SONOMA VALLEY HEALTH CARE DISTRICT

BOARD OF DIRECTORS

AGENDA

THURSDAY, DECEMBER 5, 2024

REGULAR SESSION 6:00 P.M.

Held in Person at
Council Chambers
177 First Street West, Sonoma
and via Zoom Videoconferencing

To participate via Zoom videoconferencing, use the link below:
https://sonomavalleyhospital-org.zoom.us/j/98359610569

Meeting ID: 983 5961 0569

One tap mobile
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In compliance with the Americans Disabilities Act, if you require special accommodations to participate in a District meeting, please contact Whitney Reese, Board Clerk at wreese@sonomavalleyhospital.org at least 48 hours prior to the meeting.	**RECOMMENDATION**		
AGENDA ITEM			
MISSION STATEMENT *The mission of SVHCD is to maintain, improve, and restore the health of everyone in our community.*			
1. CALL TO ORDER	*Judith Bjorndal, MD*		
2. PUBLIC COMMENT *At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Board consideration.*			
3. BOARD CHAIR COMMENTS	*Judith Bjorndal, MD*		
4. CONSENT CALENDAR a. BOD Minutes – 11.07.24 b. Finance Committee Minutes – 10.22.24 c. Medical Staff Credentialing	*Judith Bjorndal, MD*	Action	Pages a. 3-5 b. 6-7 c. 8-9
5. SWEARING IN NEW BOARD MEMBERS	*Judith Bjorndal, MD*	Action	
6. ELECT DISTRICT OFFICERS	*Board of Directors*	Action	
7. RESOLUTION NO. 383 HONORING JUDITH BJORNDAL, MD	*Wendy Lee Myatt*	Action	
8. RESOLUTION NO. 384 HONORING BILL BOERUM	*Wendy Lee Myatt*	Action	

9. RESOLUTION NO. 385 HONORING SUSAN KORNBLATT IDELL	*Wendy Lee Myatt*	Action	
10. CEO REPORT	*John Hennelly*	Inform	Pages 10-13
11. CMO UPDATE	*Seric Cusick, MD*	Inform	Page 14
12. ROSA - Robotic Surgical Assistant System	*Ben Armfield*	Action	Pages 15-59
13. FY25 BUSINESS PLAN TRACKER	*Ben Armfield*	Inform	Page 60
14. FINANCIALS FOR MONTH END OCTOBER 2024	*Ben Armfield*	Inform	Pages 61-75
15. BOARD OF DIRECTORS & BOARD COMMITTEES 2025 WORK PLANS **a. Board of Directors** **b. Finance Committee** **c. Quality Committee** **d. Audit Committee** **e. Governance Committee**	*Wendy Lee Myatt*	Inform	Pages 76 a. 77 b. 78 c. 79 d. 80 e. 81
16. COMMITTEE UPDATES	*Board of Directors*	Inform	
17. BOARD COMMENTS	*Board of Directors*	Inform	
18. ADJOURN	*Wendy Lee Myatt*	Inform	

Note: To view this meeting, you may visit http://sonomatv.org/ or YouTube.com.

SONOMA VALLEY HEALTH CARE DISTRICT
BOARD OF DIRECTORS' REGULAR MEETING

MINUTES

THURSDAY, NOVEMBER 7, 2024

HELD IN PERSON AT 177 FIRST STREET WEST, SONOMA,
AND VIA ZOOM TELECONFERENCE

SONOMA VALLEY HOSPITAL BOARD MEMBERS 1. Judith Bjorndal, MD, Chair, Present 2. Susan Kornblatt Idell, Secretary, Present 3. Denise M. Kalos, Second Vice Chair, Present 4. Bill Boerum, Treasurer, Present 5. Wendy Myatt Lee, First Vice Chair, Present	**RECOMMENDATION**	
MISSION STATEMENT *The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.*		
SPECIAL SESSION *5:30PM* • *BOARD SELF ASSESSMENT REVIEW*		
1. CALL TO ORDER	*Bjorndal*	
Meeting called to order at 6:00 p.m.		
2. PUBLIC COMMENT		
None		
3. BOARD CHAIR COMMENTS	*Bjorndal*	
Dr. Bjorndal expressed her gratitude and reflections from her tenure on the Board after four years, including two as Chair. She highlighted the privilege of working with the dedicated Board members and praised the hospital's staff and administration team. This is the last meeting for Judith Bjorndal, Susan Kornblatt Idell, and Bill Boerum who will end their terms on the Board of Directors next meeting, being replaced by Dan Kittleson, DDS, Dennis Bloch, and Ed Case.		
4. REPORT ON SPECIAL SESSION		
5. CONSENT CALENDAR	*Bjorndal*	Action
a. BOD Minutes – 10.03.24 b. BOD Minutes – 10.25.24 c. Finance Committee Minutes – 09.23.24 d. Quality Committee Minutes – 09.24.24 e. Audit Committee Minutes – 08.29.24 f. Medical Staff Credentialing g. Policies and Procedures	**MOTION:** by Boerum to approve, 2nd by Kornblatt Idell. All in favor.	
6. RESOLUTION #379 – HONORING DAVE PIER	*Judith Bjorndal, MD*	Action
MOTION: by Boerum to approve, 2nd by Kornblatt Idell. All in favor.		
7. VALLEY OF THE MOON	*Ryan Goldbarg*	Inform
Goldbarg provided an overview of operations and achievements at Valley of the Moon, a skilled nursing facility, emphasizing clinical and financial milestones during his second year as Administrator. He highlighted recent successes, including a state health inspection yielding only minor deficiencies (below the California average) and the reduction of antipsychotic medication usage to 0% through innovative activities and behavioral interventions. Additionally, the facility achieved a 0% UTI prevalence rate due to enhanced staff training and preventive care. While facing challenges like nurse turnover and limited IV capabilities, Goldbarg expressed pride in high occupancy rates and significant financial contributions to the affiliated hospital. The facility's success was attributed to effective expense management, strategic staffing, and a collaborative approach to care.		

8. MARKETING/PR UPDATE	*Dawn Castelli*	Inform
Castelli highlighted Sonoma Valley Hospital's year-long marketing and branding efforts, focusing on their tagline, *"Healing Here at Home,"* which drives both internal and external communications. The branding emphasizes community connection, excellence in local healthcare, and the hospital's affiliation with UCSF. The team utilized real patient photography and targeted advertising to promote services such as MRI and wound care, resulting in notable increases in patient volumes. Events like the Golden Harvest showcased strong community engagement, supported by hospital staff volunteers. Castelli addressed budget considerations, community outreach suggestions, and ROI tracking for marketing efforts. Board members acknowledged the high quality of work and encouraged further investments in visibility, including participating in local events like parades and Chamber of Commerce meetings, while also discussing ways to communicate the hospital's uncompensated contributions to the community.		
9. UCSF AFFILIATION UPDATE	*John Hennelly*	Inform
Hennelly provided an update on the UCSF partnership, noting recent meetings focused on aligning priorities and updating initiatives, with plans for further additions to the tracker. Boerum suggested the Affiliation Oversight Committee meet more frequently. A significant focus remains on integrating the EPIC system between UCSF and Sonoma Valley Hospital, which has seen limited progress due to expertise gaps, though UCSF is increasingly recognizing its importance. Kornblatt Idell stressed the critical financial and quality benefits of EPIC integration and offered her support. Hennelly highlighted ongoing efforts to engage UCSF and push this as a top priority.		
10. CEO REPORT	*John Hennelly*	Inform
Hennelly reported a strong start to the fiscal year with positive Q1 results and progress on key capital projects. The MRI relocation project is advancing, with completion expected in 12 months, ICU renovations will begin soon, and the PT program expansion is underway following recent contractor approval. Recruitment for a CMO is ongoing, with UCSF collaborating in the search. In the interim, Dr. Cusick has stepped in to provide leadership support.		
11. PT PROJECT: LEASE EXTENSION	*John Hennelly*	Action
Hennelly presented a proposal to extend the lease on the Hwy 12 property for seven years to support the growing physical therapy program. The space, previously shared with the finance department, was fully dedicated to PT after finance operations were relocated earlier this year. Following a successful fundraising campaign to fund space improvements, the lease extension ensures long-term benefit from this investment. The lease offers favorable terms compared to alternatives and supports a profitable and expanding service.		
MOTION: by Boerum to approve, 2nd by Kalos. All in favor.		
12. AUDIT REVIEW AND APPROVAL	*Bill Boerum* *Ben Armfield*	Action
Boerum summarized the Audit Committee's review and recommendation to accept the presented audit. While the audit revealed no material misstatements or significant findings, Boerum highlighted a growing operational loss, now at $9.6 million, urging the Board to address this financial challenge. Appreciation was given for Lois Fruzynski's coordination efforts and praise for the audit's thoroughness and timely completion.		
MOTION: by Boerum to approve, 2nd by Kalos. All in favor.		
13. FINANCIALS FOR MONTH END OCTOBER 2024	*Ben Armfield*	Inform
Armfield reported the hospital exceeded both budget and prior-year operating margins by over 10%, driven by robust outpatient volume gains, particularly in physical therapy, MRI, and emergency services. While expenses exceeded budget by 3% due to an insurance adjustment, physical therapy volumes remain 35% over budget, and MRI exams continue to ramp up. Surgical volumes saw a slight dip due to a departing surgeon but rebounded in October. Orthopedic surgery, led by a new recruit, is exceeding budgeted expectations. The first quarter's financial performance surpassed goals, with operating EBITDA up 80% from last year.		
14. COMMITTEE UPDATES	*Bjorndal*	Inform
• **Finance Committee Quarterly Report**	*Bill Boerum*	
Boerum commended Armfield for his efforts in securing a critical new banking relationship, enabling the hospital to establish a line of credit. This achievement ensures the ability to make the full IGT payment, which is expected to double the hospital's		

return on investment. Boerum highlighted the challenges in transitioning banks and expressed gratitude for Armfield's persistence in navigating this complex process.		
15. BOARD COMMENTS	*Board Members*	Inform
Kornblatt Idell and Boerum reflected on their service to the Sonoma Valley Hospital, emphasizing the dedication of volunteers, staff, and board members. Idell praised the Quality Committee's hardworking members and the hospital's lean but effective staff, calling it a "little gem" in the community. Boerum, after 18 years on the Board, urged the incoming members to prioritize public service, improve hospital occupancy and surgical suite usage, and maintain financial stability, noting the importance of serving the community selflessly. Both expressed gratitude for the opportunity to serve.		
16. ADJOURN	*Bjorndal*	
Adjourned at 7:26 p.m.		

SVHCD
FINANCE COMMITTEE MEETING

MINUTES

TUESDAY, OCTOBER 22, 2024
In Person at Sonoma Valley Hospital
347 Andrieux Street
and Via Zoom Teleconference

Present	Not Present/Excused	Staff/Public
Bill Boerum, in person Wendy Myatt Lee, in person Dennis Bloch, in person Ed Case, in person Subhash Mishra, MD, via zoom Graham Smith, via zoom Robert Crane, in person Carl Gerlach, in person Catherine Donahue, via zoom		Ben Armfield, SVH CFO John Hennelly, SVH CEO, via zoom Whitney Reese, SVH Board Clerk Lois Fruzynski, SVH Accounting Manager Dawn Kuwahara, RN BSN, SVH Chief Ancillary Officer Jessica Winkler, DNP, RN, NEA-BC, CCRN-K, SVH CNO, via zoom

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

AGENDA ITEM	DISCUSSION	ACTIONS
1. CALL TO ORDER/ANNOUNCEMENTS	*Bill Boerum*	Meeting called to order 6:00pm
2. PUBLIC COMMENT SECTION	None	
3. CONSENT CALENDAR	*Bill Boerum*	Action
Finance Committee Minutes 09.23.24		**MOTION:** Motion to approve by Crane, 2nd by Case. All in favor
4. PT EXPANSION – Extension of Physical Therapy Lease	*John Hennelly*	Action
The Finance Committee discussed the physical therapy expansion project, addressing its financial, operational, and strategic aspects. Fundraising is complete, with the SVH Foundation raising $2 million. Hennelly presented a negotiated lease extension proposal for 19312 Sonoma Hwy. The committee approved recommending the lease to the board, with a capital cost cap of $2.3 million and a requirement for updated plans detailing risks, mitigation strategies, and milestones to be tracked every six months over three years. Recruiting PT staff remains the project's biggest challenge, though recent hiring success is promising. Marketing efforts will focus on reducing patient wait times and attracting local residents, particularly those deterred by long commutes.		**MOTION:** Motion to recommend to the BOD to approve the lease, as submitted and qualified, with a cap of 2.3 million, by Smith, 2nd by Case. All in favor

5. FY25 BUSINESS PLAN TRACKER DRAFT	*Ben Armfield*	Inform
Armfield introduced a business plan tracker to monitor monthly volumes for the 3T MRI, physical therapy expansion, and orthopedic services tied to Dr. Walter's recruitment. For the 3T MRI, they aim to reach 215 monthly scans by year-end after a ramp-up period, with current projections showing progress but still below target. PT activities haven't started yet, and Dr. Walter has exceeded his surgery case budget despite a delayed start due to injury. Revenue updates will be provided quarterly for better accuracy. Armfield also addressed efforts to recruit for GI services following a gap caused by staff departure, with temporary solutions in place. The tracker will be included as a regular appendix to future reports.		
6. FINANCIAL REPORTS FOR MONTH END SEPTEMBER 2024	*Ben Armfield*	Inform
Armfield presented September financials and highlighted that while revenue was 6% over budget for the month, expenses were slightly higher due to a missed accrual in insurance expenses, although this issue was being addressed. The overall first-quarter operating revenue was 10% above budget, while expenses remained flat. Additionally, the hospital successfully closed its cyberattack claim, securing the remaining $650,000 in proceeds. Armfield gave an update on the ongoing search for a new ERP system, with a goal of having a solution in place by March 2026, though the main challenge remains the cash flow needed for implementation. There were discussions around bad debt write-offs and efforts to resolve outstanding claims, with Armfield assuring that most of the bad debt had already been written off in financial statements.		
7. FINANCE COMMITTEE WORK PLAN 2025	*Wendy Lee Myatt & Ed Case*	Action
Lee Myatt and Case presented a draft of the Finance Committee's work plan for 2025. There was discussion about refining the presentation of financial reports to the board, noting concern about the workload involved in preparing these reports, with some questioning whether monthly reports are necessary for the board, given the significant time and effort required. The aim is to balance thoroughness with efficiency, ensuring that the financial reports remain useful without overwhelming the finance team.		**MOTION:** Motion to recommend to the BOD to approve by Lee Myatt, 2nd by Case. All in favor
8. ADJOURN	*Bill Boerum*	Meeting adjourned at 7:11pm

Document Tasks By Committee

Listing of currently pending and/or upcoming document tasks grouped by committee.

