UPDATES

A. August 2026 Financial Statements

For the month ending August 31, 2026, the District's Net Surplus (Loss) is \$863,162 compared to a budgeted Surplus (Loss) of \$841,929. The District exceeded the budget for the month by \$21,233.

YTD as of August 31, 2026, the District's Net Surplus (Loss) is \$1,728,370 compared to a budgeted Surplus (Loss) of \$1,733,024. The District is slightly under its budget YTD by \$4,654.

Acute discharges were 153 for the month, under the budget by 28 discharges, 16%. The ADC was 12.48 compared to a budget of 14.71. The ALOS was 2.53. The District I/P gross revenue was under budget by **\$1.5 million** or **14%** while O/P services gross revenue exceeded the budget by **\$2.1 million** or **7%**. ER I/P visits were 112 and ER O/P visits were under budget by 49 visits or 2%. The RHCs & Specialty Clinics treated 3,282 (includes 539 visits at the Diabetes Clinic) and 877 visits respectively.

Other Operating revenue exceeded budget by **\$34,218** due mainly to:

1) **\$50,000** for additional QIP funds for PY 8, CY 2025.

Operating Expenses were under budget by **\$379,313** due mainly to: overages in Employee Benefits of \$444,164 and Registry of \$146,176 being offset by savings in Professional Fees of \$249,072, Supplies of \$259,848 and S & W of \$461,363.

Non-operating Revenue was under budget by **\$76,689** due to the timing of donations and investment income.

The SNFs ADC was **88.58** for the month. YTD, the SNFs have a net surplus of **\$81,300**.

B. August 2026 Finance Dashboard

The Finance Dashboard and Cash Flow Statement were reviewed by the Committee.

C. August 2026 Supplement Payments

No new information.

D. Orthopedic Analysis FY 2026

Reviewing the physician productivity report for Dr Wiemann, Dr Dedini, and Dr Verioti

5. PUBLIC COMMENT

An opportunity was provided for public comment and individuals were given three minutes to address the Board Members and Administration.

6. ADJOURNMENT

There being no further business, the Committee was adjourned at 4:42 pm.

Respectfully submitted,

Sandra DiLaura
Controller

OCT 2026 Project Dashboard - Facilities

Project Name	Purpose	Start Date	Go Live	Duration	Status	Priority	Key Stakeholder	Role	Update
*Lab Remodel	Lab Phase 3/4; Remodel	3/1/2026	TBD		Ongoing	Medium	Bernadette Enderez	Lab/Radiology Director	Design planning and site work investigation. Project submitted to HCAI planned to go out to bid Q1 '27
OR Mechanical System Upgrade	Updating OR per OSHPD Requirements	11/20/2024	1/29/2027	800	In Progress	High	Mendi Suber-Ventura	Director of Surgical Services	Team working to submit the design for HCAI project
*Sterilizer Replacement	Installation of new AMSCO 400 48 SD equipment for Sterile Processing Department	9/16/2025	TBD		In Progress	High	Mendi Suber-Ventura	Director of Surgical Services	Pending HCAI building permit authorization
*Seismic 2030	Upgrade to Meet HCAI Seismic Compliance & Safety Standards	11/1/2025	1/1/2033		Ongoing	High	Jorge Ramirez	Senior Support Services Director	MTCAP construction being planned NPC4, NPC5 under plan review. SPC submitted.
Seismic (MTCAP for Original Hospital)	Upgrade to Meet HCAI Seismic Compliance & Safety Standards	3/25/2026	Fall '26		In Progress	High	Jorge Ramirez	Senior Director Support Services	Pending HCAI building permit authorization and HCAI Fire Life Safety Review on plan comments
Women's Center Nurse Call System	Replace	9/10/2024	TBD		In Progress	High	Jac Fernandez	Senior Director of Acute Care Services	(E) Emergency HCAI project authorized. Vendors onsite with a goal to install new system by 10/16
*Imaging Trailer Pad Make Ready	Treanor to help when MP starts	10/1/2025	TBD		In Progress	Medium	Bernadette Enderez	Lab/Radiology Director	Holding off until Q1 '27 to limit impact on operations

OCT 2026 Project Dashboard - Facilities

*Verkada	Security / SSO + Door Access	3/11/2025	TBD		In Progress	High	Jorge Ramirez	Senior Support Services Director	Internal database build and scheduling for final card reader installation
*ED Helipad	System is an AFFF system and no longer allowed in CA. Is required to be phased out due to being a hazardous chemical.	5/27/2025	10/13/2026	504	In Progress	High	Jorge Ramirez	Senior Support Services Director	HCAI Fire Life Safety Officer onsite 10/13 to review final changes
*Northside SNF Kitchen Flooring	Replace kitchen and storage flooring at the Northside SNF	1/1/2026	TBD		In Progress	High	Jaylee Davison	Interim Director of Nursing – (SNF)	Pending investigation report from Aqualine plumbing to help determine finalized scope of work
ED Boiler	3x boiler replacement in the ED basement.	5/27/2026	TBD		In Progress	Medium	Jorge Ramirez	Senior Support Services Director	HCAI required existing condition modification to bring up to current code.
Physical Therapy Clinic Remodel	Expanding current location to help with ongoing demand	6/1/2025	TBD		In Progress	Medium	Jun Estrada	Director of Physical Therapy	Pending CDPH authorization
VIRTUO A w/ MYLA to Maestria Migration	fully automated microbial detection system made by bioMérieux that tests blood and body fluid samples for bacteria and fung	8/6/2026	TBD		In Progress	Medium	Bernadette Enderez	Lab/Radiology Director	Kickoff meeting to discuss scope, site readiness/electrical/spacing/parts, HCAI & Approval, IT/preinstallation requirements, server builds, network/connectivity/LI S. installation & training timelines.

OCT 2026 Project Dashboard - Facilities

ICU Comfort Care Suite	ICU room to be converted as a private space for family and loved ones.	7/27/2026	TBD	In Progress	Medium	Liz Spurling	Director of Foundation	Currently in planning stage.
Totals								
TASK STATUS %		estimated go-live planned go live						
STATUS	COUNT	%						
Not Started	0	0%						
In Progress	12	86%						
Overdue	0	0%						
On Hold	0	0%						
Ongoing	2	14%						
Completed	0	0%						
TOTAL	14	100%						
PROJECT PRIORITY %								
PRIORITY	COUNT	%						
High	8	57%						
Medium	6	43%						
Low	0	0%						
TOTAL	14	100%						



San Benito Health Care District

San Benito Health Care District

A Public Agency

911 Sunset Drive

Hollister, CA 95023-5695

(831) 637-5711

October 19, 2026

CFO Financial Summary for the District Board:

For the month ending September 30, 2026, the District's Net Surplus **(Loss)** is \$965,202 compared to a budgeted Surplus **(Loss)** of \$934,420. The District exceeded the budget for the month by \$30,782.

YTD as of September 30, 2026, the District's Net Surplus **(Loss)** is \$2,693,571 compared to a budgeted Surplus **(Loss)** of \$2,667,444. The District is slightly under its budget YTD by \$26,127.

Acute discharges were 128 for the month, under the budget by 34 discharges, 21%. The ADC was 11.83 compared to a budget of 15.03. The ALOS was 2.77. The District I/P gross revenue was under budget by **\$2.7 million** or 35% while O/P services gross revenue was under budget by **\$927,854 million** or 3%. ER I/P visits were 90 and ER O/P visits exceeded budget by 126 visits or 6%. The RHCs & Specialty Clinics treated 3,609 (includes 644 visits at the Diabetes Clinic) and 897 visits respectively.

Other Operating revenue was under budget by **\$199,559** due mainly to:

- 1) Physician collections being under budget

Operating Expenses were under budget by **\$928,011** due mainly to: Employee Benefits of \$654,297 and Purchase Services of \$189,907.

Non-operating Revenue was under budget by **\$101,719** due to the timing of donations and investment income.

The SNFs ADC was **91.03** for the month. YTD, the SNFs have a net surplus of **\$211,505**.

FOR PERIOD 09/30/26

	CURRENT MONTH			PRIOR YR 09/30/25	YEAR TO DATE		
	ACTUAL 09/30/26	BUDGET 09/30/26	PERCENT VARIANCE		ACTUAL 09/30/26	BUDGET 09/30/26	PERCENT VARIANCE
GROSS PATIENT REVENUE							
ACUTE ROUTINE REVENUE	2,922,432	3,775,869	23%	3,741,664	9,582,943	11,545,282	(1,962,340)
SNF ROUTINE REVENUE	2,114,835	2,139,001	1%	2,011,950	6,357,165	6,559,603	(202,438)
ANCILLARY INPATIENT REVENUE	2,214,701	4,194,250	47%	4,434,885	8,437,826	12,828,748	(4,390,922)
HOSPITALIST\PEDS I/P REVENUE	264,868	177,613	(49)%	192,202	743,954	543,082	200,872
TOTAL GROSS INPATIENT REVENUE	7,516,836	10,286,733	27%	10,380,701	25,121,888	31,476,715	(6,354,827)
ANCILLARY OUTPATIENT REVENUE	29,938,125	30,779,270	3%	28,089,369	94,837,769	91,384,670	3,453,099
HOSPITALIST\PEDS O/P REVENUE	97,891	108,343	10%	110,035	389,894	321,750	68,144
CLINICS REVENUE	2,243,169	2,319,426	3%	2,290,774	5,893,029	6,910,662	(1,017,634)
TOTAL GROSS OUTPATIENT REVENUE	32,279,185	33,207,039	3%	30,490,178	101,120,691	98,617,082	2,503,609
TOTAL GROSS PATIENT REVENUE	39,796,021	43,493,772	9%	40,870,879	126,242,579	130,093,797	(3,851,218)
DEDUCTION FROM REVENUE							
MEDICARE CONTRACTUAL ALLOWANCES	9,995,374	12,159,554	(18)%	12,081,024	38,455,135	35,887,992	2,567,143
MEDI-CAL CONTRACTUAL ALLOWANCES	10,225,115	11,864,732	(14)%	11,387,392	29,159,859	34,983,943	(5,824,084)
BAD DEBT EXPENSE	689,134	1,089,504	(37)%	490,478	2,432,300	3,257,749	(825,449)
CHARITY CARE EXPENSE	22,701	56,340	(60)%	38,317	96,154	168,246	(72,092)
OTHER CONTRACTUALS AND ADJUSTMENTS	6,488,501	5,240,287	24%	4,828,886	16,579,800	15,652,120	927,680
HOSPITALIST\PEDS CONTRACTUAL ALLOWANCES	(3,641)	12,914	(128)%	12,132	(104,905)	38,565	(143,470)
TOTAL DEDUCTIONS FROM REVENUE	27,417,184	30,423,331	(10)%	28,838,230	86,618,344	89,988,615	(3,370,271)
NET PATIENT REVENUE	12,378,838	13,070,441	5%	12,032,649	39,624,235	40,105,182	(480,947)
OTHER OPERATING REVENUE	1,949,090	2,148,649	9%	2,169,923	5,996,524	6,102,193	(105,669)
NET OPERATING REVENUE	14,327,928	15,219,090	6%	14,202,572	45,620,758	46,207,375	(586,617)
OPERATING EXPENSES							
SALARIES & WAGES	5,925,431	5,780,895	3%	5,313,710	17,535,291	17,706,552	(171,261)
REGISTRY	572,234	566,000	1%	647,561	1,971,371	1,735,734	235,637
EMPLOYEE BENEFITS	1,745,437	2,595,461	(33)%	2,025,506	8,095,897	7,992,877	103,020
PROFESSIONAL FEES	1,770,196	1,854,049	(5)%	1,803,039	5,271,059	5,714,173	(443,114)
SUPPLIES	1,380,934	1,383,139	0%	1,192,570	3,808,592	4,101,120	(292,529)
PURCHASED SERVICES	1,217,781	1,402,993	(13)%	1,335,063	4,036,877	4,283,863	(246,986)
DEPRECIATION & AMORT	375,358	375,979	5%	327,195	1,106,004	1,073,937	32,067
RENTAL EXPENSE	163,659	190,922	(4)%	143,305	596,727	576,056	18,671
INTEREST EXPENSE	10,062	27,898	(64)%	8,054	21,589	83,871	(62,282)
OTHER EXPENSE	579,783	625,201	(7)%	423,689	1,844,494	1,912,349	(67,855)
TOTAL EXPENSES	13,760,873	14,784,537	(7)%	13,219,691	44,243,899	45,039,532	(795,633)
NET OPERATING INCOME (LOSS)	567,055	434,553	(31)%	982,880	1,376,859	1,167,843	209,016
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**SAN BENITO HEALTH CARE DISTRICT
HAZEL HARRIS MEMORIAL HOSPITAL - ACUTE AND CLINICS
FOR PERIOD 09/30/26**

	CURRENT MONTH				YEAR TO DATE			
	ACTUAL 09/30/26	BUDGET 09/30/26	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 09/30/25	ACTUAL 09/30/26	BUDGET 09/30/26	POS/NEG VARIANCE
GROSS PATIENT REVENUE								
ACUTE ROUTINE REVENUE	2,922,432	3,775,869	(853,437)	23%	3,741,664	9,582,943	11,545,282	(1,962,340)
ANCILLARY INPATIENT REVENUE	1,824,191	3,730,375	(1,906,184)	51%	4,033,600	7,374,512	11,406,198	(4,031,686)
HOSPITALIST\PEDS I/P REVENUE	264,868	177,613	87,255	(49)%	192,202	743,954	543,082	200,872
TOTAL GROSS INPATIENT REVENUE	5,011,491	7,683,857	(2,672,366)	35%	7,967,466	17,701,409	23,494,562	(5,793,154)
ANCILLARY OUTPATIENT REVENUE	29,938,125	30,779,270	(841,145)	3%	28,089,369	94,837,769	91,384,670	3,453,099
HOSPITALIST\PEDS O/P REVENUE	97,891	108,343	(10,452)	10%	110,035	389,894	321,750	68,144
CLINICS REVENUE	2,243,169	2,319,426	(76,257)	3%	2,290,774	5,893,029	6,910,662	(1,017,634)
TOTAL GROSS OUTPATIENT REVENUE	32,279,185	33,207,039	(927,854)	3%	30,490,178	101,120,691	98,617,082	2,503,609
TOTAL GROSS PATIENT REVENUE	37,290,676	40,890,896	(3,600,220)	9%	38,457,644	118,822,100	122,111,644	(3,289,544)
DEDUCTION FROM REVENUE								
MEDICARE CONTRACTUAL ALLOWANCES	9,625,593	11,859,698	(2,234,105)	(19)%	11,803,273	37,644,547	34,968,432	2,676,115
MEDI-CAL CONTRACTUAL ALLOWANCES	10,198,912	11,870,394	(1,671,482)	(14)%	11,221,375	29,063,746	35,000,373	(5,936,627)
BAD DEBT EXPENSE	765,455	1,084,504	(319,039)	(29)%	489,866	2,685,055	3,242,749	(557,694)
CHARITY CARE EXPENSE	22,701	56,340	(33,639)	(60)%	38,317	96,154	168,246	(72,092)
OTHER CONTRACTUALS AND ADJUSTMENTS	6,443,328	5,189,203	1,254,125	24%	4,831,801	16,477,774	15,496,408	981,366
HOSPITALIST\PEDS CONTRACTUAL ALLOWANCES	(3,641)	12,914	(16,555)	(128)%	12,132	(104,905)	38,565	(143,470)
TOTAL DEDUCTIONS FROM REVENUE	27,052,358	30,073,053	(3,020,695)	(10)%	28,396,765	85,862,373	88,914,773	(3,052,400)
NET PATIENT REVENUE	10,238,318	10,817,843	(579,525)	5%	10,060,879	32,959,727	33,196,871	(237,144)
OTHER OPERATING REVENUE	1,949,090	2,146,649	(199,559)	9%	2,169,923	5,996,524	6,102,193	(105,669)
NET OPERATING REVENUE	12,187,409	12,966,492	(779,084)	6%	12,230,802	38,956,251	39,299,064	(342,813)
OPERATING EXPENSES								
SALARIES & WAGES	4,613,707	4,618,715	(5,008)	0%	4,265,716	13,863,730	14,145,578	(281,848)
REGISTRY	555,267	491,078	64,189	13%	575,302	1,823,893	1,505,972	317,921
EMPLOYEE BENEFITS	1,389,562	2,043,859	(654,297)	(32)%	1,571,361	6,364,603	6,301,934	62,669
PROFESSIONAL FEES	1,767,598	1,847,049	(79,451)	(4)%	1,800,829	5,165,141	5,550,173	(385,032)
SUPPLIES	1,246,636	1,268,371	(21,735)	(2)%	1,073,637	3,442,912	3,752,336	(309,424)
PURCHASED SERVICES	1,101,671	1,291,578	(189,907)	(15)%	1,236,280	3,668,826	3,942,190	(273,364)
DEPRECIATION & AMORT	328,054	317,735	10,319	3%	286,684	976,650	953,205	23,445
RENTAL EXPENSE	178,971	173,562	5,409	3%	110,121	557,853	525,942	31,911
INTEREST EXPENSE	10,019	27,898	(17,880)	(64)%	8,054	21,546	83,871	(62,325)
OTHER EXPENSE	520,318	559,968	(39,650)	(7)%	320,446	1,789,475	1,712,470	77,005
TOTAL EXPENSES	11,711,802	12,639,813	(928,011)	(7)%	11,248,430	37,674,629	38,473,671	(799,042)
NET OPERATING INCOME (LOSS)	475,606	326,679	148,927	(46)%	982,372	1,281,621	825,393	456,228
NON-OPERATING REVENUE\EXPENSES								

NON-OPERATING REVENUE\EXPENSES

Fiscal Calendar JULJUN

SAN BENITO HEALTH CARE DISTRICT
HAZEL HAWKINS MEMORIAL HOSPITAL - ACUTE AND CLINICS
FOR PERIOD 09/30/26

	CURRENT MONTH				PRIOR YR				YEAR TO DATE			
	ACTUAL 09/30/26	BUDGET 09/30/26	POS/NEG VARIANCE	PERCENT VARIANCE	ACTUAL 09/30/25	BUDGET 09/30/25	POS/NEG VARIANCE	PERCENT VARIANCE	ACTUAL 09/30/26	BUDGET 09/30/26	POS/NEG VARIANCE	PERCENT VARIANCE
DONATIONS	0	41,667	(41,667)	100%	96,641	125,001	(117,655)	94%	7,346	125,001	(117,655)	94%
PROPERTY TAX REVENUE	241,486	241,486	0	0%	211,194	724,458	0	0%	724,458	724,458	0	0%
GO BOND PROP TAXES	186,818	180,948	5,870	(3)%	181,114	542,844	17,609	(3)%	560,453	542,844	17,609	(3)%
GO BOND INT REVENUE\EXPENSE	(56,818)	(56,818)	0	0%	(61,114)	(170,453)	1	0%	(170,453)	(170,454)	1	0%
OTHER NON-OPER REVENUE	13,366	15,785	(2,419)	15%	13,866	39,937	(7,418)	16%	39,937	47,355	(7,418)	16%
OTHER NON-OPER EXPENSE	(13,457)	(13,457)	0	0%	(17,602)	(40,372)	(1)	0%	(40,372)	(40,371)	(1)	0%
INVESTMENT INCOME	(12,003)	51,500	(63,503)	123%	1,678	79,076	(75,424)	49%	79,076	154,500	(75,424)	49%
TOTAL NON-OPERATING REVENUE\ (EXPENSE)	359,392	461,111	(101,719)	22%	425,777	1,200,445	(182,888)	13%	1,200,445	1,383,333	(182,888)	13%
NET SURPLUS (LOSS)	\$ 834,998	\$ 787,790	\$ 47,208	(6)%	\$ 1,408,149	\$ 2,482,067	\$ 273,341	(12)%	\$ 2,482,067	\$ 2,208,726	\$ 273,341	(12)%
EBIDA	\$ 1,046,509	\$ 994,852	\$ 51,657	5.19%	\$ 1,592,436	\$ 3,109,089	\$ 279,177	9.86%	\$ 3,109,089	\$ 2,829,912	\$ 279,177	9.86%
EBIDA MARGIN	8.59%	7.67%	0.91%	11.91%	13.02%	7.98%	0.78%	10.83%	7.98%	7.20%	0.78%	10.83%
OPERATING MARGIN	3.90%	2.52%	1.38%	54.89%	8.03%	3.29%	1.19%	56.63%	3.29%	2.10%	1.19%	56.63%
NET SURPLUS (LOSS) MARGIN	6.85%	6.08%	0.78%	12.76%	11.51%	6.37%	0.75%	13.36%	6.37%	5.62%	0.75%	13.36%

SAN BENITO HEALTH CARE DISTRICT
HAZEL HARKINS SKILLED NURSING FACILITIES
FOR PERIOD 09/30/26

	CURRENT MONTH			PRIOR YR			YEAR TO DATE			PRIOR YR		
	ACTUAL	BUDGET	POS/NEG	PERCENT	ACTUAL	BUDGET	POS/NEG	PERCENT	ACTUAL	BUDGET	POS/NEG	PERCENT
	09/30/26	09/30/26	VARIANCE	VARIANCE	09/30/26	09/30/26	VARIANCE	VARIANCE	09/30/26	09/30/26	VARIANCE	VARIANCE
GROSS PATIENT REVENUE												
SNF ROUTINE REVENUE	2,114,835	2,139,001	(24,166)	1%	2,011,950	6,357,165	(202,438)	3%	6,110,970	6,559,603	(202,438)	3%
ANCILLARY SNF REVENUE	390,510	463,875	(73,365)	16%	401,285	1,063,314	(359,236)	25%	1,171,717	1,422,550	(359,236)	25%
TOTAL GROSS SNF PATIENT REVENUE	2,505,345	2,602,876	(97,531)	4%	2,413,235	7,420,479	(561,674)	7%	7,282,687			
DEDUCTION FROM REVENUE												
MEDICARE CONTRACTUAL ALLOWANCES	369,781	299,855	69,926	23%	277,752	810,588	(108,967)	(121)%	865,103	919,555	(108,967)	(121)%
MEDI-CAL CONTRACTUAL ALLOWANCES	33,370	8,347	25,023	300%	166,017	105,246	79,649	311%	378,128	25,597	79,649	311%
BAD DEBT EXPENSE	(76,331)	5,000	(81,331)	(1,627)%	612	(252,755)	(267,755)	(1,785)%	3,925	15,000	(267,755)	(1,785)%
CHARITY CARE EXPENSE	0	0	0	0%	0	0	0	0%	3,024	0	0	0%
OTHER CONTRACTUALS AND ADJUSTMENTS	38,006	37,076	930	3%	(2,915)	92,893	(20,797)	(181)%	45,706	113,690	(20,797)	(181)%
TOTAL DEDUCTIONS FROM REVENUE	364,826	350,278	14,548	4%	441,466	755,972	(317,871)	(30)%	1,295,886	1,073,842	(317,871)	(30)%
NET PATIENT REVENUE	2,140,519	2,252,598	(112,079)	5%	1,971,770	6,664,508	(243,803)	4%	5,986,801	6,908,311	(243,803)	4%
NET OPERATING REVENUE	2,140,519	2,252,598	(112,079)	5%	1,971,770	6,664,508	(243,803)	4%	5,986,801			
OPERATING EXPENSES												
SALARIES & WAGES	1,311,724	1,162,180	149,544	13%	1,047,994	3,671,561	110,587	3%	3,164,343	3,560,974	110,587	3%
REGISTRY	16,968	74,922	(57,955)	(77)%	72,259	147,478	(82,284)	(36)%	233,965	229,762	(82,284)	(36)%
EMPLOYEE BENEFITS	355,875	551,602	(195,727)	(36)%	454,145	1,731,294	40,351	2%	1,428,506	1,690,943	40,351	2%
PROFESSIONAL FEES	2,598	7,000	(4,402)	(63)%	2,210	61,918	40,918	195%	6,630	21,000	40,918	195%
SUPPLIES	134,297	114,768	19,529	17%	118,933	365,680	16,896	5%	341,019	348,784	16,896	5%
PURCHASED SERVICES	116,110	111,415	4,695	4%	98,783	368,051	26,378	8%	295,988	341,673	26,378	8%
DEPRECIATION & AMORT	47,304	40,244	7,060	18%	40,511	129,354	8,622	7%	119,266	120,732	8,622	7%
RENTAL EXPENSE	4,688	17,360	(12,672)	(73)%	33,185	38,874	(5,689)	(25)%	62,876	52,114	(5,689)	(25)%
INTEREST EXPENSE	59,465	65,233	(5,768)	(9)%	103,242	55,019	3,409	100%	235,563	199,879	3,409	100%
OTHER EXPENSE												
TOTAL EXPENSES	2,049,071	2,144,724	(95,653)	(5)%	1,971,262	6,569,270	(3,409)	0%	5,888,155	6,565,861	(3,409)	0%
NET OPERATING INCOME (LOSS)	91,449	107,874	(16,425)	15%	508	95,238	(247,212)	72%	98,646	342,450	(247,212)	72%
NON-OPERATING REVENUE\EXPENSES												
PROPERTY TAX REVENUE	42,615	42,615	0	0%	37,240	127,845	0	0%	111,720	127,845	0	0%
OTHER NON-OPER EXPENSE	(3,859)	(3,859)	0	0%	(5,048)	(11,578)	(1)	0%	(15,144)	(11,577)	(1)	0%
TOTAL NON-OPERATING REVENUE\ (EXPENSE)	38,756	38,756	0	0%	32,192	116,267	(1)	0%	96,576	116,268	(1)	0%
NET SURPLUS (LOSS)	\$ 130,204	\$ 146,630	\$ (16,426)	11%	\$ 32,700	\$ 211,505	\$ (247,213)	54%	\$ 195,222	\$ 458,718	\$ (247,213)	54%
EBIDA	\$ 181,368	\$ 190,733	\$ (9,365)	(4.91)%	\$ 78,259	\$ 352,437	\$ (238,590)	(40.36)%	\$ 329,632	\$ 591,027	\$ (238,590)	(40.36)%