Sonoma Valley Hospital

Run by: Reese, Whitney (wreese)
Run date: 12/02/2024 7:24 PM

Report Parameters

Filtered by: Document Set: - All Available Document Sets -
Committee: 09 BOD-Board of Directors
Include Current Tasks: Yes
Include Upcoming Tasks: No

Grouped by: Committee

Sorted by: Document Title

Report Statistics

Total Documents: 6

Committee: 09 BOD-Board of Directors

Committee Members: **Finn, Stacey (sfinn), Newman, Cindi (cnewman), Reese, Whitney (wreese)**

Current Approval Tasks (due now)

Document	Task/Status	Pending Since	Days Pending
Contract Administration, Patient Care Services *Governance and Leadership Policies*	**Pending Approval**	11/6/2024	26

Summary Of Changes: **Changed medical staff coordinator to contract coordinator as this person is not specific to the medical staff. Changed metric responsibilities to CMO and contract manager. Changed CQO to Director of Quality.**
Moderators: **Newman, Cindi (cnewman)**
Lead Authors: **Kidd, Sabrina (skidd)**
ExpertReviewers: **Armfield, Ben (barmfield), Director, QUALITY (QDIR), Dugger, James (jdugger), Finn, Stacey (sfinn)**
Approvers: **Hennelly, John (jhennelly) -> 01 P&P Committee - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Document	Task/Status	Pending Since	Days Pending
HIPAA Security – Workforce Security Policy *HIPAA policies*	**Pending Approval**	11/6/2024	26

Summary Of Changes: **Updated reference to Federal publication, Corrected title of a policy referenced in the document.**
Moderators: **Newman, Cindi (cnewman)**
Lead Authors: **Cracraft, Kevin (kcracraft)**
ExpertReviewers: **Lum, Bryan (blum), McKissock, Lynn (lmckissock), Pryszmant, Rosemary (rpryszmant), Street, Mark (mstreet)**
Approvers: **Hennelly, John (jhennelly) -> 01 P&P Committee - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Document	Task/Status	Pending Since	Days Pending
HIPAA Workforce Security- Access Control and Management *HIPAA policies*	**Pending Approval**	11/6/2024	26

Summary Of Changes: **Added a definition of the word "workforce," from the related policy "HIPAA Workforce Regulations" (IM8610-120). Grammatical, Spelling and/or Formatting Corrections made.**
Moderators: **Newman, Cindi (cnewman)**
Lead Authors: **Cracraft, Kevin (kcracraft)**
ExpertReviewers: **Lum, Bryan (blum), McKissock, Lynn (lmckissock), Pryszmant, Rosemary (rpryszmant), Street, Mark (mstreet)**
Approvers: **Hennelly, John (jhennelly) -> 01 P&P Committee - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Document	Task/Status	Pending Since	Days Pending
IS System Downtime Notification *Information Systems Dept*	**Pending Approval**	11/6/2024	26

Summary Of Changes:	**Grammatical, Spelling and/or Formatting Corrections made. Moderate content changes to delineate the difference between an Unplanned outage and a Disaster outage.** **Added reference: The Office of the National Coordinator for Health Information Technology Safety Assurance Factors for EHR Resilience (SAFER) Guide: Contingency Planning**
Moderators:	**Newman, Cindi (cnewman)**
Lead Authors:	**Cracraft, Kevin (kcracraft)**
ExpertReviewers:	**Lum, Bryan (blum)**
Approvers:	**Hennelly, John (jhennelly) -> 01 P&P Committee - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Maintenance of Pharmacy Equipment *Pharmacy Dept*	**Pending Approval**	11/6/2024	26

Summary Of Changes:	**Reviewed, no changes**
Moderators:	**Kutza, Chris (ckutza), Newman, Cindi (cnewman)**
Lead Authors:	**Kutza, Chris (ckutza)**
Approvers:	**Hennelly, John (jhennelly) -> 01 P&P Committee - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Notification of Computer Security Violation *Patient Rights Policies (PR)*	**Pending Approval**	11/6/2024	26

Summary Of Changes:	**Revised Purpose of the policy.** **Grammatical, Spelling and/or Formatting Corrections made. Renamed policy Notification of User Credential Compromise. Content changes to reflect new focus on user credential compromise.**
Moderators:	**Newman, Cindi (cnewman)**
Lead Authors:	**Cracraft, Kevin (kcracraft)**
ExpertReviewers:	**Lum, Bryan (blum), McKissock, Lynn (lmckissock), Pryszmant, Rosemary (rpryszmant), Street, Mark (mstreet)**
Approvers:	**Hennelly, John (jhennelly) -> 01 P&P Committee - (Committee) -> 09 BOD-Board of Directors - (Committee)**

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
HEALING HERE AT HOME

To: SVHCD Board of Directors
From: John Hennelly
Date: 12.5.24
Subject: CEO Report

Strategic Plan

As related to our new **strategic plan**, our efforts in FY25 will focus on:

- *Campus Realignment*: discussions with UCSF regarding how they might participate, business plan development on SNF, Sub Acute, Memory Care service lines; working to engage a firm to assist with the development of a master facility plan.
- *Community Care*: market sizing for various community opportunities, urgent care, diagnostic center, specialty clinics, PT/OT
- *Sustainability*: business plan development on GI, cardiology, orthopedics, and UCSF clinical services
- *Seismic*: continued research on possible options. The hospital has engaged HED to assist in the assessment.

We are excited that the hospital was again recognized by the Lown Institute for its performance across various facets of outcomes, value and equity. The hospital ranked **2nd in the state** out of 258 and ranked **10th nationally** out of 2758 acute care hospitals.

Sonoma Valley Health Care District - Lown Institute Hospital Index (lownhospitalsindex.org)

Operations

The hospital had another strong month in October. Patient Satisfaction and quality indicators remained strong. On the volume side, OR, imaging, therapies and ER led the way. Surgical volumes exceeded budget despite the departure of key general surgeon Dr. Sabrina Kidd. Operating Margin again exceeded budget in October by 15%, YTD 34%. EBDA exceeded budget by 74% coming in at ($70k) and Net Income at ($102k) on a budget of ($266k). Year to Date (YTD), the hospital's Net Income was ($455k) or roughly a $115k loss per month on a budget of $450k loss per month. These losses are significantly less than prior years.

The new 3-tesla MRI volume continues to grow. All training is complete, and the system is available for all services. After completing 182 exams in both of the prior two months, October recorded 220 exams, both exceeding budget and far exceeding prior run rates.

Our Chief Medical Officer recruitment continues. The team has reviewed two slates of candidates and is working to identify qualified matches. Once qualified candidates are identified, an internal search committee comprised of medical staff members and hospital management will work to select our next CMO.

The hospital's philanthropic foundation said goodbye to its long-time leader, David Pier. The Foundation Board is actively recruiting for Dave's replacement. This departure may cause a *funding gap for future projects over the next year or two* as the new leader gets up to speed.

Capital

The Outpatient Diagnostic Center (ODC) project is 75% complete. The temporary location for the new **MRI** is complete. The permanent MRI location is under renovation. The demolition phase was awarded to GMH to take place through the fall. The project review with HCAI is proceeding.

Phase 2 of the CT portion of the ODC is underway. Several diagnostic modalities are moving from the Cardiology Department near the cafeteria into the Radiology Department.

The **ICU renovation** has been approved by HCAI and awarded to Ridgeview Builders. The contractor is scheduling work based upon material availability. We expect construction to begin in December and run into February 2025.

Ridgeview Builders is working through city permitting to begin the work for the **PT project.** Construction will begin shortly and be completed in May 2025 (with the installation of the HVAC system).

Strategic Planning

The team is developing costing models for the options presented at the Board retreat.

SVH Performance Score Card

1. Quality and Safety

Objective	Target	SEP. 24	OCT. 24	Trend	Supporting detail
Infection Prevention					
Central Line Blood Stream Infection CLABSI per 10k pt days	<1	0.00	0.00	⇆	
Catheter Associated Urinary Tract Infection- CAUTI per 10k pt days	<1	0.00	0.00	⇆	
CDIFF Infection per 10k pt days	<1	48.54	36.63	↓	QTY 1 CDIFF (Sept) QTY 1 CDIFF (Oct)
Patient Fall per 1000 pt days	<3.75	0.00	3.66	↑	Lower is better! 1 fall, minor injury.
Patient fall with injury per 1000 pt days	<3.75	0.00	3.66	↑	
Surgical Site Infections per 1000 Acute Care Admissions	0.00	0.00	0.00	⇆	
Core Measures					
Sepsis Early Management Bundle % compliant	>81%				Data not finalized--outstanding abstractions
Severe Sepsis 3 hour Bundle % compliant	>94%				
Severe Sepsis 6 hr Bundle % compliant	100				
Core OP 23- Head CT within 45 mins % compliant	70	N/A	100		0 denominator in September
Mortality					
Acute Care Mortality Rate %	<15.3	4.00	3.40		Lower is better
ED					
Core OP 18b Median Time ED arrival to ED Departure mins	<132	163.00	138.00		Lower is better
Core Op 22 ED Left without being seen LWBS	<2%	0.1 (n=1)	0.5 (n=4)		
PSI 90					
PSI 90 Composite Acute Care Admissions	0.00	0.00	0.00		
Preventable Harm					
Preventable Harm Events Rate % of risk events graded Minor-Major	0.00	0.12	0.00		
Readmissions to Acute Care within 30 days %	<15.3	4.17 (n=2)	6.52 (n=3)		Lower is better

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
HEALING HERE AT HOME

2. Employees

Objective	Target	SEPT.24	OCT.24	Trend	Supporting Detail
Turnover	<3%	1.1	0.8	↑	
Workplace Injuries	<20 Per Year	0 (QTR3)	1 (QTR3)	⇆	Calenar Year

3.Patient Experience

Objective	Target	AUG. 24	SEPT. 24	Trend	Supporting Detail
Outpatient Ambulatory Services					
Recommend Facility	>90%	94.4 (n=19)	94.1 (n=17)	↓	Top Box Scores. % of patients that ranked us 5/5
Communication	>90%	99 (n=21)	97.7 (n=17)	↓	
Discharge Instructions	>95%	99.12 (n=21)	94.12 (n=17)	↓	
HCAHPS					
Recommend the hospital	>90%	100 (n=4)	85.7 (n=7)	↓	Top Box Scores. % of patients that ranked us 5/5
Communication with Nurse	>90%	91.67 (n=4)	81 (n=7)	↓	
Communication with Doctor	>90%	83.33 (n=4)	90.5 (n=4)	↑	
Cleanliness of Hospital	>90%	100 (n=4)	85.7 (n=7)	↓	
Communicaiton about medicines	>90%	100 (n=2)	50 (n=6)	↓	
Discharge Information	>90%	87.5	80 (n=5)	↓	

4. Volume

Objective	Target	SEPT. 24	OCT. 24	Trend	Supporting Detail
Patient Visits					
Emergency Visits	>855	862	894	↑	
Surgical Volume Outpatient	>140	135	153	↑	
Surgical Volume Inpatient	>13	8	6	↓	
Inpatient Discharges	>70	52	62	↑	

5. Financial

Objective	Target	SEPT.24	OCT.24	Trend	Supporting Detail
Operating EBDA in %	>-4.5%	-7.2%	-1.3%	↓	
Days Cash on Hand @ FYE	>30	17.8	23.2	↓	**Projecting 33.5 @FYE**
Net Operating Revenue ($M) (annualized)	>$62	$ 62.2	$ 62.5	⇆	

Scorecard Definitions for Quality Metrics

Central Line Associated Blood Stream Infection (CLABSI)
Blood stream infection found in a patient with a central line in place and has been >48 hours since admission.

Catheter Associated Urinary Tract Infection (CAUTI)
Urinary tract infection found in a patient who has a catheter in place and has been >48hrs since admission.