Fiscal Calendar JULJUN

SAN BENITO HEALTH CARE DISTRICT
HAZEL HAWKINS MEMORIAL HOSPITAL
FOR THE MONTH ENDED 09/30/26

	CURR MONTH 09/30/26	PRIOR MONTH 08/31/26	POS/NEG VARIANCE	PERCENTAGE VARIANCE	PRIOR YR 06/30/26
CURRENT ASSETS					
CASH & CASH EQUIVALENT	25,241,286	24,033,850	1,207,436	5%	43,064,101
PATIENT ACCOUNTS RECEIVABLE	99,892,760	95,178,274	4,714,486	5%	68,361,181
BAD DEBT ALLOWANCE	(7,534,734)	(7,040,883)	(493,852)	7%	(6,683,787)
CONTRACTUAL RESERVES	(62,952,331)	(59,615,613)	(3,336,717)	6%	(40,385,339)
OTHER RECEIVABLES	17,442,478	19,583,053	(2,140,575)	(11)%	6,958,731
INVENTORIES	5,877,302	5,899,439	(22,137)	0%	5,843,624
PREPAID EXPENSES	2,998,695	3,064,835	(66,139)	(2)%	1,886,027
DUE TO/FROM THIRD PARTIES	(211,928)	(211,928)	0	0%	(211,928)
TOTAL CURRENT ASSETS	80,753,529	80,891,026	(137,497)	0%	78,832,609
ASSETS WHOSE USE IS LIMITED					
BOARD DESIGNATED FUNDS	5,178,391	4,990,724	187,667	4%	5,010,020
TOTAL LIMITED USE ASSETS	5,178,391	4,990,724	187,667	4%	5,010,020
PROPERTY, PLANT, AND EQUIPMENT					
LAND & LAND IMPROVEMENTS	3,370,474	3,370,474	0	0%	3,370,474
BLDGs & BLDG IMPROVEMENTS	102,342,795	102,342,795	0	0%	102,342,795
EQUIPMENT	51,116,596	51,016,398	100,198	0%	50,055,226
CONSTRUCTION IN PROGRESS	12,294,452	11,927,506	366,947	3%	10,078,849
GROSS PROPERTY, PLANT, AND EQUIPMENT	169,124,317	168,657,173	467,145	0%	165,847,345
ACCUMULATED DEPRECIATION	(103,867,203)	(103,476,753)	(390,449)	0%	(102,715,925)
NET PROPERTY, PLANT, AND EQUIPMENT	65,257,115	65,180,419	76,696	0%	63,131,420
OTHER ASSETS					
UNAMORTIZED LOAN COSTS	241,628	247,190	(5,563)	(2)%	258,315
PENSION DEFERRED OUTFLOWS NET	5,277,892	5,277,892	0	0%	5,277,892
TOTAL OTHER ASSETS	5,519,520	5,525,082	(5,563)	0%	5,536,207
TOTAL UNRESTRICTED ASSETS	156,708,554	156,587,252	121,302	0%	152,510,256
RESTRICTED ASSETS	129,762	129,710	51	0%	129,432
TOTAL ASSETS	156,838,316	156,716,962	121,354	0%	152,639,688

Fiscal Calendar JULJUN

**SAN BENITO HEALTH CARE DISTRICT
HAZEL HAWKINS MEMORIAL HOSPITAL
FOR THE MONTH ENDED 09/30/26**

	CURR MONTH 09/30/26	PRIOR MONTH 08/31/26	POS/NEG VARIANCE	PERCENTAGE VARIANCE	PRIOR YR 06/30/26
CURRENT LIABILITIES					
ACCOUNTS PAYABLE	10,734,616	10,874,556	(139,939)	1%	7,361,085
ACCRUED PAYROLL	2,679,142	2,643,375	35,767	(1)%	4,237,171
ACCRUED PAYROLL TAXES	182,887	147,342	35,545	(24)%	285,454
ACCRUED BENEFITS	5,738,931	6,515,553	(776,621)	12%	5,460,579
OTHER ACCRUED EXPENSES	70,189	80,743	(10,554)	13%	73,601
PATIENT REFUNDS PAYABLE	1,860	1,350	510	(38)%	1,310
DUE TO\FROM THIRD PARTIES	5,843,450	5,819,287	24,163	0%	5,819,287
OTHER CURRENT LIABILITIES	905,036	832,207	72,829	(9)%	756,134
TOTAL CURRENT LIABILITIES	<u>26,156,111</u>	<u>26,914,411</u>	<u>(758,300)</u>	<u>3%</u>	<u>23,994,621</u>
LONG-TERM DEBT					
LEASES PAYABLE	4,294,309	4,351,388	(57,080)	1%	4,465,512
BONDS PAYABLE	25,067,080	25,095,600	(28,520)	0%	25,152,640
TOTAL LONG-TERM DEBT	<u>29,361,389</u>	<u>29,446,989</u>	<u>(85,600)</u>	<u>0%</u>	<u>29,618,152</u>
OTHER LONG-TERM LIABILITIES					
LONG-TERM PENSION LIABILITY	23,088,121	23,088,121	0	0%	23,488,121
TOTAL OTHER LONG-TERM LIABILITES	<u>23,088,121</u>	<u>23,088,121</u>	<u>0</u>	<u>0%</u>	<u>23,488,121</u>
TOTAL LIABILITES	<u>78,605,621</u>	<u>79,449,520</u>	<u>(843,900)</u>	<u>1%</u>	<u>77,100,894</u>
NET ASSETS:					
UNRESTRICTED FUND BALANCE	75,436,883	75,436,883	0	0%	75,436,883
RESTRICTED FUND BALANCE	102,240	102,189	51	0%	101,911
NET REVENUE/(EXPENSES)	2,693,571	1,728,369	965,202	(56)%	0
TOTAL NET ASSETS	<u>78,232,695</u>	<u>77,267,441</u>	<u>965,253</u>	<u>(1)%</u>	<u>75,538,794</u>
TOTAL LIABILITIES AND NET ASSETS	<u>156,838,316</u>	<u>156,716,962</u>	<u>121,354</u>	<u>0%</u>	<u>152,639,688</u>



San Benito Health Care District
Hazel Hawkins Memorial Hospital
SEPTEMBER 2026

Description	MTD Budget	MTD Actual	YTD Actual	YTD Budget	FYE Budget
Average Daily Census - Acute	15.03	11.83	12.66	14.99	15.00
Average Daily Census - SNF	92.00	91.03	90.05	92.00	92.00
Acute Length of Stay	2.78	2.77	2.64	2.79	3.05
<u>ER Visits:</u>					
Inpatient	124	90	322	393	1,353
Outpatient	2,234	2,360	6,735	6,685	27,282
Total	2,358	2,450	7,057	7,078	28,635
Days in Accounts Receivable	50.0	73.9	73.9	50.0	50.0
Productive Full-Time Equivalents	600.32	555.61	556.69	600.32	600.32
Net Patient Revenue	13,070,441	12,378,838	39,624,235	40,105,182	159,603,835
Payment-to-Charge Ratio	30.1%	31.1%	31.4%	30.8%	30.8%
Medicare Traditional Payor Mix	29.66%	28.88%	29.39%	29.47%	0.00%
Commercial Payor Mix	21.81%	25.62%	24.62%	21.73%	0.00%
Bad Debt % of Gross Revenue	2.50%	1.73%	1.93%	2.50%	2.50%
EBIDA	1,185,585	1,227,877	3,461,525	3,420,939	14,296,020
EBIDA %	7.79%	8.57%	7.59%	7.40%	7.77%
Operating Margin	2.86%	3.96%	3.02%	2.53%	0.00%
Salaries, Wages, Registry & Benefits %:					
by Net Operating Revenue	58.76%	57.53%	60.50%	59.37%	59.57%
by Total Operating Expense	60.48%	59.90%	62.39%	60.91%	61.33%
<u>Bond Covenants:</u>					
Debt Service Ratio - 1.25	7.60	7.87	7.39	7.31	7.64
Current Ratio - 1.50	2.00	3.09	3.09	2.00	2.00
Days Cash on hand - 30.00	63.54	53.77	53.77	63.54	79.28
Met or Exceeded Target					
Within 10% of Target					
Not Within 10%					

Statement of Cash Flows

Hazel Hawkins Memorial Hospital

Hollister, CA

Three month ending September 30, 2026

	CASH FLOW		COMMENTS
	Current Month 9/30/2026	Current Year-To-Date 9/30/2026	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income (Loss)	\$965,202	\$2,693,571	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	390,449	1,151,278	
(Increase)/Decrease in Net Patient Accounts Receivable	(883,917)	(8,113,642)	
(Increase)/Decrease in Other Receivables	2,140,575	(10,483,747)	
(Increase)/Decrease in Inventories	22,137	(33,677)	
(Increase)/Decrease in Pre-Paid Expenses	66,139	(1,112,670)	
(Increase)/Decrease in Due From Third Parties	0	0	
Increase/(Decrease) in Accounts Payable	(139,939)	3,373,531	
Increase/(Decrease) in Notes and Loans Payable	0	0	
Increase/(Decrease) in Accrued Payroll and Benefits	(705,309)	(1,382,242)	
Increase/(Decrease) in Accrued Expenses	(10,554)	(3,412)	
Increase/(Decrease) in Patient Refunds Payable	510	550	
Increase/(Decrease) in Third Party Advances/Liabilities	24,163	24,163	
Increase/(Decrease) in Other Current Liabilities	72,829	148,901	
Net Cash Provided by Operating Activities:	977,083	(16,430,967)	Semi-Annual Int. - 2005 GO & 2021 Revenue Bonds
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Property, Plant and Equipment	(467,145)	(3,276,973)	
(Increase)/Decrease in Limited Use Cash and Investments	0	0	
(Increase)/Decrease in Other Limited Use Assets	(187,667)	(168,371)	
(Increase)/Decrease in Other Assets	5,563	16,689	Bond Principal & Int Payment - 2014 (2005) & 2021 Bonds
Net Cash Used by Investing Activities	(649,249)	(3,428,655)	Amortization
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase/(Decrease) in Capital Lease Debt	(57,080)	(171,204)	
Increase/(Decrease) in Bond Mortgage Debt	(28,520)	(85,560)	
Increase/(Decrease) in Other Long Term Liabilities	0	(400,000)	2014 GO Principal & Refinancing of 2013 Bonds with 2021 Bonds
Net Cash Used for Financing Activities	(85,600)	(656,764)	Long Term Pension Liability
(INCREASE)/DECREASE IN RESTRICTED ASSETS	0	0	
Net Increase/(Decrease) in Cash	1,207,436	(17,822,815)	
Cash, Beginning of Period	24,033,850	43,064,101	
Cash, End of Period	\$25,241,286	\$25,241,286	\$0

Cost per day to run the District

\$469,455

Budgeted Cash on Hand

Operational Days Cash on Hand

53.77

Variance

\$30,557,747

(\$5,316,461)

San Benito Healthcare District

Pension Plan

2026 GASB 68 Report

Valuation Date: December 31, 2025

Measurement Date: December 31, 2025

Fiscal Year Ending: June 30, 2026

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October 9, 2026

PENSION CONSULTANTS AND ACTUARIES

231 SANSOME STREET, SUITE 300
SAN FRANCISCO, CALIFORNIA 94104

TEL: 415-512-5300

FAX: 415-512-5314

Mark Robinson
Chief Financial Officer
Hazel Hawkins Memorial Hospital
911 Sunset Drive.
Hollister, CA 95023

Re: San Benito Healthcare District GASB 68 Report for FYE June 30, 2026

Dear Mark,

The San Benito Healthcare District (the "District") has retained Nicolay Consulting Group to complete this valuation of the San Benito Healthcare District Pension Plan (the "Plan") using a December 31, 2025 measurement date in compliance with Governmental Accounting Standards Board (GASB) Statement 68.