CDIFF (Clostridium Difficile)
Clostridium Difficile found from a stool sample in a patient that has been admitted >48hrs

Sepsis Early Management
Obtain Blood Cultures BEFORE antibiotics
Administer Antibiotics
Obtain Lactate Level
Lactate Level repeated (if elevated)

Severe Sepsis 3 hour bundle
All above included plus-
Administer 30ml/kg of crystalloid for hypotension or Lactate >4
Focused MD exam

Severe Sepsis 6 hour bundle (septic shock only)
Lactate greater than 4 or
If persistent hypotension with 1 hour of fluid administration add Vasopressor
Shock reassessment by physician

Mortality
Acute care mortality benchmark is derived from CMS 5-star rating benchmark which is 15.3%.
Our average mortality rate each month is around 2-6%, most of our deaths are expected and are related to palliative care/hospice patients.

PSI 90
Summarizes patient safety across multiple indicators including-
Pressure Ulcers
Falls with Hip Fracture
Perioperative (while in surgery) complications
Postoperative complications

Preventable Harm
Unintended physical injury resulting from or contributed to by medical care (including the absence of indicated medical treatment), that requires additional monitoring, treatment or hospitization, or that results in death.This is a percentage of risk events that have a significance level of minor-major harm.
Derived from the risk events entered into our risk reporting platform.
Examples of risk events are- patient falls, surgical complications, mis-diagnosis, repeat visits, code blue, AMA, transfers to other facilities, documentaiton issues.
Goal is 0. Alarm is set at 5.0 which is the benchmark set by UCSF and chosen by Dr Kidd

Readmissions
Percentage of patients that get readmitted to the hospital within 30 days of discharge.

To:	**SVHCD Board of Directors**
From:	**Seric Cusick, MD**
Meeting Date:	**December 5th, 2024**
Subject:	**CMO Report**

November Highlights Included:

1. Interim Chief Medical Officer:
    a. Will serve in this role as the CMO candidate search continues.
    b. Due to immutable clinical and administrative commitments as Medical Director of the Emergency Department an agreement was reached for a truncated position that allows us to ensure all critical functions of this role are fulfilled.
2. Personnel Updates
    a. Director of Quality recruitment is ongoing.
    b. CMO recruitment is ongoing.
    c. Dr. Natasha Bir, general surgeon, began participating in the General Surgery Call Schedule, with plans to begin elective cases.
3. Marin Health Transfer Process
    a. Ongoing work with MH administration and physician leaders to optimize workflows and alleviate barriers to patient transfers from SVH for higher level of care.
4. Medical Staff:
    a. November meetings included: MEC/Peer Review, Departments of Medicine and Surgery.

To: SVHCD Board of Directors
From: Ben Armfield, Chief Financial Officer
Date: December 5, 2024
Subject: ROSA - Robotic Surgical Assistant System

THE ASK

Management seeks Board approval to move forward with a 3-year placement agreement for the ROSA (Robotic Surgical Assistant) System at a cost of $270,000 (plus incremental per-case supply costs). The system will support our orthopedic service line. It is being requested by Dr Walter, in concert with Dr Harf, to be used during joint replacements. The acquisition will enhance our orthopedic surgery capabilities, improve patient outcomes, and also generate financial savings through associated/existing supply contract discounts. Financial analysis indicates that this investment is likely to have a marginal impact. The expense incurred minus the incentive savings net out to close to zero.

OVERVIEW OF THE ROSA SYSTEM

The ROSA (stands for Robotic Surgical Assistant) System is a robotic platform designed to assist surgeons in performing total joint replacement surgeries with greater precision and accuracy. Developed by Zimmer Biomet, the ROSA system helps with pre-operative planning, intra-operative decision-making, and precise execution of surgical procedures through a minimally invasive approach.

Benefits of the ROSA System:

- **Robotic Assistance** | The system provides real-time data to help the surgeon in planning and executing the surgery. It assists with the alignment, orientation, and positioning of the implant.
- **Pre-Operative Planning** | Surgeons can use 3D imaging and other diagnostic tools to plan the surgery in detail before the procedure begins. This helps ensure a more customized approach.
- **Minimally Invasive** | The precision offered by the robotic system reduces the amount of tissue damage, helping to speed up recovery times and reduce post-surgical pain.
- **Accuracy and Precision** | By helping to achieve more accurate alignment of the implant, ROSA aims to improve the overall outcome of the surgery and increased longevity of the knee implant.

CLINICAL OUTCOMES AND PATIENT SATISFACTION

The ROSA System aims to significantly enhance patient satisfaction by improving both the surgical process and clinical outcomes.

With ROSA, the surgeon knows the precise size of the implant and the exact location of the cuts before the procedure even begins, resulting in a more customized and accurate surgery. This contrasts with traditional methods that are currently being utilized, where orthopedic surgeons must manually twist and manipulate the knee to assess joint movement, often trying out different implant sizes during the surgery itself. While low, the precision of a robotic assistant significantly reduces the likelihood of implant misalignment, which in turn reduces complications and post-operative pain while also contributing to faster recovery times.

This investment will further strengthen one of the key service lines at SVH by deploying technology to improve both patient and surgeon experiences.

CAPITAL PURCHASE VS. LEASE

To purchase a system like this outright would cost the hospital anywhere from $900,000 to upwards of $1,000,000. By entering into a Placement Agreement, the hospital would essentially 'lease' the equipment from Zimmer Biomet for the duration of the contract term.

FINANCIAL DETAILS – TERM & COST

Term | The proposed arrangement would carry a 3-year term.

Operating Costs | Operating costs related to procuring this equipment entail: the lease or per-case cost, disposable per-case supplies, and the service contract (which is an opt-in starting in year 2).

Lease Cost, or "Per-Case Fee" | The cost to use the system is based on a per-case fee model. The structure of this model includes an annual case threshold of 124 cases (which represents about 70% of our annual historical joint replacement volumes). If SVH meets or exceeds the annual threshold there is no associated lease cost. Conversely, If the number of surgeries performed with the ROSA system falls short of the annual case threshold, the hospital will be required to pay a per-case fee of $1,250/case for every surgery below the threshold.

- For example, if 100 joint replacement surgeries were performed at SVH during the year while using ROSA,, the annual lease cost would be $30,000 ((124-100) *$1,250).

Disposables | This system would require disposable supplies of $650/case to be used during every case performed.

Service Contract | There would be an option to purchase an annual service contract with the procurement of this equipment. The service contract would cost $85,000 per year starting in year 2 (the equipment is covered under warranty for the first year).

FINANCIAL DETAILS – SUPPLY SAVINGS

There are incentives with this procurement that offset the majority of the incremental operating expenses as the acquisition of the ROSA system would provide more favorable terms on implant costs through our existing supply contract.

Guaranteed Implant Savings | We will see a 10% reduction in Zimmer implant pricing immediately upon placing the Robot at SVH. Based on our current spend with Zimmer, this is expected to generate savings of approximately **$75,000 per year**.

Tired Rebate Savings | We will also be eligible for tired rebates by placing the ROSA at SVH. The rebate tiers are structured as follows, based on total spend on Zimmer implants and supplies:

- **Tier 1** | **3% Rebate** with Implant spend of **$500,000-$1,000,000**
- **Tier 2** | **6% Rebate** with Implant spend of **$1,000,001-$1,500,000**
- **Tier 3** | **9% Rebate** with Implant spend of over **$1,500,000**

Based on our historical spend of ~$750,000, this rebate is expected to generate savings rebates of at least **$22,500 per year.**

Sole Sourcing Discount | The hospital has also negotiated a sole sourcing discount with Zimmer, which provides an additional 10% discount on Zimmer implant costs if we achieve 90% utilization of

Zimmer products in our orthopedic surgeries. Based on our current spend with Zimmer, this is expected to generate additional savings of approximately **$75,000 per year**.

All three implant savings components (Guaranteed Implant Savings, Tiered Rebate,, and Sole Sourcing Discount) will be effective immediately upon executing agreement with Zimmer.

OUT-CLAUSE

This agreement would also come with an out clause that would allow SVH to terminate this agreement at the end of the 1st year, should the hospital sever its relationship with any ROSA certified physician.

FINANCIAL DETAILS – OVERALL IMPACT

The pro forma below estimates the financial impact of this transaction based on what we believe to be the most likely scenario, which is a gradual ramp-up of joint replacement surgeries over the 3-year period. We have also included our estimations on what would be both a worst-case and best-case scenario as well (see next page).

The 'most-likely' scenario ramps up our joint replacement volumes over the 3-year period – falling short of the annual case threshold in the first two years and meeting and exceeding in the third.

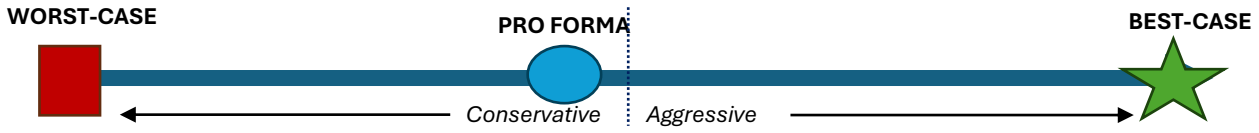
This results in total estimated operational costs of $465,000 ($155K/yr) over the 3-year period. We do project that we will be able to achieve and maintain the sole sourcing discount throughout the contract period, and due to these aggressive discounts we have been able to negotiate, we projected total implant savings of over $515,000 throughout the 3-year period.

This would actually result in a total net cost savings of $52,500 over the 3-year period.

Assumptions	**Year 1**	**Year 2**	**Year 3**	**3-Yr Total**	**3-Yr Avg***	**Comments**
Cases/Month	6	8	11		8	Estimated actual joint replacement surgeries/month
Cases/Year	72	96	132	300	100	Estimated actual joint replacement surgeries/year
Case Gap vs. Threshold	(52)	(28)	8	(72)	(24)	Annual threshold (124) less Actual Cases (for Lease Cost)
Est Zimmer Implant Spend	$ 750,000	$ 750,000	$ 750,000			Historical spend with Zimmer
Financial Impact						
Operational Costs	**Year 1**	**Year 2**	**Year 3**	**3-Yr Total**	**3-Yr Avg***	**Comments**
1. Robot Lease Cost	$ 65,000	$ 35,000	$ -	$ 100,000	$ 33,333	$1,250 / case for every case short of 124
2. Disposables	46,800	62,400	85,800	195,000	65,000	$650 / case
3. Service Contract	-	85,000	85,000	170,000	56,667	$85K/Year starting in year 2
Total Cost (Prior to Savings)	**$ 111,800**	**$ 182,400**	**$ 170,800**	**$ 465,000**	**$ 155,000**	
Implant Savings	**Year 1**	**Year 2**	**Year 3**	**3-Yr Total**	**3-Yr Avg***	**Comments**
1. Guaranteed 10% Savings	$ (75,000)	$ (75,000)	$ (75,000)	$ (225,000)	$ (75,000)	10% implant savings based on placement of ROSA at SVH
2. Tiered Rebate Savings	(22,500)	(22,500)	(22,500)	(67,500)	(22,500)	Based on total spend, projected 3% rebate
3. Sole Sourcing Discount	(75,000)	(75,000)	(75,000)	(225,000)	(75,000)	Additional 10% savings if 90% utilization is achieved
Total Implant Savings	**$ (172,500)**	**$(172,500)**	**$ (172,500)**	**$ (517,500)**	**$ (172,500)**	
Total Estimated Net Cost / (Savings)	**$ (60,700)**	**$ 9,900**	**$ (1,700)**	**$ (52,500)**	**$ (17,500)**	

FINANCIAL IMPACT – SCENARIO ANALYSIS

We are also including potential scenarios to compare with what we believe to be the most likely outcome. Based on what we also believe to be the best and worst case, we estimate the range of the total investment (total cost NET of implant savings) to be a net savings of $250,000 to total cost of nearly $140,000.



Worst Case:
-Annual Case Threshold never met
-Unable to achieve sole sourcing discount (lose 10% in Yrs2&3)
3-Year Impact vs Current State | $140,000

Most Likely Case (Pro Forma):
- Gradual ramp-up of cases, Annual Case Threshold met in 3rd Year
- All Discounts Achieved
3-Year Impact vs Current State | $(52,000)

Best Case:
- Annual Case Threshold met every year
- All Discounts Achieved
3-Year Impact vs Current State | $(250,000)

BEST CASE SCENARIO - Annual case threshold met every year with joint replacement volumes reaching historical Dr. Brown levels in year 2. All implant discounts achieved. Realize 6% rebate (based on +$1M in implant spend) due to alignment of single vendor strategy to Zimmer.

	Year 1	Year 2	Year 3	3-Yr Total	3-Yr Avg*
Cases/Month	11	13	14		12.7
Cases/Year	132	156	168	456	152
Case Gap vs. Threshold	8	32	44	84	28
Total Cost (Prior to Savings)	**$ 85,800**	**$ 186,400**	**$ 194,200**	**$ 466,400**	**$ 155,467**
Total Implant Savings	**$ (172,500)**	**$(253,000)**	**$ (287,500)**	**$ (713,000)**	**$ (237,667)**
Total Net Cost / (Savings)	**$ (86,700)**	**$ (66,600)**	**$ (93,300)**	**$ (246,600)**	**$ (82,200)**

WORST CASE SCENARIO - Annual Case Threshold Never Met, Cannot Achieve Sole Source Discount (would lose add'l 10% in yrs 2&3)

	Year 1	Year 2	Year 3	3-Yr Total	3-Yr Avg*
Cases/Month	4	6	8		6.0
Cases/Year	48	72	96	216	72
Case Gap vs. Threshold	(76)	(52)	(28)	(156)	(52)
Total Cost (Prior to Savings)	**$ 126,200**	**$ 196,800**	**$ 182,400**	**$ 505,400**	**$ 168,467**
Total Implant Savings	**$ (172,500)**	**$ (97,500)**	**$ (97,500)**	**$ (367,500)**	**$ (122,500)**
Total Net Cost / (Savings)	**$ (46,300)**	**$ 99,300**	**$ 84,900**	**$ 137,900**	**$ 45,967**

MOST LIKELY CASE SCENARIO - Continued ramp-up of cases over 3 years resulting in meeting Annual Case Threshold in Year 3, All discounts achieved.