The purpose of this valuation is to determine the value of the expected retirement benefits for current and future retirees, the Net Pension Liability and the Pension Expense for the fiscal year ending June 30, 2026. The amounts reported herein are not appropriate for use for a different fiscal year without adjustment.

Based on the foregoing, the cost results and actuarial exhibits presented in this report were determined on a consistent and objective basis in accordance with applicable Actuarial Standards of Practice and generally accepted actuarial procedures. We believe they fully and fairly disclose the actuarial position of the Plan based on the plan provisions, employee and plan cost data submitted.

The results included in this report may not be appropriate for other purposes and should not be relied on for any other purposes without first contacting Nicolay Consulting Group (NCG). This report should not be disclosed to other parties without prior consent from NCG. When shared, this report should be shared in its entirety. No party other than The District may rely on the results of this report for any reason.

The valuation assumes that the Plan will continue in its current form, without amendment. We make no determination about the Plan Sponsor's intentions to continue the Plan in its current form.

The results summarized in this report are based on participant data provided by the District as of 12/31/2025, and on financial data from the Trustee. We have reviewed the data provided for reasonableness compared to prior data collections, however, we have not audited the data. Where data was missing, we have made assumptions we believe to be reasonable given the purpose of the measurement. In general, we have relied on the data as provided. The accuracy of the valuation and results summarized in this report are directly contingent on the accuracy of the data provided. Any errors or omissions in the provided data will cause the results of our report to differ.

October 9, 2026

PENSION CONSULTANTS AND ACTUARIES

231 SANSOME STREET, SUITE 300
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Prior year information is included for comparison purposes only and any assumptions, caveats, restrictions or limitations on reliance from the prior year report should be reviewed prior to relying on the prior year information included. Results have not been rounded as a matter of convenience, and this does not imply a specific level of accuracy.

Actuarial assumptions were selected by the plan sponsor. NCG has reviewed the assumptions and believes them to be reasonable and suitable for the purposes of this actuarial measurement.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions;
- Changes in economic or demographic assumptions;
- Increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period);
- Changes in plan provisions or applicable law.

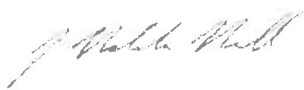
We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.

The valuation was based on results generated in ProVal, a third-party valuation system. Use of this software required us to code the plan provisions, assumptions, and methods outlined in this report. We reviewed the outputs for reasonableness at a high level and also reviewed sample calculations in detail. We are not aware of any material weaknesses or limitations in the software or its parameterization. We certify that the amounts presented in the accompanying report have been appropriately determined according to the actuarial assumptions stated herein.

The actuarial calculations were completed under the supervision of Malcolm Merrill and Sue Simon. They are members of the American Academy of Actuaries, or Society of Actuaries who meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. In our opinion, assumptions as approved by the plan sponsor are reasonably related to the experience of and expectations for the Plan.

We would be pleased to answer any questions on the material contained in this report or to provide further explanation or detail as may be appropriate.

NICOLAY CONSULTING GROUP



Malcolm Merrill, FSA, EA, FCA
Vice President & Senior Actuary



Sue Simon ASA, MAAA, EA, FCA
Vice President & Senior Actuary

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Section I – Management Summary

A) Highlights

Summary of Key Valuation Results

Fiscal Year Ending June 30	2026	2025
Total Pension Liability (TPL):	\$59,017,238	\$66,060,591
Plan Fiduciary Net Position (i.e. Fair Value of Assets)	44,794,697	40,172,470
Net Pension Liability (NPL)	\$14,222,541	\$25,888,121
Plan Fiduciary Net Position as a percentage of the TPL	76%	61%
Aggregate Pension Expense/ (Income)	\$1,259,924	\$3,837,537
Covered Payroll	\$0	\$0
Schedule of Contributions for measurement period ending June 30:		
Actuarially determined contributions	\$2,032,205	\$1,708,596
Actual contributions	1,200,000	3,673
Contribution deficiency/(excess)	\$832,205	\$1,704,923
Demographic data for measurement period ending June 30:		
Number of active members	231	244
Number of retired members and beneficiaries	192	175
Inactive participants with deferred benefits	150	154
Total Participants	573	573
Key assumptions as of the Measurement Date:		
Discount rate	6.25%	5.18%
Long-term rate of return on assets	6.25%	6.25%

Section I – Management Summary

B) Gap Analysis

The Total Pension Liability has decreased \$7,043,353 from \$66,060,591 as of 6/30/2025 to \$59,017,238 as of 6/30/2026.

Change in Pension Liability	Amount
Expected benefits earned, benefit payments and interest	\$1,131,284
Actual demographic and other experience	\$243,837
Change in Assumptions	(\$8,418,474)
Total	(\$7,043,353)

Section I – Management Summary

C) 10 – Year Projection of Employer Benefit Payments

In this table we show the next ten years of expected benefit payments.

Fiscal Year Beginning July 1	Projected Benefit Payments
2026	\$3,109,853
2027	\$3,311,797
2028	\$3,509,491
2029	\$3,657,658
2030	\$3,964,663
2031	\$4,223,714
2032	\$4,287,034
2033	\$4,376,224
2034	\$4,412,706
2035	\$4,501,450

Section II – GASB 68 Exhibits

A) Schedule of Changes in Net Pension Liability

Fiscal Year Ending June 30	2026	2025
<u>Total Pension Liability</u>		
Service Cost	\$0	\$0
Interest	3,364,821	3,346,728
Change of benefit terms	0	0
Differences between expected and actual experience	243,837	113,816
Changes in assumptions	(8,418,474)	2,195,664
Benefit payments	(2,233,537)	(2,203,516)
Net change in Total Pension Liability	(\$7,043,353)	\$3,452,692
 Total Pension Liability – beginning (a)	 \$66,060,591	 \$62,607,899
Total Pension Liability - ending (b)	\$59,017,238	\$66,060,591
<u>Plan Fiduciary Net Position</u>		
Contributions – employer	\$1,200,000	\$3,673
Contributions – employee	0	12,714
Net investment income	5,682,536	3,591,926
Benefit payments	(2,233,537)	(2,203,516)
Administrative expense	(26,772)	(25,712)
Other	0	0
Net change in Plan Fiduciary Net Position	\$4,622,227	\$1,379,085
 Plan Fiduciary Net Position – beginning (c)	 \$40,172,470	 \$38,793,385
Plan Fiduciary Net Position – ending (d)	\$44,794,697	\$40,172,470
 Net Pension Liability – beginning (a) - (c)	 \$25,888,121	 \$23,814,514
Net Pension Liability – ending (b) - (d)	\$14,222,541	\$25,888,121
 Plan Fiduciary Net Position as a percentage of the TPL:	 76%	 61%
Covered employee payroll	\$0	\$0
NPL as percentage of covered employee payroll	N/A	N/A

Section II – GASB 68 Exhibits

B) Summary of Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)– (b)
Fiscal Year Ending June 30, 2025	\$66,060,591	\$40,172,470	\$25,888,121
Recognized Changes Resulting from:			
• Service cost	\$0	0	\$0
• Interest cost	3,364,821	0	3,364,821
• Expected vs actual experience	243,837	0	243,837
• Changes of assumptions	(8,418,474)	0	(8,418,474)
• Net investment income	0	5,682,536	(5,682,536)
• Benefit payments	(2,233,537)	(2,233,537)	0
• Contributions – employer	0	1,200,000	(1,200,000)
• Contributions – employee	0	0	0
• Administrative expense	0	(26,772)	26,772
• Other	0	0	0
• Change of benefit terms	0	0	0
• Net Changes	(\$7,043,353)	\$4,622,227	(\$11,665,580)
Fiscal Year Ending June 30, 2026	\$59,017,238	\$44,794,697	\$14,222,541

Section II – GASB 68 Exhibits

C) Derivation of Significant Actuarial Assumptions

Long-term Expected Rate of Return – As of December 31, 2025, the long-term expected rates of return for each major investment class in the Plan's portfolio are as follows:

Investment Class	Current Allocation	Long-Term Expected Nominal Rate of Return ¹	Long-Term Expected Real Rate of Return
US Large Cap Equity	29%	7.94%	5.41%
US Mid Cap Equity	4%	8.55%	6.01%
US Small Cap Equity	6%	8.89%	6.34%
International Equity	22%	8.90%	6.35%
US Agg Bonds	32%	4.91%	2.45%
US High Yield Bonds	0%	6.46%	3.96%
REITs	4%	10.15%	7.57%
Cash and Cash Equivalents	3%	3.10%	0.68%
	100%	7.21%	4.69%

¹JPMorgan arithmetic Long Term Capital Market assumptions and expected inflation of 2.40%.

The Plan Sponsor selected a long-term expected rate of return assumption of 6.25%, based on recommendations from NCG. Our analysis uses the forward-looking capital market assumptions shown above, adjusted for investment volatility, for the first seven years and historical average real returns over the past 20 years for years 18 and beyond, with a gradual transition between the two during years 8–17. The analysis reflects the Plan's asset allocation, expected inflation of 2.40%, and annual investment expenses of 48 basis points. Applying these projected returns to the Plan's expected benefit cash flows produces an equivalent long-term expected return of approximately 6.49%, supporting the reasonableness of the selected 6.25% assumption.

Discount rate – GASB 68 bases the discount rate on a blend of the employer's Expected Long-Term Return on Assets and the current rate on high-grade 20-yr municipal bonds as of the measurement date. The former is used to discount future cash flows for which future trust assets are sufficient to pay; the latter is used to discount cash flows for which future trust assets are not sufficient to pay. The GASB 68 discount rate is the single-equivalent (blended) rate that, when used to discount all future cash flows, results in the same present value resulting from using the two rates. Future assets include contributions expected to be made in the future based on the employer's funding policy and history of contributions. Assets are projected using expected employer and employee contributions, expected benefit payments, expected administrative expenses and expected investment return. Projected assets are then compared to expected benefit payments in each future year to confirm sufficiency.

	2026	2025
Discount Rate	6.25%	5.18%
Long-term Rate of Return	6.25%	6.25%
S&P Municipal Bond 20 Year High Grade Index	4.43%	4.28%

Section II – GASB 68 Exhibits

D) Sensitivity Analysis

Sensitivity of the Net Pension Liability to changes in the discount rate – The following presents the Net Pension Liability as if it were calculated using a discount rate that is 1% point lower (5.25%) or 1% point higher (7.25%) than the current rate:

Sensitivity Analysis:

	Net Pension Liability	\$ Change	% Change
Discount Rate			
+1%	\$7,989,841	(\$6,232,700)	-44%
Base	\$14,222,541		
-1%	\$21,800,325	\$7,577,784	53%

Section II – GASB 68 Exhibits

E) Schedule of Pension Expense

Fiscal Year Ending June 30	2026	2025
Components of Pension Expense:		
Service Cost	\$0	\$0
Interest on the Total Pension Liability	3,364,821	3,346,728
Projected Earnings on Plan Investments	(2,478,147)	(2,450,785)
Employee Contributions	0	(12,714)
Administrative Expense	26,772	25,712
Change of Benefit Terms	0	0
Recognition of Deferred Resources Due to:		
• Changes of Assumptions	281,246	2,594,002
• Differences Between Expected and Actual Experience	54,517	(12,006)
• Differences Between Projected and Actual Earnings on Assets	10,715	346,600
Aggregate Pension Expense/(Income)	\$1,259,924	\$3,837,537

Section II – GASB 68 Exhibits

F) Interest on the Total Pension Liability

	Amount for Period (a)	Portion of Period (b)	Interest Rate (c)	Interest on the Total Pension Liability
Beginning Total Pension Liability	\$66,060,591	100%	5.18%	\$3,421,939
Service Cost	\$0	100%	5.18%	0
Benefit Payments	(2,233,537)	50%	5.18%	(57,118)
Total Interest on the TPL				3,364,821

Section II – GASB 68 Exhibits

G) Earnings on Pension Plan Investments

	Amount for Period (a)	Portion of Period (b)	Projected Rate of Return (c)	Projected Earnings
Beginning Plan Fiduciary Net Position	\$40,172,470	100%	6.25%	\$2,510,779
Employer Contributions	1,200,000	50%	6.25%	36,932
Employee Contributions	0	50%	6.25%	0
Benefit Payments	(2,233,537)	50%	6.25%	(68,740)
Administrative Expense and Other	(26,772)	50%	6.25%	(824)
Total Projected Earnings				\$2,478,147

Comparison of Projected and Actual Investment Earnings

Total Projected Earnings	\$2,478,147
Actual Net Investment Income	5,682,536
Difference Between Projected and Actual Earnings on Assets	(\$3,204,389)

Section II – GASB 68 Exhibits

H) Schedule of Contributions

Fiscal Year Ending June 30:	2026	2025
Actuarially Determined Contribution	\$2,032,205	\$1,708,596
Employer Contributions to the Trust	\$1,200,000	\$3,673
Covered-employee payroll	\$0	\$0
Contributions as a percentage of covered-employee payroll	N/A	N/A

1. Employers setting a discount rate based on the assumption that assets will be sufficient to cover all future benefit payments under the plan are assumed to annually make contributions equal to the actuarially determined contribution. Annual contributions made that are substantially less than the ADC would require additional support for use of a discount rate equal to the long-term expected return on trust assets.
2. Covered-Employee Payroll, as defined by GASB 68, is the total payroll of employees eligible for benefits under the Pension Plan.

Section II – GASB 68 Exhibits

I) Deferred Inflows/Outflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Unrecognized Deferred Resources due to:		
• Differences between expected and actual experience	\$548,629	\$196,318
• Changes in assumptions	4,090,805	8,333,424
• Net difference between projected and actual earnings	0	2,557,304
Contribution to Pension plan after measurement date	0	0
Total	<u>\$4,639,434</u>	<u>\$11,087,046</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to Pension will be recognized in Pension Expense as follows:

Fiscal Year Ending June 30	Recognized Deferred Outflows/(Inflows) of resources
2027	\$204,090
2028	(3,098,061)
2029	(2,912,764)
2030	(640,877)
2031	0
Thereafter	0
Total Deferred Resources	<u>(\$6,447,612)</u>

Section II – GASB 68 Exhibits

J) Schedule of Deferred Inflows/Outflows of Resources

Fiscal Year Established	Initial Amount	Initial Years	Years Left	Amount Recognized In FYE 2026	Deferred Balances	
					Outflows	Inflows
Difference Between Expected and Actual Plan Experience						
2018	(237,050)	8	-	(20,211)	-	-
2019	(1,044,501)	7	-	(121,389)	-	-
2020	(546,664)	6	1	(84,991)	-	36,718
2021	485,864	6	1	88,179	44,969	-
2022	1,069,590	6	2	201,429	263,874	-
2023	(453,339)	5	2	(97,913)	-	159,600
2024	113,816	4	2	28,454	56,908	-
2025	243,837	4	3	60,959	182,878	-
Total	291,983			54,517	548,629	196,318
Net Future Amortizations:					352,311	
Change in Assumptions						
2018	(74,412)	8	-	(6,344)	-	-
2019	1,939,682	7	-	225,422	-	-
2020	1,227,120	6	1	190,784	82,416	-
2021	4,008,624	6	1	727,518	371,034	-
2022	10,293,791	6	2	1,938,567	2,539,523	-
2023	(5,736,563)	5	2	(1,238,998)	-	2,019,569
2024	2,195,664	4	2	548,916	1,097,832	-
2025	(8,418,474)	4	3	(2,104,619)	-	6,313,855
Total	4,747,374			281,246	4,090,805	8,333,424
Net Future Amortizations:					(4,242,619)	
Net Difference Between Projected and Actual Investment Earnings						
2021	(1,974,391)	5	-	(394,879)	-	-
2022	9,292,550	5	1	1,858,510	1,858,510	-
2023	(2,919,048)	5	2	(583,810)	-	1,167,618
2024	(1,141,141)	5	3	(228,228)	-	684,685
2025	(3,204,389)	5	4	(640,878)	-	2,563,511
Total	53,581			10,715	1,858,510	4,415,814
Net Future Amortizations:					(2,557,304)	
Totals:				346,478	6,497,944	12,945,556
Net:				(6,447,612)		

Section II – GASB 68 Exhibits

K) Reconciliation of the Net Position

Fiscal Year Ending June 30	2026	2025
Total Pension Liability (TPL)	\$59,017,238	\$66,060,591
Plan Fiduciary Net Position (PFNP)	44,794,697	\$40,172,470
Net Pension Liability (NPL)	\$14,222,541	\$25,888,121
Deferred Inflows of resources (CR):		
• Difference between expected and actual experience	\$196,318	\$520,822
• Changes in assumptions	8,333,424	3,264,911
• Net differences between projected and actual earnings	2,557,304	0
Deferred Outflows of resources (DR):		
• Difference between expected and actual experience	(548,629)	(683,813)
• Changes in assumptions	(4,090,805)	(7,722,012)
• Net differences between projected and actual earnings	0	(657,800)
• Est. contributions post measurement date	0	0
Net Position	\$20,670,153	\$20,610,229
Reconciliation of Net Position		
Net Position at June 30, 2025		\$20,610,229
Aggregate Pension Expense/(Income)		1,259,924
Total Pension Contribution		(1,200,000)
Difference in Post-Measurement Contributions		0
Net Position at June 30, 2026		\$20,670,153

Section III – Data

A) Summary of Demographic Information

The participant data used in the valuation was provided by the client as of December 31, 2025. It is assumed that this data is representative of the population as of June 30, 2026. While the participant data was checked for reasonableness, the data was not audited. The valuation results presented in this report are dependent upon the accuracy of the participant data provided. The table below presents a summary of the basic participant information for the active and retired participants covered under the terms of the Plan. More participant information can be found in the 2026 Actuarial Report for Funding.

Fiscal Year Ending	June 30, 2026	June 30, 2025
Active Participants		
• Total	231	244
• Average Age	53.8	53.1
• Average Service	19.7	18.8
Terminated Vested Participants		
• Total	150	154
• Average Age	56.4	56.2
Retired Participants and Beneficiaries		
• Number Retirees	181	166
• Number Beneficiaries	11	9
• Total	192	175
• Average Retiree Age	72.1	71.8
• Average Beneficiary Age	70.2	67.3

Plan Provisions Summary

Summary of Plan Provisions

Effective Date:	January 1, 2005
Most Recent Restatement Date:	January 1, 2015
Most Recent Amendment Date:	July 3, 2023 (Plan Freeze)
Plan Year:	January 1 to December 31
Eligible Employee:	Benefited full-time or part-time employee. Hired prior to January 1, 2013.
Participation Entry Date:	January 1 st following three years of consecutive employment (1,000 hours in each year) and attainment of age 21. No new entrants on or after the freeze date of July 3, 2023.
Normal Retirement Date:	First of month after reaching age 65 and completing five Years of Service.
Deferred Retirement Date:	First of any month following actual retirement after a participant's Normal Retirement Age. An employee can work beyond his normal retirement date and continue to earn pension benefits.
Early Retirement Date:	First of any month after reaching age 50 and completing 15 Years of Service and 5 years of Plan participation.
Normal Form of Payment For Unmarried Participants:	A retirement income payable monthly for life, with guaranteed payments for 120 months.
Normal Form of Payment For Married Participants:	A retirement income payable monthly for life, with guaranteed payments for 120 months; in addition, after the 120-month period, in the event of the participant's death, the participant's spouse will receive a monthly pension equal to 50% of the participant's pension for the remainder of the spouse's lifetime.
Optional Forms of Distribution of Retirement Benefit:	No other options available.
Retirement Benefit Formula For Past Service as of January 1, 2005	1% of the participant's compensation in each consecutive calendar year in which the participant completed 1,000 hours as a benefited full-time or part-time employee during the period 1999 through 2004.

Plan Provisions Summary

Summary of Plan Provisions (cont'd)

**Retirement Benefit Formula
For Future Service:**

Effective January 1, 2005: 1% of the participant's compensation in each calendar year.

Effective January 1, 2007, the rate increases to 1.1% per year for future service of non-SEIU employees' future service after January 1, 2007, but prior to January 1, 2010.

Effective January 1, 2010, the rate increases to 1.3% per year for non-SEIU employees' future service after January 1, 2010.

Effective January 1, 2012, the benefit accrual rate increases to 1.3% of participant's compensation for all eligible employees' future service after January 1, 2012.

Effective July 3, 2023, plan benefits are frozen.

Early Retirement Benefit:

Accrued benefit earned to the date of early retirement with payments commencing on participant's normal retirement date. The participant may elect to receive an actuarially reduced benefit starting after his or her early retirement date.

Disability Benefit:

Accrued benefit earned to disability retirement date with payments commencing on participant's normal retirement date. The participant may elect to receive an actuarially reduced benefit starting after his or her early retirement date.

Death Benefits:

Larger of: (1) Present value of vested accrued benefits; (2) 25,000.

Vesting of Accrued Benefits:

The earlier of (i) the completion of five years of service (1,000 hour rate) in the Plan and (ii) a participant's Normal Retirement Date. This vested benefit would be in the form of a pension beginning at normal retirement date equal to the benefits accrued at time of termination, or for a reduced amount if an election is made to have payments commence before normal retirement date.

Actuarial Equivalence:

6.00% interest and the UP-1984 Mortality Table set back 3 years. Lump sums and late retirement factors are determined using the applicable mortality table under Internal Revenue Code Section 417(e).

Plan Provisions Summary

Summary of Plan Provisions (cont'd)

PEPRA Provisions

PEPRA Participant

"PEPRA Participant" means a participant who (i) was never a member of a California "public retirement system" as that term is defined in California Government Code section 7522.04(j), prior to January 1, 2013, (ii) was a member of a California public retirement system prior to January 1, 2013, other than the system through which this Plan is offered but was not subject to reciprocity under California Government Code section 7522.02(c), or (iii) was an active member in the system through which this Plan is offered but who returned to active membership in the system with a new employer after a break in service of more than six (6) months.

Classic Participant

Means a participant who is not a PEPRA Participant

Eligibility Requirements

Employees must be employed by the Employer in an eligible category of employment, have attained age 21, and completed three years of service in order to be eligible to participate in the plan. An eligible employee will become a participant upon the later of January 1, 2016, completion of three years of services, or attainment of age 21. The Plan is closed to new entrants after July 3, 2023.

PEPRA Benefit Accrual Rates

Same as Retirement Benefit Formula for Future Service

Normal Retirement:

Normal retirement age under the plan is the later of age 65 or the date an employee completes 5 years of service. Normal retirement date is the first day of the month after reaching normal retirement age.

Plan Provisions Summary

Summary of Plan Provisions (cont'd)

PEPRA Provisions (Continued)

Early Retirement:

The first day of the month following a Participant's attainment of age fifty (50) years and the completion of ten (10) Years of Service, or the first day of any subsequent month preceding the Participant's Normal Retirement Age; provided, however, that PEPRA Participant must have attained age fifty-two (52).

Maximum Benefit of PEPRA Participants

The Accrued Benefit of a PEPRA participant shall not exceed the amount defined in PEPRA and described in Appendix A of the plan document. The amount shall be determined by interpolating to the participant's nearest completed quarter year of age at the date benefits are scheduled to commence, based on the rates shown opposite the participant's age in Appendix A of the plan document table.

Based on Appendix A table, Sample rates are:

Age of retirement	Benefit Rate (Percentage of Final Base Pay)
52	1.000%
55	1.300%
60	1.800%
65	2.300%
67	2.500%

Employee Contributions

PEPRA participants shall have an initial contribution rate of at least 50% of the normal cost rate as defined under the Employer PEPRA Contribution.

Employee contributions ceased effective July 3, 2023 due to the plan freeze.