	Year 1	Year 2	Year 3	3-Yr Total	3-Yr Avg*
Cases/Month	6	8	11		8.3
Cases/Year	72	96	132	300	100
Case Gap vs. Threshold	(52)	(28)	8	(72)	(24)
Total Cost (Prior to Savings)	**$ 111,800**	**$ 182,400**	**$ 170,800**	**$ 465,000**	**$ 155,000**
Total Implant Savings	**$ (172,500)**	**$(172,500)**	**$ (172,500)**	**$ (517,500)**	**$ (172,500)**
Total Net Cost / (Savings)	**$ (60,700)**	**$ 9,900**	**$ (1,700)**	**$ (52,500)**	**$ (17,500)**

JUSTIFICATION FOR MOVING FORWARD

Support for Newly Recruited Orthopedic Surgeon | Our new Orthopod, Dr. Chris Walter, has had experience performing orthopedic surgeries using a robotic assistant and would be the physician champion and main user of this system. There is goal congruence as he has a vested interest in seeing this succeed – both clinically and financially, and will be a pro-active partner that can help ensure we realize a return on this investment.

Improved Patient Outcomes and Satisfaction | Robotic-assisted surgeries like those performed with the ROSA system have been shown to improve surgical accuracy, reduce complications, and improve patient outcomes and satisfaction.

Associated Implant Savings | While there is certainly risk to this transaction, the preferred pricing we would be able to take advantage of makes this an attractive option for the hospital. There is also further cost savings upside if we are successful in reducing clinical variation and align more with a single vendor for implants.

Increased Surgical Volume | We believe that the addition of the ROSA system can help us capture more market share in joint replacement surgeries, particularly as minimally invasive and robotic-assisted procedures are becoming increasingly popular. There are also opportunities to partner with Zimmer and collaborate and cost-share on joint marketing and outreach initiatives related to this system.

Competitive Edge in Orthopedics | Competing hospitals and orthopedic programs in our service area have adopted robotic surgery technology. By investing in the ROSA system we not only enhance our services but also ensure that we remain competitive.

CONCLUSION AND RECOMMENDATION

The purchase of the ROSA robotic surgical system will elevate the hospital's orthopedic surgery capabilities, provide the potential for substantial financial benefits through implant savings, and support the successful integration of our newly recruited orthopedic surgeon. We strongly believe this investment will enhance our reputation, improve patient care, and create a path for additional market capture.

This was brought to the SVHCD Finance Committee on 11/26/24 and the committee formally approved the recommendation for the SVHCD Board of Directors to approve management to move forward with the acquisition of the ROSA system.

Attachments:

Attachment A – Zimmer Biomet ROSA Fact Sheet

Attachment B – Zimmer Biomet Master Agreement

- Zimmer/Sonoma Valley Hospital Master Agreement (Pg 1-36 of Agreement)
- Zimmer/Sonoma Valley Hospital Rosa Placement Agreement (Pg 37-39 of Agreement)

ATTACHMENT A

Zimmer Biomet ROSA Fact Sheet

ZIMMER BIOMET
Your progress. Our promise.™

ROSA Robotics | Zimmer Biomet Connect

Zimmer Biomet is honored to provide the following unique robotic proposal for the Sonoma Valley Hospital. We are committed to providing the best-in-class ROSA robotics platform, surgeon certification, and launch program for your orthopedic team. This offering aims to provide a simple contracting platform to align with your facility and the current market conditions and provide them with best-in-class technology.

[ROSA® System]

Surgeon-Centered

- Robotic surgical assistant for TKA
- Adaptive surgical workflow
- Optional tools for soft-tissue balancing and femoral rotation

Efficient[1]

- 2D x-ray to 3D bone modeling imaging cases based on X-Atlas™ technology
- Imageless case option
- Reduced instrumentation
- Intuitive intraoperative workflow

Accurate[2]

- Dynamic tracking maintains cut plane
- Live cut values
- Patient specific data collection
- Soft tissue management
- Real-time intraoperative feedback

REBATE OFFER EXPIRES UNLESS A FULLY SIGNED AGREEMENT
IS RETURNED TO ZIMMER BIOMET BY: December 31, 2024

MASTER AGREEMENT

This Master Agreement, together with the Standard Terms and Conditions of Master Agreement and the other Schedules and Exhibits attached hereto ("**Master Agreement**"), and any additional agreements or terms (including any SOWs) entered into by the Parties incorporating this Master Agreement by reference ("**Agreement**"), is entered into between Zimmer US, Inc., d/b/a Zimmer Biomet ("**Zimmer Biomet**"), and Sonoma Valley Hospital District d/b/a Sonoma Valley Hospital ("**Customer**") and is effective as of the date of the last to sign of the Parties ("**Effective Date**"). Each of Zimmer Biomet and Customer is referred to herein as a "**Party**" and together as the "**Parties**".

Schedules and Exhibits

Schedule 1: Standard Terms and Conditions
- Exhibit A – Warranties

Schedule 2: Customer Facilities
Schedule 3: Business Associate Agreement
Schedule 4: Zimmer Biomet Product Purchase Agreement ("**PPA**")
- Exhibit A to the PPA - Pricing, General Terms and Product Pricing
- Exhibit B to the PPA - Zimmer Biomet PPA Facilities Covered

Schedule 5: ROSA® Product Terms ("**ROSA Product Terms**")
- Exhibit A to the ROSA Product Terms - Pricing

Schedule 6: ROSA® Service Terms ("**ROSA Service Terms**")
- Exhibit A to the ROSA Service Terms – Product Covered
- Exhibit B to the ROSA Service Terms – 2024 ROSA Service Price List
- Exhibit C to the ROSA Service Terms – Hip Addendum (if applicable)

Schedule 7: ROSA® Placement Agreement

General Terms & Conditions

The Parties hereby agree as follows:

1. **Term of Master Agreement.** The term ("**Term**") of this Master Agreement will commence on the Effective Date and, unless terminated earlier or extended in accordance with the express terms of this Agreement, will continue in effect for thirty-six (36) months ("**Initial Term**"), and then automatically renew for successive one (1) year periods (each, a "**Renewal Term**") unless either Party provides notice to the other Party of its intention not to renew at least sixty (60) days prior to the expiration of the then-current term; provided, that the Term will extend for so long as any Attachment as defined below remains in effect, solely with respect to the subject matter of such Attachment.

2. **Standard Terms and Conditions.** Customer may purchase, the Products and Services described in the Schedules and Exhibits attached hereto, and any SOWs thereunder, or any other agreements referencing this Master Agreement (each, an "**Attachment**"). The Standard Terms and Conditions will apply to the Parties and all other Attachments and POs hereunder. Zimmer Biomet will have no obligation to provide any products or services other than as specifically identified in an Attachment.

3. **Applicability of Master Agreement.** The Parties may from time to time attach additional Attachments to this Master Agreement which may be added only by written consent.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties have executed this Master Agreement as of the Effective Date.

Customer to Fill Out	Zimmer Biomet to Fill Out
Sonoma Valley Hospital District d/b/a Sonoma Valley Hospital	**Zimmer US, Inc.**
Authorized Signature	Authorized Signature
Name	Name
Title	Title
Date	Date

Customer Contact Information	Zimmer Biomet Contact Information
Address: 347 Andrieux Street **City/State/Zip:** Sonoma, CA 95476 **Phone:** 707.935.5227 **Contact:** James Dugger	**Main Office/Headquarters:** 345 East Main Street Warsaw, IN 46580 Attn: General Counsel
Account #: 10010185	**Email:** legal.americas@zimmerbiomet.com

Please complete the fields below with a contact person for whom to send account performance statements, relating to the ROSA placement-type agreement, so we are able to maintain communication on contractual performance throughout the term.

Performance Statement Contact Name _____

Contact Title / Department _____

Contact email address _____

Contact phone number _____

Please provide contact information for the Materials Manager associated with this agreement.

Name _____ **Email** _____ **Phone** _____

Standard Terms and Conditions of Master Agreement

1. **Definitions.** Capitalized terms have the meanings given in this Section or as otherwise provided in this Master Agreement.

   a. "**Affiliate**" means, with respect to any person or entity, any other person or entity that directly or indirectly, controls, is controlled by or is under common control with, such person or entity. Solely for purposes of this definition, the term "control" (including without limitation the terms "controlled by" and "under common control with") means the direct or indirect power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

   b. "**BAA**" means, if applicable, the Business Associate Agreement entered into between the Parties.

   c. "**Claim**" means any demand, action, suit, claim, investigation or proceeding, of any nature, civil, criminal, administrative, regulatory, or otherwise, whether at law, in equity or otherwise.

   d. "**Consigned Products**" are those Products that are provided to Customer by or on behalf of Zimmer Biomet on a consignment basis, including without limitation Products identified as Consigned Products on a PO. Consigned Products are either Long Term Loan Products or Short Term Loan Products.

   e. "**Customer Data**" means all data provided by or on behalf of Customer to Zimmer Biomet through any Product or Service, including without limitation any Personal Information and data input into Zimmer Biomet's forms (but not including Zimmer Biomet's forms).

   f. "**Disposable**" means any Product which is identified as "Disposable" under the applicable Attachment, or which is provided with a Product and is labeled, or by its nature intended, for single use ancillary to the use of such Product.

   g. "**Equipment**" means any Product which is identified as "Equipment" under the applicable Attachment, or which is provided with a Product and is labeled, or by its nature intended, for use as a tool in a procedure involving such Product.

   h. "**FDA**" means the U.S. Federal Food and Drug Administration.

   i. "**Implants**" means Products intended to be used as implants in patients.

   j. "**Indemnitees**" means the Indemnified Party (as defined in Section 17(d) of this Schedule) and its Affiliates and its and their respective shareholders, directors, officers, employees, and agents.

   k. "**In Part**" means, with respect to affected Services, to terminate the applicable SOW for such Services and with respect to affected Products, to terminate an outstanding order for such Products or a consignment for such Products.

   l. "**Long Term Loan Products**" means Products which are provided to Customer in the quantities listed in any Consignment Agreement hereunder or in such other quantities as are otherwise agreed on by the Parties and left on Customer's premises.

   m. "**Losses**" means liabilities, damages, losses, costs, and expenses, including without limitation reasonable attorneys' fees.

   n. "**Patient**" means patients of Customers whose Personal Information will be processed or disclosed in connection with Zimmer Biomet Products and Services, including Personal Information used in Zimmer Biomet systems or portals in connection with this Agreement.

o. "**Personal Information**" means information about an identifiable individual including, but not limited to, PHI.

p. "**PHI**" has the meaning given to the term "protected health information" at 45 C.F.R. § 160.103.

q. "**Platform**" means the entire suite of Services provided by Zimmer Biomet to Customer under a SOW.

r. "**PO**" means a purchase order provided by Customer, and accepted by Zimmer Biomet, for Products and incorporating this Master Agreement by reference.

s. "**Products**" means (i) the deliverables, including without limitation Software, set forth in an Attachment, and (ii) any other deliverables or other items, which may include Disposables, Equipment, and /or Implants that Zimmer Biomet actually provides to Customer.

t. "**Purchased Products**" means Products that are not Consigned Products.

u. "**SaaS Services**" means the software as a service(s) and other hosted services set forth in an Attachment.

v. "**Services**" means the services set forth in an Attachment. "Services" includes SaaS Services.

w. "**Short Term Loan Products**" means Products that are provided on an as-needed or Just-In-Time (JIT) basis and are intended to be implanted into a patient or removed from Customer's premises after use.

x. "**Single-Use Product**" means any Product that is labeled "For Single Use" or "Single Use Only" or "Do Not Reuse" or otherwise labeled to indicate that the Product is to be used once in delivering patient care.

y. "**Software**" means the object code for any software specified in an Attachment or embedded in a Product or otherwise provided by or on behalf of Zimmer Biomet, to Customer incident to a Product, and any updates or customizations thereto which Zimmer Biomet provides to Customer.

z. "**SOW**" means a Statement of Work entered into by the Parties setting out Services to be provided by Zimmer Biomet to Customer and incorporating this Master Agreement by reference.

aa. "**Third Party Contributors**" means licensors or service providers providing any portion of the Services, Products, or content available thereon, which Zimmer Biomet provides to Customer, or which such third party provides, pursuant to an Attachment or PO, directly to Customer.

bb. "**User**" means an employee, agent, and/or external personnel of the Customer that uses Zimmer Biomet Products and Services in connection with this Agreement.

2. **Commitment to Provide Services and Products.** Zimmer Biomet will use commercially reasonable efforts to fill orders for Services and Products and meet mutually agreed delivery dates. If Zimmer Biomet does not provide the Services or Products, Customer may, as its sole and exclusive remedy for any failure to provide the Services or Products, cancel the order for the delayed Services or delayed Products.