Actuarial Assumptions and Methods

Actuarial Assumptions and Methods

Measurement Date	December 31, 2025
Reporting Date	June 30, 2026
Discount Rate (CO)	6.25% per annum compounded annually
Long Term Expected Return on Assets (CO):	6.25% per annum, compounded annually. The investment return assumption was selected by the plan sponsor with recommendations by NCG. As described in Section II.C, Derivation of Significant Actuarial Assumptions, the selected assumption is supported by an analysis of forward-looking capital market assumptions, longer-term historical investment returns, and the Plan's projected benefit cash flows.
Salary Scale (FE):	Not applicable due to freeze.
Mortality (FE):	For FYE 2026: PubG-2016 General Mortality Tables with separate rate for males and females, and separate rates for pre and post commencement. Mortality improvements are projected generationally based on SOA Scale MP 2021. For FYE 2025: PubG-2010 General Mortality Tables with separate rate for males and females, and separate rates for pre and post commencement. Mortality improvements are projected generationally based on SOA Scale MP 2021.
Retirement (FE):*	100% at Normal Retirement Age

Actuarial Assumptions and Methods

Actuarial Assumptions and Methods (cont'd)

Turnover (FE):*

Based on T-4 Table, Sample Rates are:

Age	Rate
25	5.29%
35	4.70%
45	3.54%
55	0.94%

Disability (FE):

None

Marital Status (FE):*

80% of active participants are assumed to be married.

Terminated vested participant marital status is based on reported marital status; where marital status is not reported, the participant is assumed to be single.

Age difference: Females are assumed to be three years younger than males.

Form of Payment (FE):

Active participants: Participants assumed to be married are assumed to receive the normal form of payment for married participants (a life annuity with 120 monthly payments guaranteed, and a 50% survivor annuity payable to the spouse after the guaranteed period). All other active participants are assumed to receive the normal form of payment for unmarried participants (a life annuity with 120 monthly payments guaranteed).

Vested Terminated participants: The normal form of payment is based on the participant's reported marital status. Participants whose marital status is not reported are assumed to be single.

* NCG has not performed an experience study to select these assumptions.

FE: Indicates an assumption is an estimate of future experience.

MD: Indicates an assumption is an estimate inherent in market data.

CO: Indicates an assumption is based on a combination of estimated future experience and estimates inherent in market data.

Actuarial Assumptions and Methods

Actuarial Assumptions and Methods (cont'd)

Actuarial Cost Method:	Entry Age Normal Cost Method This method was effective December 31, 2014. Under the Entry Age Normal Actuarial Cost Method, the actuarial value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the Actuarial Accrued Liability. As the plan is now frozen, future pensionable earnings are \$0 and benefits are treated as fully accrued, resulting in a \$0 normal cost.
Amortization Methodology	The District uses straight-line amortization. For assumption changes and experience gains/losses, we assumed Average Future Working Lifetime, averages over all actives and retirees (retirees are assumed to have no future working years). For asset gains and losses use a fixed 5-year period. Plan changes are recognized immediately in the year they occurred.
Valuation of Assets:	The value of assets is determined as market value of assets as of the measurement date.
Measurement Date	December 31, 2025
Valuation Date	December 31, 2025
Reporting Date	Fiscal Year End: June 30, 2026

Glossary

Key Terms

Entry Age Normal:	Actuarial Present Value of Projected Benefits for each individual allocated on a level basis over the individual's earnings between entry age and assumed exit age(s). The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost.
Annual Pension Expense:	Amount recognized in each accounting period for contributions to the pension plan on the modified accrual basis of accounting.
Deferred Inflows/Outflows:	Deferred inflows and outflows of resources related to the pension plan arising from certain changes in the collective Net Pension Liability and/or Total Pension Liability.
Covered Payroll:	Annual compensation paid (or expected to be paid) to active employees eligible for benefits from the pension plan.
Net Pension Liability:	Difference between Total Pension Liability and the Plan Fiduciary Net Position.
Normal Cost / Service Cost:	Portion of the Total Present Value of Future Benefits attributed to employee service during the current fiscal year by the actuarial cost method.
Plan Fiduciary Net Position:	Market Value of Assets
Present Value of Future Benefits:	Present value of projected benefits payable to all members for their expected future service, discounted to reflect the time value of money and adjusted for the probabilities of retirement, withdrawal, death and disability.
Total Pension Liability:	Present value of projected benefits payable to all members for their service accrued to date discounted to reflect the time value of money and adjusted for the probabilities of retirement, withdrawal, death and disability.

Board of Directors Contract Review Worksheet

Agreement for Professional Services with Barton Giessel, M.D.



Executive Summary: Barton Giessel, M.D. is a board-certified family medicine physician with over 25 years of experience in outpatient medicine, chronic disease management, and rural healthcare. He earned his medical degree from the University of Texas Medical Branch at Galveston and completed his family medicine residency at the University of Missouri Hospitals and Clinics.

Following Dr. Carota's retirement, Dr. Giessel began providing services with us in May 2026 as a locum tenens physician. We are now looking to move forward with a long-term professional services agreement to retain him for ongoing family medicine coverage and support our primary care services.

Recommended Board Motion: It is recommended that the Hospital Board approve the Professional Services Agreement with Barton Giessel, M.D. at a rate of \$150 per hour, for 40 hours per week x 40 weeks per year.

Services Provided: Outpatient family medicine services.

Agreement Terms:

Contract Term	Effective Date	Estimated Annual Cost	Term clause
1 year	12/1/2026	\$240,000	60 days

PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (“**Agreement**”) is made, entered into and effective as of December 1, 2026 (“**Effective Date**”), by and between SAN BENITO HEALTH CARE DISTRICT, a local health care district organized and operated pursuant to Division 23 of the California Health and Safety Code (“SBHCD”), and BARTON GIESSEL, M.D. (“**Physician**”).

RECITALS

- A. SBHCD owns and operates Hazel Hawkins Memorial Hospital, a licensed general acute care facility located at 911 Sunset Drive, Hollister, California (“**Hospital**”). Hospital provides inpatient and outpatient services to residents of the San Benito Health Care District and surrounding communities which constitute the Hospital’s service area (“**Hospital Service Area**”).
- B. SBHCD owns and operates a rural health clinic as defined in Title 22, California Code of Regulations section 51115.5 to provide services to patients in the Hospital Service Area (“**Clinic**”). Clinic operates under the name “Mabie First Street Health Care Center.”
- C. Physician is licensed to practice medicine in the State of California, is a member in good standing of the medical staff of Hospital and is experienced and qualified to provide family medicine services, being board-certified in family medicine.
- D. Section 32129 of the California Health and Safety Code provides that a health care district may contract with a Physician to render professional health services in order to ensure that adequate health care is available to all residents within its service area.
- E. SBHCD has determined that entering into this Agreement with Physician is in the best interests of the SBHCD and the public health of the residents of the Hospital Service Area and is an appropriate way to assure availability of skilled medical services to patients in the Hospital Service Area.
- F. The parties desire to enter into this Agreement to set forth their respective responsibilities in connection with the Services provided by Physician in the Hospital Service Area during the term of this Agreement.

The parties hereby agree as follows:

ARTICLE 1 - DUTIES AND OBLIGATIONS OF PHYSICIAN

- 1.1 Medical Services. Beginning on December 1, 2026 (“**Commencement Date**”), Physician shall provide Services (as defined in Exhibit A) to patients at Clinic and/or Hospital and on the schedule more fully described in Exhibit A, which is attached to this Agreement and incorporated by this reference. Services include Medicare services, Medi-Cal services, services pursuant to any other federal health care program or a state health care financial program (“**Governmental Programs**”), workers’ compensation services, and charity care. Physician shall cooperate to enable Clinic’s and Hospital’s participation in Medicare, Medi-Cal, Governmental Programs, workers’ compensation services and commercial payor programs. Physician shall provide Services to all patients, including Medicare, Medi-Cal, Governmental Program, and workers’ compensation beneficiaries, in a non-discriminatory manner and in accordance with all applicable laws and SBHCD policies and procedures, as developed and implemented in collaboration with physician leadership of Hospital and Clinic. Physician shall also perform such additional duties and responsibilities as may be reasonably requested by SBHCD and consistent with Physician’s training, licensure, and the scope of Services described herein.
- 1.2 Qualifications. Physician shall: (i) be duly licensed to practice medicine by the State of California; (ii) be qualified to perform the Services by having adequate levels of competency and experience; (iii) have skills comparable to those prevailing in the community; (iv) not be excluded from participation in any governmental healthcare program; (v) be approved for and maintain active membership and/or clinical

privileges on the Hospital's medical staff in accordance with medical staff bylaws, rules and regulations, and other medical staff governing directives; (vi) be certified as a participating physician in the Medicare and Medi-Cal programs; and (vii) hold an unrestricted Drug Enforcement Administration ("DEA") registration number.

- 1.3 Compliance. In connection with the operation and conduct of the Clinic and Hospital and rendition of Services, Physician shall, at all times, comply with the applicable terms of this Agreement and with all applicable federal, state and local laws, rules and regulations, including requirements for participation in the Medicare and Medi-Cal programs, the Hospital medical staff bylaws, rules and regulations, and applicable policies and procedures, and will at all times be aware of and participate in meeting the SBHCD Corporate Compliance program goals and objectives.
- 1.4 Credentialing. In order to be efficiently credentialed with payors contracted with SBHCD, Physician shall participate in the Council for Affordable Quality Healthcare ("CAQH") credentialing program and shall timely comply with requests from CAQH or SBHCD personnel for (i) credentialing information regarding Physician, and (ii) documents necessary for the credentialing of Physician.
- 1.5 Use of Premises. No part of the SBHCD premises shall be used at any time by Physician as an office for the general or private practice of medicine.
- 1.6 Medical Records/Chart Notes. Physician shall provide appropriate and necessary documentation for each patient's medical record for all patient encounters in the Clinic and Hospital in compliance with the hospital's and clinics' policies and procedures.
- 1.7 Trainings. Physician shall participate in all training programs, educational sessions, and compliance activities that SBHCD reasonably requires, including those related to internal systems, policies and procedures, quality improvement, patient safety, and regulatory compliance.
- 1.8 Coding. Physician shall properly code all professional services rendered to patients. Physician's coding shall be used for purposes of billing for Services provided by Physician. All such coding shall be subject to review and audit by an independent auditing company mutually agreed upon by the parties.
- 1.9 Professional Standards. In performing Services, Physician shall comply with the principles and ethics of the American Medical Association, the California Medical Association and any federal, state or municipal law, statute or ordinance dealing with the practice of medicine by Physician. Physician shall further abide in all respects with the Code of Conduct applicable to professional health care providers of any hospital, outpatient clinic or surgery center, including but not limited to SBHCD, at which Physician shall provide professional services. Physician shall provide services to all SBHCD patients on a courteous and prompt basis, be available and accessible to patients, provide them with full and meaningful information and render services in a manner which assures continuity of care.

ARTICLE 2 - DUTIES AND OBLIGATIONS OF SBHCD

- 2.1 Duties. SBHCD agrees to furnish at its own cost and expense, for the operation of the Clinic and Hospital, the following:
 - 2.1.1 Space and Equipment. Space and Equipment as may be reasonably required for the operation of the Clinic and Hospital as determined by SBHCD.
 - 2.1.2 Services and Supplies. Maintenance, repair, and replacement of equipment as are reasonably required; all utilities, including telephone, power, light, gas, and water; and all supplies that may be reasonably required for the operation of the Clinic and Hospital.
 - 2.1.3 Non-physician Personnel. All non-physician personnel with appropriate education, training and experience required to operate the Clinic and Hospital, including a qualified administrative

manager. SBHCD shall have the sole right and responsibility for the hiring and termination of all its employees. SBHCD shall be responsible for the scheduling of non-physician Clinic and Hospital personnel.

- 2.2 Eligibility. At all times during the term of this Agreement, Clinic and Hospital shall remain eligible to participate in the Medicare and Medi-Cal programs.
- 2.3 Contracts. SBHCD shall be solely responsible for negotiating all contracts for the reimbursement of Services provided in the Clinic and Hospital. SBHCD in its sole and absolute discretion shall determine the negotiation parameters for the terms, conditions, and rates for such contracts.
- 2.4 Access to Records. Physician shall have access to the SBHCD patient medical and business records for quality of care and compliance purposes.

ARTICLE 3 - BILLING AND ASSIGNMENT OF REVENUE

- 3.1 Billing and Collection. SBHCD shall perform billing and collection services under this Agreement. Physician shall cooperate with SBHCD and shall use his/her best efforts to furnish appropriate documentation of patient care services provided by Physician to enable SBHCD to timely and accurately bill and collect for such services.
- 3.2 Assignment of Professional Service Revenues. Physician hereby assigns to SBHCD the right to all revenue from any and all patients, third-party payors, and governmental programs for all Services rendered by Physician at the Hospital and the Clinic under this Agreement. The Parties intend that SBHCD may bill and collect directly from the Medicare carrier for Physician's services to Medicare beneficiaries in compliance with Medicare Publication 100-04, Chapter 1, Sec. 30.2.7.