3. **Delivery of Services and Products.** On-premises Services and Products will be provided to the locations and in the manner set forth in the applicable Attachment, or, if no location is specified, then to the address mutually agreed to by the Parties. Customer will not transfer any on-premises Services or Products from one location to another. Customer will provide access to Customer's premises, employees, contractors, and equipment and will provide information as Zimmer Biomet reasonably requests to perform this Agreement. Shipping will be FOB Destination with Zimmer Biomet absorbing the cost of the initial shipment up to and including $4,999.00. All other costs are to be paid in accordance with the applicable Attachment or, if not specified, all such costs will be paid by Customer.

4. **Ownership of Products.** Products provided by or on behalf of Zimmer Biomet are purchased or leased by Customer or consigned as Long Term Loan Products or Short Term Loan Products. Products will be deemed purchased, and title will transfer to Customer, at the point of use by the Customer, unless otherwise specified in an Attachment or other agreement of the Parties.

5. **Damage to Products.** Customer will be solely responsible for all losses resulting from damage to, contamination of or destruction of the Products ("**Damaged Products**") from and after the time of receipt, including without limitation all risk of loss for any Products which are missing or damaged while in Customer's possession, except that damage to instruments caused by reasonable wear and tear or Products with a manufacturing defect will be the responsibility of Zimmer Biomet. Zimmer Biomet will remove such Consigned Products from Customer's possession at no cost to Customer. All other Damaged Products will be invoiced to Customer at the price indicated in the Attachment, and if not included in an agreement, at the then-current list price.

6. **Software and SaaS Services.** Any Software (including without limitation software embedded within Products) or SaaS Services will be subject to the terms of the applicable Attachment.

7. **Returns.** Returns will be processed in accordance with Zimmer Biomet's Return Policy available at www.zimmerbiomet.com/en/suppliers.html which may be amended from time to time. Customer may contact its local Zimmer Biomet sales representative for additional information.

8. **Restrictions on Use of Products.**

    a. Customer agrees not to sell, resell, distribute, or otherwise make available any Products to any third party, without the prior written consent of Zimmer Biomet; provided, that the foregoing will not limit the use of an Implant in new condition in one, and only one, patient.

    b. Zimmer Biomet conveys no right in any patented Single-Use Product other than the right to use those units once. Zimmer Biomet does not grant the Customer or any other person or entity any license to reprocess, remanufacture or reconstruct any Single-Use Product.

9. **Controls on Use.** If applicable, Zimmer Biomet may include a license key or other means (e.g., automated features to track and log utilization) within any Services or Products to monitor the use thereof and enforce any restrictions on use under this Agreement. Any data about the utilization of the Products or Services ("**Log Information**") may be used and disclosed by Zimmer Biomet for Zimmer Biomet's business purposes, including without limitation to meet obligations imposed by the FDA.

10. **Purpose and Use of Services.** Customer is requesting the Services for health care operations purposes, within the meaning of 45 C.F.R. § 164.501. Any decisions or actions taken by Customer as a result of insights gained from the Services will be the sole responsibility of Customer.

11. **Discontinued Products.** Except as otherwise required by applicable law, the decision to discontinue any Product, Product line, Service or business segment will be in Zimmer Biomet's sole discretion and will not constitute a breach. Customer's sole remedy will be to cancel the applicable order for the Product or terminate the applicable Attachment, in each case on sixty (60) days' prior written notice to Zimmer Biomet.

12. **Non-Conformance.** Customer will (i) inspect received Products within one (1) business day of receipt; (ii) verify the count and quality of shipments; and (iii) advise Zimmer Biomet in writing of any non-conformities with the documentation within three (3) business days of receipt. Zimmer Biomet will, at its option and as Customer's exclusive remedy for any nonconformance, correct or repair such nonconformance, or replace the nonconforming Product with conforming Product. Customer will retain any rejected Products at Customer's facility as requested by Zimmer Biomet to allow an opportunity for inspection by Zimmer Biomet.

13. **Customer Responsibilities.**
    a. Effective utilization of the Products or Services and associated transmission of information from the Products or Services may require certain technical prerequisites as detailed in associated instructions

for use or other documentation provided to Customer or to a patient. Zimmer Biomet is not responsible for any Products or Services with regards to any Customer or patient for whom the prerequisites are not met. CUSTOMER IS SOLELY RESPONSIBLE FOR THE SECURITY AND FUNCTIONAL OPERATION OF ITS OWN COMPUTER NETWORK AND INTERNET ACCESS.

b. CUSTOMER WILL BE SOLELY RESPONSIBLE FOR COMPLIANCE WITH ALL APPLICABLE LAWS WITH REGARD TO USE OF THE PRODUCTS OR SERVICES. IN NO EVENT WILL ZIMMER BIOMET BE LIABLE FOR CUSTOMER'S NON-COMPLIANCE WITH ANY LAW, RULE OR REGULATION RESULTING FROM CUSTOMER'S USE OF THE PRODUCTS OR SERVICES.

14. **Fees; Taxes.**

a. **Fees or Prices.** Customer will pay Zimmer Biomet the fees or prices set forth in each Attachment, including without limitation applicable freight charges ("**Fees**"). Customer will remit full payment to Zimmer Biomet within thirty (30) days of the invoice date.

b. **Late Payment.** Late amounts will be subject to a late fee of 1.5% per month prorated (18% per annum) or, if lower, the maximum interest rate allowable by law. Customer agrees to pay all costs and expenses associated with collection of unpaid sums, including without limitation attorneys' fees and costs.

c. **Disputes.** If Customer disputes any invoiced amount in good faith, it will: (i) notify Zimmer Biomet in writing of such dispute (including without limitation a written explanation specifying the amount in dispute and the cause for the dispute) within thirty (30) days of the invoice date; and (ii) pay the undisputed amount when due. Upon resolution of the amount in dispute, Customer will pay to Zimmer Biomet any disputed amount that is determined to be due and owing immediately upon such resolution.

d. **Taxes.** The Fees do not include, and Customer is solely responsible for and will pay (or, at Zimmer Biomet's request, reimburse Zimmer Biomet for), any additional taxes, levies, duties, governmental charges, or expenses, including without limitation all withholding, value added and sales taxes due, except for taxes on Zimmer Biomet's income ("**Taxes**"). On request, Customer will provide Zimmer Biomet with written evidence of payment of Taxes.

e. **Compliance.** Each Party is solely responsible for ensuring its own compliance with Medicare, Medicaid, and all other third-party payer requirements, as well as accurate coding, documentation and medical necessity for the Products and Services provided. Before filing claims, Customer should confirm individual payer requirements and coverage/medical policies. Zimmer Biomet may provide general reimbursement information for reference purposes only, which should not be construed as legal or coding advice. Such information is informational only, general in nature, and does not cover all situations or all payers' rules or policies. It is important to note that Zimmer Biomet provides information obtained from third-party authoritative sources and such sources are subject to change without notice, including without limitation as a result of changes in reimbursement laws and policies. Reimbursement information may not be all-inclusive, and changes may have occurred after publication. Zimmer Biomet makes no promise or guarantee, express or implied, in this Agreement or by its act of providing reimbursement information regarding coverage or payment for products or procedures by Medicare or other payers. Inquiries can be directed to Customer's respective Medicare Administrative Contractor or to appropriate payers. Customer agrees Zimmer Biomet will have no liability or responsibility for the results or consequences of any actions taken in reliance on reimbursement information provided by Zimmer Biomet.

15. **Representations and Warranties; Disclaimers.**

a. Each Party represents, warrants and covenants that: (i) it is duly organized, validly existing and in good standing as a corporation or other entity under the laws of the jurisdiction of its incorporation or other organization; (ii) it has the full right, power and authority to enter into and perform its obligations and grant the rights, licenses, consents and authorizations it grants or is required to grant under this Agreement; (iii) the execution of this Agreement by its representative whose signature is set forth at the end of this Agreement has been duly authorized by all necessary corporate or organizational action of

such Party; and (iv) when executed and delivered by both Parties, this Agreement will constitute the legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms.

b. Each Party represents, warrants and covenants to the other Party throughout the Term that the Party, its officers, directors, contractors and employees: (i) are not currently excluded, debarred or otherwise ineligible to participate in the federal health care programs as defined in 42 U.S.C. §1320a-7b(f) ("**Federal Healthcare Programs**") and (ii) have not been convicted of a criminal offense related to the provision of healthcare items or services which could result in becoming excluded, debarred or otherwise declared ineligible to participate in the Federal Healthcare Programs. Each Party will immediately notify the other Party of any change in the accuracy of this Section 15(b). The Parties further represent and warrant that each of them will abide by all applicable laws relating to the Products or Services, including without limitation the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations (45 C.F.R. Parts 160-164) (collectively, "**HIPAA**"), as may be modified or amended from time to time, for the protection of personally identifiable health information, including without limitation PHI, used or disclosed in connection with the Services and Products provided under this Agreement.

c. Zimmer Biomet provides further warranties as set forth on Exhibit A to this Schedule, which is incorporated herein by reference to the extent applicable to the Services and Products provided hereunder. In the event of any breach of Zimmer's representations or warranties in this Section 15(c) or Exhibit A to this Schedule, Zimmer Biomet's sole and exclusive responsibility, and Customer's sole and exclusive remedy, is for Zimmer Biomet to, as applicable, correct, replace, or re-perform, at no additional charge to Customer, the Services or Products found to be defective, subject in the case of Products to Sections 2, 5 and 12 of this Schedule.

d. Customer further represents, warrants, and covenants to Zimmer Biomet that neither Customer nor any of Customer's staff or employees will promote Products or Services for any purposes for which the Products or Services are not indicated or approved by appropriate governmental or regulatory authorities.

e. EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH IN THIS AGREEMENT AND EXHIBIT A TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, ALL SERVICES AND PRODUCTS ARE PROVIDED "AS IS" AND ZIMMER BIOMET AND ITS THIRD PARTY CONTRIBUTORS DISCLAIM ALL REPRESENTATIONS AND WARRANTIES, EXPRESS AND IMPLIED, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT, AND ALL WARRANTIES ARISING FROM COURSE OF DEALING, USAGE OR TRADE PRACTICE. WITHOUT LIMITING THE FOREGOING, EXCEPT AS EXPRESSLY SET FORTH HEREIN OR AS REQUIRED BY APPLICABLE LAW, ZIMMER BIOMET AND ANY APPLICABLE THIRD PARTY CONTRIBUTORS MAKE NO WARRANTY OF ANY KIND THAT THE SERVICES OR PRODUCTS WILL MEET ANY REQUIREMENTS, OPERATE WITHOUT INTERRUPTION, ACHIEVE ANY INTENDED RESULT, BE COMPATIBLE OR WORK WITH ANY SOFTWARE, SYSTEM OR OTHER SERVICES, OR BE SECURE, ACCURATE, COMPLETE, FREE OF HARMFUL CODE OR ERROR FREE.

f. CUSTOMER ACKNOWLEDGES THAT NEITHER ZIMMER BIOMET NOR ITS THIRD PARTY CONTRIBUTORS ARE LICENSED TO PRACTICE AND DO NOT PRACTICE MEDICINE OR ANY OTHER HEALING PROFESSION. CUSTOMER'S USE OF THE PRODUCTS OR SERVICES, INCLUDING FOR PURPOSES OF ACCESSING CONTENT PROVIDED BY THIRD PARTY CONTRIBUTORS, DOES NOT CREATE A PATIENT OR CLIENT RELATIONSHIP BETWEEN CUSTOMER OR A PATIENT, ON THE ONE HAND, AND ZIMMER BIOMET, ANY THIRD PARTY CONTRIBUTOR OR ANY OF ZIMMER BIOMET'S AFFILIATES OR THIRD PARTY CONTRIBUTORS OR ANY MEDICAL STAFF AFFILIATED WITH, OR EMPLOYEES, CONTRACTORS OR AGENTS OF, ZIMMER BIOMET OR ANY OF ZIMMER BIOMET'S AFFILIATES, ON THE OTHER HAND. CONTENT PROVIDED BY THIRD PARTY CONTRIBUTORS DOES NOT CONSTITUTE MEDICAL ADVICE. ZIMMER BIOMET, THE SERVICES, AND PRODUCTS DO NOT PROVIDE MEDICAL ADVICE, DIAGNOSIS, TREATMENT OR RECOMMENDATION OF ANY KIND AND ARE NOT A SUBSTITUTE FOR THE INDEPENDENT PROFESSIONAL JUDGMENT OF A QUALIFIED HEALTH CARE

PRACTITIONER. CUSTOMER REMAINS SOLELY RESPONSIBLE FOR, AND MAINTAINS COMPLETE AUTHORITY, SUPERVISION AND CONTROL OVER, ALL DECISIONS REGARDING PATIENT CARE, INCLUDING, WITHOUT LIMITATION, DIAGNOSES, TREATMENTS, PROCEDURES AND ALL OTHER PROFESSIONAL HEALTH CARE SERVICES, DOCUMENTATION OF PATIENT CARE, CLAIMS PROCESSING AND THE PAYMENT FOR HEALTH CARE SERVICES PROVIDED, AND CUSTOMER WILL NOT RELY ON ZIMMER BIOMET, THE PRODUCTS OR SERVICES, INCLUDING ANY CONTENT PROVIDED BY THIRD PARTY CONTRIBUTORS, TO MAKE PATIENT-SPECIFIC MEDICAL DIAGNOSES, FOR TREATMENT PURPOSES OR FOR HEALTH CARE CONSULTATION. NEITHER ZIMMER BIOMET NOR ITS THIRD PARTY CONTRIBUTORS WILL BE LIABLE UNDER ANY CIRCUMSTANCES FOR ANY ACT OR OMISSION OF CUSTOMER OR ANY CUSTOMER EMPLOYEE, CONTRACTOR OR AGENT RELATING TO THE MEDICAL CARE PROVIDED BY, OR THE EXERCISE OF PROFESSIONAL MEDICAL JUDGMENT OF, CUSTOMER.