ARTICLE 4 - COMPENSATION FOR SERVICES BY PHYSICIAN

- 4.1 Compensation. As compensation for the provision of Services in the Clinic and Hospital, SBHCD shall pay Physician as outlined in Exhibit A to this Agreement and in accordance with the normal SBHCD contract payment process for Services provided hereunder. Physician shall not bill for facility fees, administrative, supervisory, medical director, or similar services.
- 4.2 Schedule of Charges. SBHCD, in its sole and absolute discretion, shall decide upon the schedule of charges for the Clinic and Hospital. Pursuant to California Health and Safety Code Section 32129, the SBHCD Board of Directors may review the fees and charges for Services provided at the Clinic and Hospital to ensure such fees and charges are reasonable, fair, and consistent with the basic commitment of SBHCD to provide adequate health care to all residents within the Hospital Service Area.

ARTICLE 5 - TERM AND TERMINATION

- 5.1 Term. The term of this Agreement shall commence on the Commencement Date and continue for a period of one (1) year, unless terminated earlier as provided in this Agreement, and shall automatically renew for successive one (1) year periods thereafter unless (i) either party gives written notice of nonrenewal not less than sixty (60) days prior to renewal, or (ii) the Agreement is earlier terminated as set forth herein.
- 5.2 Termination. Either party shall have the right to terminate this Agreement without stating a cause or reason and without cost or penalty upon sixty (60) days' prior written notice to the other party. Notwithstanding, either party shall have the right to terminate the Agreement for cause upon written notice to the other party as set forth below. If this Agreement is terminated prior to expiration of the initial year of the term, the parties shall not enter into any new agreement or arrangement during the remainder of such year.

- 5.3 **Definition of Cause.** For purposes of this Agreement, “cause” shall include, but not be limited to, the occurrence of any of the following events:
- 5.3.1 SBHCD or Physician is in breach of any material term or condition of this Agreement and such breach has not been cured within thirty (30) days following written notice of such breach.
 - 5.3.2 SBHCD or Physician becomes insolvent or declares bankruptcy.
 - 5.3.3 Physician’s license to practice medicine or to prescribe controlled substances is revoked or suspended.
 - 5.3.4 SBHCD fails to carry or reinstate the insurance required in ARTICLE 8 of this Agreement or such coverage is cancelled or revoked within fifteen (15) days following notice of revocation from its insurance carrier.
 - 5.3.5 SBHCD’s determination, in its sole discretion, that Physician has violated a material term of ARTICLE 9 of this Agreement.
 - 5.3.6 Physician’s breach of Section 11.7.
 - 5.3.7 The performance by either party of any term, condition, or provision of this Agreement which jeopardizes the licensure of Hospital, Hospital’s participation in Medicare, Medi-Cal or other reimbursement or payment program, or Hospital’s full accreditation by The Joint Commission or any other state or nationally recognized accreditation organization, or the tax-exempt status of Hospital’s bonds, or if for any other reason such performance violates any statute, ordinance, or is otherwise deemed illegal, or is deemed unethical by any recognized body, agency, or association in the healthcare fields, and the jeopardy or violation has not been or cannot be cured within sixty (60) days from the date notice of such jeopardy or violation has been received by the parties.
 - 5.3.8 The loss of or reduction in Physician’s medical staff privileges at any facility where Physician provides professional health care services, whether voluntary or involuntary.
 - 5.3.9 Physician being charged with or convicted of a crime other than an infraction, traffic citation, or similar charge.
 - 5.3.10 Physician’s engagement in: (i) willful misconduct (which means the knowing and intentional failure to exercise ordinary care to prevent material injury to SBHCD or the commission of an intentional act with knowledge that it is likely to result in material injury to the SBHCD), (ii) fraudulent activities, (iii) crimes or acts of moral turpitude, (iv) any breach of a duty to SBHCD, a patient, or any third party payor, (v) sexual harassment or abuse, or (vi) any other action or omission that could materially affect SBHCD’s business or reputation in an adverse manner.
- 5.4 **Termination/Expiration Not Subject to Fair Hearing.** It is agreed between the parties that should either party exercise its right to terminate this Agreement such decision to terminate, and the actual termination or expiration of this Agreement, shall apply to rights under this Agreement only and not to Physician’s medical staff privileges or membership on the medical staff of Hospital. The termination or expiration of this Agreement shall not be subject to the Fair Hearing Plan of the Medical Staff Bylaws, the hearing procedures provided by Healthcare District Law, or any other fair hearing procedure regarding medical staff appointments or privileges.

ARTICLE 6 - INDEPENDENT CONTRACTOR

- 6.1 **Independent Contractor Status.** Physician is engaged in an independent contractor relationship with SBHCD in performing all work, services, duties, and obligations pursuant to this Agreement. Neither

SBHCD nor Hospital shall exercise any control or direction over the methods by which Physician performs work and functions, except that Physician shall perform at all times in strict accordance with then currently approved methods and practices of Physician's professional specialty. SBHCD's sole interest is to ensure that Physician performs and renders services in a competent, efficient, and satisfactory manner in accordance with high medical standards.

- 6.2 Independent Contractor Responsibilities. The parties expressly agree that no work, act, commission, or omission of Physician pursuant to the terms and conditions of this Agreement shall be construed to make or render Physician, the agent or employee of SBHCD or Hospital. Physician shall not be entitled to receive from SBHCD or Hospital vacation pay, sick leave, retirement benefits, Social Security, workers' compensation, disability or unemployment insurance benefits or any other employee benefit. Physician shall be solely responsible for paying when due all income, employment and withholding taxes and employment benefits, if any, including estimated taxes, incurred as a result of the compensation paid by SBHCD to Physician for Services under this Agreement. Physician is responsible for providing, at Physician's own expense, disability, unemployment, workers' compensation and other insurance (if applicable), training, permits and licenses.

ARTICLE 7 - REPRESENTATIONS AND WARRANTIES

- 7.1 SBHCD Representations and Warranties. SBHCD for itself, and its board of directors, officers, employees, and agents (collectively, "Agents"), represents and warrants to Physician, upon execution and while this Agreement is in effect, as follows:
- 7.1.1 SBHCD has all requisite power and authority to enter into this Agreement and to perform its obligations under this Agreement;
 - 7.1.2 This Agreement has been duly authorized, executed, and delivered by SBHCD and is a legal, valid, binding obligation of SBHCD, enforceable in accordance with its terms;
 - 7.1.3 The parties have bargained at arm's length to determine Physician's compensation under this Agreement, the compensation is fair market value for the Services; and the compensation is consistent with fair market value for similar services in the community; and
 - 7.1.4 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by SBHCD will not violate any provisions of, or constitute a default under, any contract or other agreement to which SBHCD is a party or by which it is bound, other than violations, defaults or conflicts that would not materially and adversely affect the ability of SBHCD to perform its obligations pursuant to this Agreement.
- 7.2 Physician Representations and Warranties. Physician, for Physician and Physician's Agents, represents and warrants to SBHCD, upon execution and while this Agreement is in effect, as follows:
- 7.2.1 Physician's license to practice medicine in California or in any other jurisdiction has never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or restricted in any way;
 - 7.2.2 Physician's medical staff privileges at any health care facility have never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction;
 - 7.2.3 Physician has not in the past conducted, and is presently not conducting, his/her medical practice in such a manner as to cause Physician to be suspended, excluded, barred or sanctioned under Medicare or Medi-Cal, or any government licensing agency, nor have they ever been convicted of a criminal offense related to health care, or listed by a federal agency as debarred, excluded or otherwise ineligible for federal program participation;

- 7.2.4 Physician has, and shall maintain throughout the term of this Agreement, an unrestricted license to practice medicine in California and Medical Staff privileges at Hospital and/or Clinic;
- 7.2.5 Physician has all requisite power and authority to enter into this Agreement and to perform its obligations under this Agreement;
- 7.2.6 This Agreement has been duly authorized, executed, and delivered by Physician and is a legal, valid, binding obligation of Physician, enforceable in accordance with its terms; and
- 7.2.7 The parties have bargained at arm's length to determine Physician's compensation under this Agreement, the compensation is fair market value for the Services; and the compensation is consistent with fair market value for similar services in the community; and
- 7.2.8 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by Physician will not violate any provisions of, or constitute a default under, any contract or other agreement to which Physician is a party or by which it is bound, other than violations, defaults or conflicts that would not materially and adversely affect the ability of Physician to perform the Services required under this Agreement.

ARTICLE 8 - LIABILITY/MALPRACTICE INSURANCE COVERAGE

- 8.1 Coverages. SBHCD shall maintain general and professional liability insurance coverage for Physician for Services provided hereunder to SBHCD patients during the term of this Agreement in a minimum amount of \$1,000,000 per occurrence and \$3,000,000 annual aggregate. Said coverage will not cover any professional services provided Physician outside of the Services, including Physician's private practice, if any. In the event the coverage that SBHCD obtains to comply with this Section of this Agreement is a "claims made" policy, and SBHCD, as applicable, changes insurance carriers or terminates coverage upon or after termination of this Agreement, SBHCD shall promptly obtain and maintain "tail" coverage in the amounts required under this Section, covering claims arising during the applicable statute of limitations period.

ARTICLE 9 - PROTECTED HEALTH INFORMATION

- 9.1 Protected Health Information. Physician shall maintain the confidentiality of all Protected Health Information ("PHI") in accordance with all applicable federal, state, and local laws and regulations, including, but not limited to, the California Confidentiality of Medical Information Act and the Federal Health Insurance Portability and Accountability Act of 1996 and regulations promulgated thereunder ("HIPAA"). Without limiting the foregoing, Physician agrees to maintain PHI, as defined from time to time under HIPAA, which may be made available to or received by Physician pursuant to this Agreement, in accordance with the requirements of HIPAA. Physician agrees that Physician shall:
 - 9.1.1 Not use or further disclose PHI in a manner that would violate HIPAA if done by Hospital or violate the requirements of applicable laws or this Agreement;
 - 9.1.2 Use appropriate safeguards to prevent use or disclosure of PHI except as permitted by law and the terms of this Agreement, and report to Hospital any use or disclosure of PHI not permitted by law or by this Agreement of which Physician becomes aware;
 - 9.1.3 Comply with the elements of any compliance program established by Hospital that applies to the use or disclosure of PHI and ensure that any subcontractors or agents to whom Physician provides PHI agree to the same restrictions and conditions that apply to Physician with respect to such PHI;

- 9.1.4 In accordance with HIPAA, (i) make available PHI to the subject Patient; (ii) make available PHI for amendment and incorporate any amendments to PHI; and (iii) make available the information required to provide an accounting of disclosures of PHI to the subject Patient;
- 9.1.5 Make Physician's internal practices, books, and records relating to the use and disclosure of PHI available to the Secretary of the United States Department of Health and Human Services for purposes of determining Hospital's and Physician's compliance with HIPAA;
- 9.1.6 At termination of this Agreement, return or destroy all PHI received from or created by SBHCD and retain no copies of such PHI or, if return or destruction is not permissible under law or the terms of this Agreement, continue to maintain all PHI in accordance with the provisions of this Section and limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.

- 9.2 Electronic Protected Health Information ("EPHI"). Physician agrees that Physician will: (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the EPHI that Physician creates, receives, maintains, or transmits on behalf of SBHCD; (ii) report to SBHCD any security incident with respect to EPHI of which Physician becomes aware; and (iii) ensure that any agent, including a subcontractor, to whom Physician provides EPHI agrees to implement reasonable and appropriate safeguards to protect such information.