16. **Limitation of Liability.** TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, IN NO EVENT WILL THE LIABILITY OF ZIMMER BIOMET TO CUSTOMER FOR A GIVEN YEAR DURING THE TERM, FOR ALL CLAIMS AND LOSSES OF ANY KIND, WHETHER IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, ARISING OUT OF THE PERFORMANCE, NON-PERFORMANCE OR BREACH OF THIS AGREEMENT, EXCEED THE GREATER OF (I) THE TOTAL PRICE OF THE SERVICES AND PRODUCTS ORDERED BY CUSTOMER FOR SUCH YEAR AT THE TIME OF A CLAIM OR (II) ONE THOUSAND US DOLLARS ($1,000 USD). FURTHERMORE, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, IN NO CASE WILL ZIMMER BIOMET BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR LOST PROFITS. WITHOUT LIMITING THE FOREGOING, ZIMMER BIOMET WILL HAVE NO LIABILITY FOR DEFECTS OR NON-CONFORMANCES RESULTING FROM (I) UNAUTHORIZED OR IMPROPER MODIFICATIONS TO THE SERVICES OR PRODUCTS; (II) CUSTOMER'S FAILURE TO COMPLY WITH THE DOCUMENTATION, SPECIFICATIONS OR THIS AGREEMENT; OR (III) ANY INFORMATION INPUT INTO ANY PRODUCT OR SERVICE OR OTHERWISE PROVIDED BY OR ON BEHALF OF CUSTOMER OR ANY EMPLOYEE, CONTRACTOR, AGENT OR PATIENT OF CUSTOMER. THE LIMITATIONS AND EXCLUSIONS IN THIS SECTION WILL APPLY TO ANY THIRD PARTY CONTRIBUTORS AS IF THEY WERE ZIMMER BIOMET, TO THE EXTENT PERMITTED BY APPLICABLE LAW.

17. **Mutual Indemnification.**

    a. Zimmer Biomet will indemnify, defend and hold harmless Customer and its Affiliates and its and their respective shareholders, directors, officers, employees and agents ("**Customer Indemnitees**") from and against any and all Losses paid or incurred by any Customer Indemnitee in connection with any third party Claim brought against any Customer Indemnitee arising from: (i) any actual infringement, misappropriation or other violation of third party intellectual property rights by the Services or Products when used for their intended purposes in accordance with this Agreement ("**Infringement Claim**"); or (ii) any design or manufacturing defect in any of the Services or Products in the form provided by or on behalf of Zimmer Biomet ("**Defect Claim**"), to the extent such defect is attributable to Zimmer Biomet's actual or alleged (in writing) grossly negligent or more culpable acts or omissions. Zimmer Biomet has no obligation with respect to any Infringement Claim or Defect Claim arising from: (a) use of the Services or Products in combination with software, equipment, or other items not supplied or directed by Zimmer Biomet; (b) unauthorized modification of the Services or Products; (c) failure to install any updates, upgrades or enhancements as supplied or directed by Zimmer Biomet; (d) continued use of the Services or Products after Zimmer Biomet has notified Customer in writing to cease such use; or (e) the use of the Services or Products in violation of this Agreement or in a manner for which they were not designed or contemplated.

    b. Customer will indemnify, defend and hold harmless Zimmer Biomet and its Affiliates and Third Party Contributors, and its and their respective shareholders, directors, officers, employees and agents ("**Zimmer Biomet Indemnitees**") from and against any and all Losses paid or incurred by any Zimmer Biomet Indemnitee in connection with any third party Claim brought against any Zimmer Biomet

Indemnitee arising from: (i) any actual or alleged (in writing) breach of this Agreement by or on behalf of Customer; or (ii) any modification, abuse, misuse, loss or damage to any Product or Service by or on behalf of Customer or while in Customer's possession or control.

c. If any of the Services or Products become, or in Zimmer Biomet's opinion are likely to become, the subject of an Infringement Claim, Zimmer Biomet may, at its sole option and expense: (i) procure for Customer the right to continue using the relevant Services or Products; (ii) replace or modify the relevant Services or Products so that they do not infringe, misappropriate or otherwise violate such third party intellectual property rights; or (iii) terminate Customer's right to use the infringing Services or Products and give Customer a refund or credit for the unused Fees actually paid by Customer for such Services or Products. This Section states Customer's sole and exclusive remedies, and Zimmer Biomet's entire liability, for any and all Infringement Claims.

d. If a Party ("**Indemnified Party**") learns of any third party Claim for which it believes it is entitled to indemnification, it will: (i) promptly notify the other Party ("**Indemnifying Party**"); (ii) reasonably cooperate with the Indemnifying Party in defending any such Claim; and (iii) provide the Indemnifying Party with control of the defense and settlement of such third party Claim. The Indemnifying Party will engage counsel reasonably acceptable to the Indemnified Party and will not settle any Claim admitting fault or liability of or imposing duties of performance or payment upon any Indemnitees without the Indemnified Party's prior written consent, not to be unreasonably withheld, conditioned, or delayed. The Indemnitees will have the right to participate in the defense of any third party Claim (including without limitation by engaging separate counsel at their own expense) for which the Indemnified Party seeks indemnification. The Indemnified Party's failure to deliver prompt notice of the applicable Claim will relieve the Indemnifying Party of liability under this Section solely to the extent such failure was prejudicial to the Indemnifying Party's ability to defend such Claim.

18. **Termination.** A Party may terminate this Agreement as follows: (i) in whole or In Part, effective upon notice, if the other Party breaches this Agreement and fails to cure within thirty (30) days after receipt of notice specifying the nature of the breach; (ii) in whole or In Part, due to a Force Majeure Event, in accordance with Section 31 of this Schedule; (iii) in whole or In Part, effective upon notice, if the other Party becomes insolvent or bankrupt; (iv) with respect to particular Services or Products, In Part, effective upon notice, if such Services or Products thereunder are discontinued; (v) with respect to particular Services or Products, In Part, effective upon notice, if there is a change in applicable law that renders such Services or Products under this Agreement unlawful; and (vi) effective upon notice, if the other Party breaches Section 15(b) of this Schedule, or the other Party is excluded from participation in any Federal Healthcare Program. In addition, Zimmer Biomet may terminate this Agreement in whole or In Part (a) upon ten (10) days' notices if Customer fails to pay amounts due, and (b) immediately upon notice if Customer uses any Services or Products in a manner for which they are not indicated or approved.

19. **Effect of Termination.** Termination or expiration of this Agreement in whole or In Part will not relieve any Party of any obligations that are expressly indicated to survive termination or expiration or prejudice any rights that have accrued to the benefit of any Party prior to such termination or expiration. Upon expiration or earlier termination of this Agreement in whole or In Part, Customer will, and will cause any persons or entities to whom Customer has provided or made available the Services to, immediately discontinue use of the Services. No expiration or termination will affect Customer's obligation to pay all Fees that may have become due before such expiration or termination or entitle Customer to any refund. Notwithstanding anything in this Master Agreement, the rights and obligations under the following provisions will remain in full force and effect following expiration or termination of this Master Agreement in whole or In Part and will be enforceable following such expiration or termination: Sections 4, 8, 14, 15(e) and 15(f), 16, 17, 19, 20-29 and 31-40 of this Schedule.

20. **Records and Disclosure of Discounts.**

a. Pursuant to the requirements of 42 CFR 420.300 et seq., Zimmer Biomet agrees to make available to the Secretary of Health and Human Services ("**HHS**"), the Comptroller General of the Government Accounting Office ("**GAO**") or their authorized representatives, all contracts, books, documents and records relating to the nature and extent of costs hereunder for a period of four (4) years after the

furnishing of Services and Products hereunder for any and all Services or Products furnished under this Agreement. In addition, Zimmer Biomet agrees to require by contract that each subcontractor makes available to the HHS and GAO, or their authorized representative, all contracts, books, documents, and records relating to the nature and extent of the costs thereunder for a period of four (4) years after the furnishing of Services and Products thereunder.

b. If Zimmer Biomet carries out the duties of this Master Agreement through a subcontract worth $10,000 or more over a twelve-month period with a related organization, the subcontract will also contain clauses sufficient to permit access by Customer, the Secretary, the United States Comptroller and their representatives to the related organization's books and records.

c. If applicable, Zimmer Biomet will provide Customer with invoices or other documents that fully and accurately disclose the discounted price of all Services and Products purchased under this Agreement. If Customer is an institution required to file Medicare/Medicaid cost reports with federal or state agencies for payment, Customer acknowledges that Customer has an obligation under federal law to fully and accurately report all discounts received in its cost reports. (Public Law 100-93, the "Medicare and Medicaid Patient and Program Protection Act of 1987"; 42 CFR part 1001).

d. Customer agrees that, upon the request of the U.S. Department of Health and Human Services or a state healthcare agency, it will fully disclose the discounts offered hereunder.

21. **Regulatory Matters.** Upon learning of any actual or threatened charges, complaints or claims of any nature related to the Products or Services, Customer will immediately forward to Zimmer Biomet all information concerning the same. Customer will cooperate with and assist Zimmer Biomet in investigating and defending any such charges, complaints, or claims, including without limitation by providing information gathering assistance and giving oral or written testimony as to all facts in its possession concerning such charges, complaints, or claims.

22. **EEO Affirmation.** Unless this Master Agreement is exempt from compliance with applicable law, Zimmer Biomet will comply with the EEO Clause in Section 202 of Executive Order 11246, as amended, 41 CFR Part 60-250 and 41 CFR Part 60-741, as amended, which are incorporated herein by specific reference.

23. **Transparency Reporting.** The Parties acknowledge that certain state or federal laws now or in the future may require disclosure of information on compensation, gifts or other remuneration provided to physicians and other health care professionals. Zimmer Biomet will have the sole and absolute discretion for making the determination whether to report remuneration provided under this Agreement pursuant to such laws. Customer agrees to promptly provide Zimmer Biomet with such information Zimmer Biomet requests to comply with such reports and in an accurate, whole, and timely manner complete any and all documents required by Zimmer Biomet or any state or federal agency in connection with such reports.

24. **Confidentiality of Agreement.** Customer will maintain in confidence, and will not disclose to any third party, the pricing, or terms of this Agreement, except as otherwise required by law or court order.

25. **Intellectual Property Rights.** Solely as between the Parties, Zimmer Biomet solely and exclusively owns or licenses all right, title and interest in and to all intellectual property and other proprietary rights in and to (i) the Services, (ii) the Products, and (iii) any improvements, enhancements, upgrades, modifications, or derivative works to either the Services or the Products. This Agreement grants no express or implied license, right or interest to Customer in or to any intellectual property or proprietary rights, other than the non-exclusive license rights expressly granted pursuant to the Attachments.

26. **Third Party Contributors.** Third Party Contributors of portions of the Services, Products, or content available through any Services or Products, may require acceptance of different or additional terms for access to their contributions.

27. **Feedback.** Any ideas, comments, suggestions or other feedback regarding the Services or Products ("**Feedback**") provided by or on behalf of Customer or its Affiliates or its or their employees, contractors or

agents is provided voluntarily and knowingly. Customer will and does hereby assign to Zimmer Biomet all worldwide right, title and interest, in and to all intellectual property rights and other proprietary rights in and to all Feedback. Customer will obtain all rights necessary from its Affiliates and its and their employees, contractors, and agents to assign such rights to Zimmer Biomet.