ARTICLE 10 - REQUIRED DISCLOSURES

- 10.1 Required Disclosures. Physician shall notify SBHCD in writing within three (3) days after any of the following events occur:
 - 10.1.1 Physician's license to practice medicine in the State of California or any other jurisdiction lapses or is denied, suspended, revoked, terminated, voluntarily relinquished (under threat of disciplinary action) or made subject to terms or probation or other restriction;
 - 10.1.2 Physician's medical staff membership and/or privileges at any health care facility or entity are denied, suspended, revoked, terminated, voluntarily relinquished (under threat of disciplinary action), or made subject to terms of probation or other restriction;
 - 10.1.3 Physician is required to pay damages in any malpractice action by way of judgment or settlement, except that Physician shall not be required to breach a settlement or confidentiality agreement;
 - 10.1.4 Receipt of notice of the commencement of any investigation into Physician's medical license or Physician's medical practice by the Medical Board of California, California Attorney General, the Department of Health and Human Services Office of Inspector General, the Department of Justice, or any other entity of federal, state, or local government;
 - 10.1.5 Physician's Drug Enforcement Administration registration number is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way;
 - 10.1.6 An event occurs that (i) substantially interrupts all or a portion of Physician's professional practice, (ii) materially adversely affects Physician's ability to perform Physician's obligations hereunder, including the Services, or (iii) could likely cause Physician to be in breach of this Agreement; or
 - 10.1.7 Physician's conviction of a criminal offense related to health care or any Physician's listing by a federal agency as being debarred, excluded or otherwise ineligible for federal program participation.

10.1.8 The occurrence of any event that would constitute cause pursuant to Section 5.3.

ARTICLE 11 - GENERAL PROVISIONS

- 11.1 Notices. Any notice to be given to any party hereunder shall be deposited in the United States Mail, duly registered or certified, with return receipt requested, with postage paid, and addressed to the party for which intended, at the addresses set forth in the signature block, or to such other address or addresses as the parties may hereafter designate in writing to each other.
- 11.2 No Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.
- 11.3 Governing Law and Venue. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of California. Venue shall be in the County of San Benito, California.
- 11.4 Ownership of Patient Records. All Clinic and Hospital patient records shall be maintained by SBHCD and are the property of SBHCD. Physician shall have the right to access such records during normal business hours.
- 11.5 Patient Choice. Notwithstanding anything herein to the contrary, all compensation paid to Physician pursuant to this Agreement is solely for the purpose of obtaining the services of Physician for patients of the SBHCD community. The parties recognize and affirm the importance of individual patient choice in selection of medical services. Nothing contained in this Agreement shall be interpreted to obligate, encourage, or solicit, in any way, the referral of any individual patient to any health care facility, including the Facility, contrary to that patient's choice of another provider of medical services. Further, nothing in this Agreement shall be interpreted to prevent, restrict, or discourage the Physician from referring patients to any other provider of health care services.
- 11.6 Exclusive Property of SBHCD. All data, files, records, documents, promotional materials, and similar items relating to the business of SBHCD, whether prepared by or with the assistance of Physician or otherwise coming into Physician's possession shall remain the exclusive property of SBHCD and shall not be removed from SBHCD's facilities under any circumstances without the prior written consent of SBHCD.
- 11.7 Confidentiality. The parties acknowledge and agree that during the term of this Agreement and in the course of the discharge of Physician's duties hereunder, Physician shall have access to and become acquainted with information concerning the operation of SBHCD, and information which, pursuant to applicable law and regulation, is deemed to be confidential, including, but not limited to, trade secrets, medical records, patient medical and personal information, and personnel records. Physician agrees that such information shall not be disclosed either directly or indirectly to any other person or entity or used by Physician in any way either during the term of this Agreement or at any other time thereafter, except as is required herein. Physician understands breach of this article will be an irremediable breach of this Agreement. SBHCD shall be entitled to pursue any available remedies at law or equity resulting from such breach.
- 11.8 Binding Agreement; No Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties to it and their respective legal representatives, successors, and permitted assigns. No party may assign this Agreement or any rights hereunder, nor may they delegate any of the duties to be performed hereunder without the prior written consent of the other party.
- 11.9 Dispute Resolution. If any dispute, controversy, or claim arises out of this Agreement, for a period of thirty (30) days following written notice of the dispute, controversy or claim from one party to the other, the parties will use their good faith efforts to resolve the dispute, controversy, or claim. If the matter cannot be resolved by the parties in this fashion, then such dispute, claim or controversy shall be heard in

San Benito County, California, pursuant to the provisions of California Code of Civil Procedure Sections 638 through 645.1, inclusive. The hearing shall be final and binding to the greatest extent permitted by law, and the cost thereof, including reasonable attorneys' fees, shall be borne by the losing party in such proportions as the referee may decide. Judgment on the award may be entered in any court having jurisdiction thereof.

- 11.10 Section 952 of Omnibus Budget Reconciliation Act of 1980. In accordance with Section 952 of the Omnibus Reconciliation Act of 1980 (PL 96-499), Physician agrees that the books and records of Physician will be available to the Secretary of the Department of Health and Human Services and the Comptroller General of the United States, or their duly authorized representatives, for four (4) years after termination of this Agreement. In the event that any of the services to be performed under this Agreement are performed by any subcontractor of Physician at a value or cost of \$10,000 or more over a twelve (12) month period, Physician shall comply and assure that such subcontractor complies with the provisions of Section 952 of the Omnibus Reconciliation Act of 1980. If not applicable to this Agreement, this Section shall automatically be repealed.
- 11.11 Entire Agreement; Amendment. This Agreement, its exhibits, and all referenced documents constitute the entire agreement between the parties pertaining to the subject matter contained herein. This Agreement supersedes all prior and contemporaneous agreements, representations and understandings of the parties which relate to the subject matter of this Agreement. No supplement, amendment or modification of this Agreement shall be binding unless executed in writing by all of the parties.
- 11.12 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. The signature page of each counterpart may be detached from such counterpart and attached to a single document which shall for all purposes be treated as an original. To facilitate execution and delivery of this Agreement, the parties may execute and exchange by facsimile or electronic image (i.e., as a ".pdf" file) counterparts of the signature pages and/or sign by electronic means (i.e., with DocuSign).

The parties hereby execute this Agreement effective as of the Effective Date.

SBHCD
SAN BENITO HEALTH CARE DISTRICT

PHYSICIAN
BARTON GIESSEL, M.D.

By: _____
Mary T. Casillas, Chief Executive Officer

By: _____
BARTON GIESSEL, M.D.

Address for Notices:

San Benito Health Care District
Attn: Chief Executive Officer
911 Sunset Dr.
Hollister, CA

Address for Notices:

Barton E. Giessel
5709 County Road 14
Del Norte, CO 81132

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EXHIBIT A
PHYSICIAN SERVICES AND COMPENSATION

A. Services. Beginning on the Commencement Date, Physician shall provide the following services to SBHCD patients at the Clinic (“Services”): professional family medicine services and the Clinic Services described below, including but not limited to: preventive care (e.g., annual physical exams, well-child checkups, immunizations, and cancer screenings); acute illness and injury care (e.g., treatment for common issues such as sore throats, flu symptoms, sinus infections, and minor cuts or sprains); chronic disease management (e.g., ongoing care and monitoring for long-term conditions like diabetes, high blood pressure, and high cholesterol; routine procedures (e.g., in-office services such as skin biopsies, joint injections, basic lab testing, and family planning); specialized and support services (e.g., behavioral health consultations, sports physicals, and prenatal/women’s health care); and other professional services reasonable required by SBHCD and typically provided by family medicine physicians in a clinical setting.

A.1 Clinic Services. Clinic operating hours are Monday through Friday, from 8:00 a.m. to 5:00 p.m. Physician shall provide the following Clinic Services in the Clinics in accordance with the schedule set forth in Section A.1 of this Exhibit A:

A.1.1 New and follow-up office visits;

A.1.2 Consultations;

A.1.3 Post discharge follow-up visits;

A.1.4 Ensuring the quality, availability, and expertise of medical services rendered in the Clinic and at Clinic-related activities;

A.1.5 Supervising physician assistants and nurse practitioners (collectively referred to as “Mid-Level Practitioners”) as necessary for reimbursement or consult in the absence of the Medical Director;

A.1.6 Coordination of medical activities of the Clinic as a whole to be accomplished through continuous communication with appropriate SBHCD administrative personnel regarding medical administration of the Clinic;

A.1.7 Assisting with the development of a plan for quality assurance for the Clinic;

A.1.8 Provide required chart review and audits of care provided by Mid-Level Practitioners

A.1.9 Other services as are mutually agreed to be appropriate and appropriately provided in an outpatient setting by a physician specializing in Physician’s specialty.

B. Schedule.

B.1 Full Time Basis. Physician shall provide the Services on a full-time basis, which shall mean five days per week (Monday through Friday) from 8:00 a.m. to 5:00 p.m., forty (40) weeks per year (which shall not include Clinic holidays). Physician’s shifts (i.e., days of the week or hours) may be adjusted to meet Clinic patient and SBHCD needs, as the parties mutually agree.

B.2 Coordination. Physician shall provide such services in coordination with other providers who are contracted with SBHCD to provide similar services to patients and pursuant to a mutually agreed-upon schedule. If Physician and other physicians cannot agree on such a schedule, SBHCD shall determine the schedule. Physician’s shifts (i.e., days of the week or hours) may be adjusted to meet patient and SBHCD needs, as the parties mutually agree.

C. Compensation.

C.1 Compensation. Physician shall be compensated at the rate of One Hundred Fifty Dollars (\$150.00) per hour (“Compensation”) for each hour worked, paid on a monthly basis. Physician shall submit sufficient records for SBHCD to verify the number of hours worked in a given calendar month within fifteen (15) days following the end of each month. SBHCD shall remit all earned and undisputed Compensation to Physician within thirty (30) days of receipt of sufficient evidence of said records.

C.2 Travel. During each contract year, SBHCD shall provide Physician with a travel stipend in the amount of Two Thousand Dollars (\$2,000.00) to be used by physician solely travel expenses directly related to providing services at the Clinic. The Stipend shall be paid in a single lump sum within thirty (30) days following the commencement of each contract year.

C.3 Housing. SBHCD will provide Physician with local housing accommodations while Physician is providing Services under this Agreement at a rate consistent with local market occupancy rates. Housing accommodation is to be used from arrival the day before the start of the shift and ending on the last day of shift.

C.4 Payment on Termination. Notwithstanding anything else herein, upon termination of this Agreement, which is not extended, renewed or superseded by another agreement, SBHCD shall pay to Physician any amounts due to Physician within forty-five (45) days after the termination of this Agreement.

C.5 Agreement Includes All Compensation from SBHCD. Incorporated into Compensation, unless specifically excluded, are all the Physician's sources of practice revenues and income from SBHCD, including call coverage stipends, other hospital on-call fees, and hospital stipends; provided, however, that services as a medical director within SBHCD, service on medical staff or SBHCD positions such as department chair or chief of staff, call panels which are not currently in effect, or other items specifically excluded by written agreement between Physician and SBHCD shall be independently compensated to Physician by SBHCD, if any, and are not subject to the terms of this Agreement.

D. Services and Activities in Support of SBHCD. SBHCD and Physician acknowledge and agree that certain services and activities may be required of Physician in support of SBHCD to ensure a continuing high level of patient care. To that end, (i) SBHCD may request Physician participate in functions or events from time to time, in support of SBHCD; and (ii) to assist in the recruitment and retention of highly skilled practitioners, SBHCD may request Physician participate in recruitment meetings with SBHCD physician candidates. Physician agrees to perform such services or participate in such activities at SBHCD's reasonable request. Physician agrees the Compensation paid by SBHCD compensates Physician for such services and activities. Notwithstanding, SBHCD shall reimburse Physician for reasonable meal expenses incurred by the Physician as part of meeting with physician candidates hosted at the request of SBHCD.

E. Practice Guidelines/Best Quality Practices. Physician shall demonstrate cooperative work arrangements with the Medical Staff, Quality and Safety Leadership and SBHCD Administration to achieve mutually accepted practice guidelines and the best quality practices. These practices shall be evidenced based, and include at minimum the following:

E.1 Attendance at regular monthly meetings with Hospital or Clinic leadership when requested to review any operational or quality issues.

E.2 Timely completion of all patient records.

Goal: As specified by Medical Staff rules and regulations or hospital policy.

E.3 Completion of all procedure notes within twenty-four (24) hours of visit.

Goal: As specified by Medical Staff rules and regulations or hospital policy.

E.4 Timely signing of orders.

Goal: As specified by Medical Staff rules and regulations or hospital policy.

E.5 Timely discharge summaries.

Goal: As specified by Medical Staff rules and regulations or hospital policy.

E.6 Commitment to use of SBHCD supported electronic health/medical record platforms.

E.7 Compliance with all governmental and SBHCD quality reporting initiatives that may come into effect from time to time.

E.8 Timely arrival at the SBHCD facilities, defined as being ready, willing and able to provide Services not less than 10 minutes before the commencement of any in-person shift and responding to on-call coverage calls within the times set forth in the Medical Staff rules and regulations.

(Remainder of page left blank intentionally)