28. **Data.** This Section 28 applies to Customer Data.

    a. Customer represents, warrants, and covenants to Zimmer Biomet that Customer has and will have the necessary rights, authorizations, approvals, and other consents in and relating to Customer Data so that, as received by Zimmer Biomet and processed in accordance with this Agreement (including without limitation by any contractor or service provider of Zimmer Biomet), such data does not and will not infringe, misappropriate or otherwise violate any third party rights or violate any applicable law. Customer further agrees to inform Patients and Users about the transfer and processing of their Personal Information under this Agreement, and to provide access to the Zimmer Biomet Privacy Notice available at https://www.zimmerbiomet.com/en/corporate/privacy-notice.html.

    b. Customer will indemnify, defend, and hold harmless the Zimmer Biomet Indemnitees from and against any and all Losses paid or incurred by any Zimmer Biomet Indemnitee in connection with any third party Claim brought against any Zimmer Biomet Indemnitee arising from the Customer Data or use or processing of the Customer Data in accordance with this Agreement. The procedures set forth in Section 17(d) of this Schedule will apply to the defense of any such third party Claim.

    c. Customer owns the Customer Data. Customer is solely responsible for providing complete and accurate Customer Data to Zimmer Biomet in connection with Zimmer Biomet's provision of the Services and Products. Customer will take appropriate steps to maintain the integrity of the Customer Data and prevent its unauthorized alteration or destruction. Zimmer Biomet has no obligation to review or evaluate the completeness, accuracy or integrity of any Customer Data, and Zimmer Biomet is not liable or responsible for the accuracy, content or completeness of any Customer Data or any use of Customer Data by or on behalf of Customer, or analyses or outcomes based upon Customer Data. Zimmer Biomet has no obligation to back up any Customer Data.

    d. To the extent that the Customer Data created, received, maintained, transmitted, or otherwise processed by Zimmer Biomet includes PHI, Zimmer Biomet will process such PHI in accordance with the applicable BAA. Notwithstanding anything in this Agreement to the contrary, Customer hereby grants to Zimmer Biomet and its Third Party Contributors the perpetual, irrevocable right to use Customer Data to create de-identified data in accordance with applicable law ("**De-identified Data**"). For the avoidance of doubt, De-identified Data shall not be considered Customer Data. Customer further authorizes Zimmer Biomet to create other data or datasets from Customer Data to the extent such Customer Data does not include PHI ("**Other Analytics Data**"). Zimmer Biomet and its successors and assigns and Third Party Contributors may use and disclose, and permit others to use and disclose, the De-identified Data, and any Other Analytics Data, for any lawful purpose. In addition, notwithstanding anything in this Agreement to the contrary, Customer also grants Zimmer Biomet and its Third Party Contributors the right to perform data aggregation services for the health care operations of Customer, and to provide services and aggregated data to other customers of Zimmer Biomet, each as permitted by applicable law, using Customer Data. Zimmer Biomet will not publicly identify Customer as the source of the De-identified Data or aggregated data unless Customer otherwise provides consent in writing. The Parties will be bound by and comply with all applicable laws governing the confidentiality of patient records, employee records and other personal data, including without limitation state labor law (pertaining to employee information) and business law (pertaining to social security numbers).

    e. Customer acknowledges that Zimmer Biomet and its Third Party Contributors may seek the consent and/or authorization (as required by applicable law) from the patient for continued collection and processing of personal data, including personal data collected and processed from said Products during the Term. Such personal data shall not be considered Customer Data and, notwithstanding any other provision of this Agreement or the BAA, shall be used by Zimmer Biomet and its Third Party Contributors

per such applicable consent and/or authorization. Zimmer Biomet and its Third Party Contributors may transfer said personal data to patient or patient's health care providers at the direction of patient.

29. **Zimmer Biomet Product Recall Policy.** Should Zimmer Biomet discover any situation with distributed Products or Services whose continued use or exposure could result in a risk to health for the patient or the health care professional, Customer will comply with any recall related action, or any such situation as directed by Zimmer Biomet. In the event of a recall, Customer will fully cooperate with Zimmer Biomet to provide access to any Products or Services, as well as any information related to the tracking and inventory of the Products.

30. **Use of Names; Publicity.** Neither Party will use the names of the other Party or any trademark, trade name, trade style or registered design that is the property of or currently in use by the other Party, on any web site or in any printed materials, publicity, advertising or for trade or other commercial purposes without the prior written consent of the other Party.

31. **Force Majeure.** Neither Party will be liable or responsible to the other Party, nor will it be deemed to have defaulted under or breached this Agreement, for any failure or delay in fulfilling or performing its obligations under this Agreement, when and to the extent such failure or delay is caused by matters beyond the reasonable control of the impacted Party, whether or not reasonably foreseeable, including without limitation acts of God, strikes or lockouts, embargo, national emergency, fire, flood, natural disaster, civil commotion, riots, wars, revolution, acts of terrorism, blockade, acts of government preventing performance, pandemic or disease outbreak or delays caused by third party distributors or providers of Products, Services or components thereof ("**Force Majeure Event**"); provided, however, that the foregoing will not excuse Customer from its minimum spend obligations or case commitments, if applicable or from paying fees due. Upon a Force Majeure Event, the impacted Party: (i) will notify the other Party in writing of the delay as soon as practicable after the impacted Party knows or has reason to know that the Force Majeure Event will cause a disruption, stating the period of time it expects the disruption to continue; (ii) use commercially reasonable efforts to end the failure or delay and minimize the effects of such Force Majeure Event; and (iii) resume the performance of its obligations as soon as reasonably practicable after the removal of the cause of the disruption. Notwithstanding the foregoing, if the impacted Party's performance remains disrupted or its failure or delay remains uncured for a period of ninety (90) days, the other Party may terminate this Agreement in whole or In Part upon notice.

32. **Assignment.** Neither Party may assign its rights and obligations under this Agreement to any third party without the express prior written consent of the other Party; provided, however, that Zimmer Biomet may assign or delegate all or any part of its rights and obligations hereunder without the need for Customer's consent to any subcontractor or Affiliate of Zimmer Biomet or, in the event of a merger, acquisition, change of control, reorganization or sale of substantially all of Zimmer Biomet's assets, to Zimmer Biomet's successor. This Agreement will be binding upon the Parties and their respective successors and permitted assigns.

33. **Notices.** All notices and other communications in connection with this Master Agreement will be in writing and will be sent to the respective Parties at the addresses set forth on the signature page to this Master Agreement above, or to such other addresses as may be designated by the Parties in writing from time to time in accordance with this Section. Notices will be sent by hand, by registered or certified mail, postage prepaid or by express courier service, service fee prepaid, in accordance with this Section. All notices will be deemed given and received: (i) if delivered by hand, immediately; (ii) if sent by mail, three (3) business days after posting; or (iii) if delivered by express courier service, the next business day in the jurisdiction of the recipient.

34. **Choice of Law.** THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF INDIANA, EXCLUDING ITS CHOICE OF LAW OR CONFLICTS PRINCIPLES. CUSTOMER EXPRESSLY WAIVES ANY RIGHT TO A TRIAL BY JURY.

35. **Export Controls.** This Agreement is made subject to any restrictions concerning the export of products or technical information from the United States or other countries that may be imposed on the Parties from time to time. Customer will at all times comply with export control, sanctions and all other applicable laws when accessing or using the Services or Products.

36. **Entire Agreement; Amendment.** This Agreement constitutes the entire agreement between the Parties with respect to the Services and Products, and supersedes all previous negotiations, agreements, and commitments (written or oral) with respect thereto. If there is any inconsistency between the terms of this Agreement and the terms of any PO or documentation from Customer, the terms of this Agreement will prevail. If there is any inconsistency between the terms of this Schedule 1 and any other Attachment, the terms of such other Attachment (but only as related to the subject matter of such Attachment) will prevail. If there is any conflict between the BAA and this Master Agreement, the terms of the BAA will prevail (but only as related to the subject matter of such BAA). No amendment or modification will be binding upon the Parties unless in writing and duly executed by both Parties.

37. **Independent Contractors.** The Parties are independent contractors and nothing in this Agreement places the Parties in the relationship of employer and employee, principal and agent, partners, or joint venturers.

38. **Waiver; Illegality.** Any term or condition may be waived by the Party that is entitled to the benefit thereof, but only by an instrument in writing duly executed by the Party waiving such term or condition. The waiver by a Party of a right or of the failure to perform or a breach by the other Party will not be deemed a waiver of any other right hereunder or of any other failure or breach by such other Party, even if of a similar nature. The illegality or invalidity, in whole or in part, of any provision of this Agreement will not affect the validity of this Agreement or any other provision of this Agreement.

39. **Audit.** From time to time during the Term and for three (3) years thereafter, Zimmer Biomet will have the right (but not the obligation) to audit Customer's books, records, facilities, computers, and systems to confirm Customer's compliance with this Agreement and any records related to the Products or Services, including without limitation any damaged, contaminated, wasted, destroyed, recalled, or expired Products or Services. If any audit discloses a breach of this Agreement by Customer, Customer will be responsible for any additional Fees owed by Customer. By conducting a physical audit or examination pursuant to this Section, Zimmer Biomet will not assume any liability for violations of applicable law that Zimmer Biomet fails to discover, nor will Zimmer Biomet assume any obligation to remedy violations of applicable law that Zimmer Biomet discovers in such physical audit or examination. Customer agrees it will be solely liable for any violations of such applicable law.

40. **Counterparts.** This Agreement may be executed in the original or electronically in one or more counterparts, each of which will be deemed an original, but all of which will constitute one agreement.

EXHIBIT A to Schedule 1:
Warranties

Product Warranties. Unless otherwise set forth in the below table or specified in Zimmer Biomet's written materials pertaining to a particular Product, Zimmer Biomet warrants to Customer that Products purchased under this Master Agreement conform to Zimmer Biomet's published specifications ("**Specifications**") and are free from defects in workmanship and material at the time of shipment. If, upon inspection within a reasonable time after delivery and before implantation or use, Customer discovers a failure of a Product to conform to Specifications or a defect in material and workmanship, it must promptly notify Zimmer Biomet in writing.

The foregoing warranties, unless otherwise agreed by the Parties in a written addendum to this Master Agreement or expressly provided in the Specifications, shall extend for a period of one (1) year commencing on the date of shipment of the Product to Customer.

This warranty does not extend to or cover: (a) any product, components, or parts not manufactured or sold by Zimmer Biomet; (b) damage caused by use of any Product for purposes other than those for which it was designed as indicated in Zimmer Biomet's published materials; (c) damage caused by unauthorized attachments or modification; (d) any other abuse or misuse by Customer, its employees, representatives, contractors and agents; (e) any Zimmer Biomet Product where the Customer receives the Product from a person or entity that is not affiliated with or authorized by Zimmer Biomet, or (f) any Product after implanted into a patient.

Product/Service	Warranty
mymobility® SaaS Services **Joints™ System**	**Platform Limited Warranties.** Zimmer Biomet warrants to Customer that (a) the SaaS Services will function substantially in accordance with Zimmer Biomet's publicly available specifications for a period of the Term of the applicable SOW; and (b) Services will be performed in a professional manner consistent with the practices and standards of care generally accepted within Zimmer Biomet's industry. **Warranty Limitations.** Zimmer Biomet will have no liability for defects or non-conformances resulting from (a) unauthorized, improper or inadequate modification, maintenance or calibration by Customer or any third party; (b) Software, Services, and content provided by Third Party Contributors and any other software, hardware, interfacing, or supplies not supplied by Zimmer Biomet; (c) Customer's failure to comply with applicable specifications provided to Customer; (d) improper preparation or maintenance by Customer or a third party; or (e) any Customer Data. TO THE FULLEST EXTENT PERMITTED BY LAW, ZIMMER BIOMET AND THIRD PARTY CONTRIBUTORS DO NOT WARRANT THAT THE PLATFORM WILL MEET THE REQUIREMENTS OF CUSTOMER OR ANY USERS OR THAT THE OPERATION OR USE OF THE PLATFORM WILL BE UNINTERRUPTED OR ERROR FREE. WHILE ZIMMER BIOMET SHALL USE ITS REASONABLE EFFORTS TO MEET DEADLINES FOR PERFORMANCE OF ITS SERVICE OBLIGATIONS UNDER ANY SLA, TIME FOR SUCH PERFORMANCE SHALL NOT BE OF THE ESSENCE OF THE SLA AND ZIMMER BIOMET SHALL NOT BE LIABLE FOR ANY LOSS OR DAMAGE CAUSED BY DELAY IN PERFORMANCE UNDER THE SLA. EXCEPT FOR THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996, AS AMENDED, ZIMMER BIOMET MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, THAT THE PLATFORM MEETS ANY TECHNOLOGY, SECURITY, INFRASTRUCTURE OR PRIVACY SPECIFICATIONS AS MAY BE REQUIRED BY ANY STATE, FEDERAL OR INTERNATIONAL PRIVACY LAWS GOVERNING

	THE USE OF AUDIO OR VIDEO COMMUNICATION TECHNOLOGY FOR HEALTH CARE SERVICES. CUSTOMER SHALL BE SOLELY RESPONSIBLE FOR COMPLIANCE WITH ALL APPLICABLE STATE, FEDERAL, AND INTERNATIONAL LAWS AND ANY APPLICABLE THIRD-PARTY PAYOR REIMBURSEMENT REQUIREMENTS WITH REGARD TO ANY SERVICE PROVIDED UNDER An SLA OR CUSTOMER'S USE OF THE PLATFORM. IN NO EVENT SHALL ZIMMER BIOMET OR ANY THIRD PARTY CONTRIBUTOR BE LIABLE FOR CUSTOMER'S NON-COMPLIANCE WITH ANY LAW, RULE OR REGULATION OR ANY THIRD PARTY PAYOR REIMBURSEMENT REQUIREMENT RESULTING FROM CUSTOMER'S USE OF THE PLATFORM, INCLUDING, WITHOUT LIMITATION: (A) MEDICAL DOCUMENTATION REQUIREMENTS; (B) REQUIREMENTS RELATED TO THE USE OF AUDIO OR VIDEO COMMUNICATION TECHNOLOGY FOR HEALTH CARE SERVICES; (C) ORIGINATING AND DISTANT SITE REQUIREMENTS; OR (D) STATE OR NATIONAL LAW LICENSURE OR LOCATION REQUIREMENTS. CUSTOMER SHALL INDEMNIFY, DEFEND AND HOLD ZIMMER BIOMET AND THIRD PARTY CONTRIBUTORS HARMLESS FROM AND AGAINST ANY LOSS, CLAIM, DAMAGE, COST, EXPENSE (INCLUDING REASONABLE ATTORNEYS' FEES) OR LIABILITY ARISING OUT OF OR RELATING TO CUSTOMER'S USE OF THE PLATFORM.
Patient Base Stations	Zimmer Biomet disclaims all representations and warranties with regards to Patient Base Stations but will pass through to Customer all manufacturer warranties. The foregoing warranties shall extend for a period of one (1) year commencing on the date of shipment of the Patient Base Station to Customer. These manufacturer warranties survive termination or expiration of this Master Agreement.
ROSA	Unless otherwise specified in Zimmer Biomet's written materials, Zimmer Biomet warrants to Customer that Products purchased under this Agreement conform to Zimmer Biomet's published specifications ("**ROSA Specifications**") and are free from defects in workmanship and material at the time of shipment. The foregoing warranties, unless otherwise agreed by the Parties in a written addendum to this Agreement or expressly provided in the ROSA Specifications, shall extend for a period of one (1) year commencing on the date of shipment of the Product to Customer. This warranty may be cancelled: (a) in the event of unforeseen circumstances beyond Zimmer Biomet's control (acts of God) which do not engage Zimmer Biomet's responsibility (fire, floods, natural disasters, etc.); (b) if the Product has been moved to a different facility without Zimmer Biomet's prior knowledge; (c) if Customer has outstanding invoices with Zimmer Biomet; (d) if Customer misuses or abuses the Product; (e) if Customer's use of Product is non-conforming to Zimmer Biomet's Specifications; (f) if Customer attempts any unauthorized repairs or modifications; or (g) if Customer does not allow time-sensitive preventative or corrective maintenance.
OptiVu™	Zimmer Biomet disclaims all representations and warranties with regard to Product but will pass through to Customer all manufacturer warranties. Customer should contact Zimmer Biomet regarding any warranty claims, and Zimmer Biomet will coordinate Customer's making of its claim with the manufacturer. Zimmer Biomet disclaims any warranty coverage of the following (which may also void manufacturer warranties of third party-manufactured Products): (a) any

	product, components, or parts not manufactured or sold by Zimmer Biomet; (b) damage caused by use of any Product for purposes other than those for which it was designed as indicated in Zimmer Biomet's published materials; (c) damage caused by unauthorized attachments or modification; (d) Customer's failure to comply with all instructions for use, manuals, quick start guides, and other documentation provided with any Product, including improper storage, use, or cleaning of any product; (e) any other abuse or misuse by Customer, its employees, representatives, contractors and agents; (f) any Zimmer Biomet Product where the Customer receives the Product from a person or entity that is not affiliated with or authorized by Zimmer Biomet; or (g) any software application not provided by Zimmer Biomet or any damage resulting from the use thereof. Any warranty related to a Product may be cancelled: (a) in the event of unforeseen circumstances beyond Zimmer Biomet's control (acts of God) which do not engage Zimmer Biomet's responsibility (fire, floods, natural disasters, etc.); (b) if the Product has been moved to a different facility without Zimmer Biomet's prior knowledge; (c) if Customer has outstanding invoices with Zimmer Biomet; (d) if Customer misuses or abuses the Product; (e) if Customer's use of Product is non-conforming to Zimmer Biomet's specifications; (f) if Customer attempts any unauthorized repairs or modifications; or (g) if Customer does not allow time-sensitive preventative or corrective maintenance. THE FOREGOING WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, RELATING TO THESE OPTIVU PURCHASE TERMS OR THE PRODUCTS OR MATERIALS TO BE PROVIDED UNDER THESE OPTIVU PURCHASE TERMS, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. ALL SUCH OTHER WARRANTIES AND REPRESENTATIONS ARE HEREBY DISCLAIMED.

Customer Facilities

Sonoma Valley Hospital District d/b/a Sonoma Valley Hospital
347 Andrieux Street
Sonoma, CA 95476
10010185

Business Associate Agreement

This Business Associate Agreement (this "**BAA**") is entered into by and between Zimmer US, Inc., on behalf of itself and those of its affiliates providing services in connection with this BAA ("**Business Associate**") and Sonoma Valley Hospital District d/b/a Sonoma Valley Hospital ("**Covered Entity**") in order to comply with privacy, security, and breach notification provisions of the Health Insurance Portability and Accountability Act of 1996, Subtitle D of the Health Information Technology for Economic and Clinical Health Act of 2009, and the regulations promulgated under both laws, as amended from time to time (statutes and regulations collectively referred to as "**HIPAA**"). This BAA amends, supplements, and is made a part of the Master Agreement by and between Covered Entity and Business Associate, as the same may be amended from time to time (the "**Master Agreement**").

Recitals

WHEREAS, Covered Entity is a "covered entity" as that term is defined at 45 C.F.R. § 160.103.

WHEREAS, in connection with Business Associate providing services to Covered Entity pursuant to the Master Agreement, Business Associate may, on behalf of Covered Entity, create, receive, maintain, process, or transmit certain Protected Health Information ("**PHI**"), as such term is defined below.

WHEREAS, Covered Entity and Business Associate are required by HIPAA to enter into this BAA, which shall be applicable only if Business Associate meets, with respect to Covered Entity, the definition of "business associate" set forth at 45 C.F.R. § 160.103.

NOW, THEREFORE, in consideration of the mutual promises below and the exchange of information pursuant to this BAA, the parties agree as follows:

Statement of BAA

1. **Definitions**. Capitalized terms used, but not otherwise defined, in this BAA shall have the same meaning as those terms in HIPAA, with the exception of the following: (a) "Individual" shall have the meaning given to such term under 45 C.F.R. § 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g); (b) "PHI" shall have the meaning given to the term "protected health information" at 45 C.F.R. § 160.103, as applied to the information that Business Associate receives from, or receives, maintains, creates, processes, or transmits on behalf of Covered Entity in connection with the Master Agreement unless otherwise expressly agreed in writing by the parties; and (c) "Unsecured PHI" shall have the meaning given to the term "unsecured protected health information" at 45 C.F.R. § 164.402, as applied to PHI as defined herein.

2. **Compliance and Subcontractors**. Business Associate agrees that to the extent it receives, create, transmits, processes, or maintains PHI, Business Associate will comply with the requirements of this BAA with respect to such PHI. Business Associate will ensure that every subcontractor to whom Business Associate provides PHI will enter into a business associate agreement with Business Associate that includes comparable restrictions and conditions that are no less stringent as those set forth in this BAA. If Business Associate is required to carry out an obligation of Covered Entity under the Privacy Rule of HIPAA, 45 CFR Part 164, Subpart E, Business Associate will comply with applicable requirements of the Privacy Rule that apply to Covered Entity in the performance of that obligation.

3. **Use and Disclosure; Rights**. Business Associate agrees that it shall not use or disclose PHI except as permitted under this BAA and the Master Agreement or as allowed or Required by Law. Business Associate's use and disclosure of PHI shall comply with this BAA and the provisions of HIPAA applicable to business associates. Business Associate and its subcontractors may use or disclose PHI received or created by it: (a) to perform its obligations under the Master Agreement or this BAA; (b) to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in the Master Agreement; (c) to provide Data Aggregation services to or for Covered Entity as permitted by 45 C.F.R. § 164.504(e)(2)(i)(B); and (d) to

deidentify, within the meaning of 45 C.F.R. § 164.514, PHI and use such deidentified information in connection with the provision of the services, including improving algorithms and other software and products used to provide the services. Information that is deidentified in accordance with HIPAA shall no longer be considered PHI subject to this BAA and may be used by Zimmer Biomet and its subcontractors in its deidentified form for any lawful purpose. Business Associate and its subcontractors may also disclose PHI for the purpose of activities related to the quality, safety or effectiveness of a product or activity regulated by the U.S. Food and Drug Administration as permitted by 45 C.F.R. § 164.512(b)(iii). Business Associate and its subcontractors may use PHI to request an authorization for the use or disclosure of an Individual's PHI pursuant to 45 C.F.R. § 164.508. Business Associate and its subcontractors may use PHI to manage and administer its business or to carry out its legal responsibilities. Business Associate and its subcontractors may disclose PHI to manage and administer its business or to carry out its legal responsibilities if: (a) the disclosure is Required by Law, or (b) Business Associate or its subcontractor obtains reasonable assurances from the person to whom the information is disclosed that it will be held confidentially and used or further disclosed only as Required by Law or for the purpose for which it is disclosed to the person, and the person agrees to notify Business Associate or its subcontractor of any instances of which the person is aware that the confidentiality of the PHI has been breached. Covered Entity shall not ask Business Associate to use or disclose PHI in any manner that would not be permissible under HIPAA if done by Covered Entity, except as expressly set forth in this Section.

4. **Safeguards**. Business Associate agrees to use appropriate physical, administrative, and technical safeguards to prevent a use or disclosure of PHI other than as permitted or required by this BAA and, with respect to electronic PHI, Business Associate agrees to comply with the Security Rule as required by 45 CFR Part 164, Subpart C.

5. **Minimum Necessary**. To the extent required by HIPAA, Business Associate will limit any use or disclosure of, or request for, PHI to the minimum amount necessary to accomplish the intended purpose of the use, disclosure, or request.

6. **Report of Improper Use or Disclosure**. Business Associate shall report to Covered Entity information of which it becomes aware concerning a use or disclosure of PHI that is not permitted by this BAA and any Security Incident affecting PHI of which it becomes aware. The parties acknowledge and agree that this Section 6 constitutes notice by Business Associate to Covered Entity of the ongoing existence and occurrence or attempts of unsuccessful Security Incidents for which no additional notice to Covered Entity shall be required. "**Unsuccessful Security Incidents**" means, without limitation, pings and other broadcast attacks on Business Associate's firewall, port scans, unsuccessful log-on attempts, denial-of-service attacks, and any combination of the above, so long as no such incident results in unauthorized access to, or use or disclosure of, PHI.

7. **Individual Access**. To the extent Business Associate maintains PHI in a Designated Record Set and in accordance with an Individual's right to access their PHI under 45 CFR § 164.524, Business Associate shall make available PHI maintained in a Designated Record Set to Covered Entity to enable the Covered Entity to provide access to the Individual to whom that information pertains.

8. **Amendment of PHI**. To the extent Business Associate maintains PHI in a Designated Record Set, Business Associate shall make available for amendment PHI in a Designated Record Set and shall incorporate any amendments to PHI in a Designated Record Set in accordance with 45 CFR § 164.526 and in accordance with any process mutually agreed to by the parties.

9. **Accounting**. Business Associate agrees to document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to an Individual's request for an accounting of disclosures of their PHI in accordance with 45 CFR § 164.528. Business Associate agrees to make available to Covered Entity the information needed to enable Covered Entity to provide the Individual with an accounting of disclosures as set forth in 45 CFR § 164.528.

10. **Access to Books, Records, and Other Information**. Business Associate shall make available to the U.S. Department of Health and Human Services its internal practices, books, and records relating to the use and disclosure of PHI for purposes of determining the Covered Entity's compliance with HIPAA.

11. **Covered Entity Obligations**. Covered Entity will notify Business Associate of any limitation in the Covered Entity's notice of privacy practices, any restriction to the use or disclosure of PHI that Covered Entity has agreed to with an Individual, and any changes in or revocation of an authorization or other permission by an Individual, to the extent that such limitation, restriction, change, or revocation may affect Business Associate's use or disclosure of PHI related to such Individuals.

12. **Breach Notification**. Business Associate will, following the discovery of a Breach of Unsecured PHI, notify Covered Entity of such Breach within 15 business days after that discovery. The notice shall include the identification of each Individual whose Unsecured Protected Health Information has been, or is reasonably believed by Business Associate to have been, accessed, acquired, or disclosed during such Breach and other available information that the Covered Entity is required to include in a notification to the Individual pursuant to 45 C.F.R. § 164.404(c).

13. **Term**. This BAA shall take effect on the effective date of the Master Agreement, and shall continue in effect unless and until this BAA is terminated for cause pursuant to Section 14 below or the Master Agreement expires or is terminated in accordance with its terms.

14. **Termination for Cause**. Upon Covered Entity's determination of a breach of a material term of this BAA by Business Associate, Covered Entity shall provide Business Associate written notice of that breach in sufficient detail to enable Business Associate to understand the specific nature of that breach and afford Business Associate an opportunity to cure the breach; provided, however, that if Business Associate fails to cure the breach within thirty (30) days of receipt of such notice, Covered Entity may terminate this BAA and the Master Agreement.

15. **Effect of Termination**. Business Associate agrees that, upon termination of this BAA and upon the request of the Covered Entity, Business Associate shall return or destroy, to the extent feasible and reasonable, all PHI that Business Associate maintains and shall retain no copies of such information. The parties agree that it is not feasible to return or destroy PHI incorporated into aggregated data sets. Business Associate shall continue to limit uses and disclosures of any retained PHI to those permitted by this BAA, the Master Agreement, and as Required by Law. This Section shall survive the termination of this BAA.

16. **Data Portability**. Notwithstanding the foregoing, Business Associate and its subcontractors will not destroy PHI for which it has received patient consent or authorization for continued use or disclosure.

17. **Regulatory References**. A reference in this BAA to a section in HIPAA means the section as in effect or as amended at the time this BAA is executed or amended.

18. **Relationship of the Parties**. The parties to this BAA are independent contractors. None of the provisions of this BAA are intended to create, nor shall they be interpreted or construed to create, any relationship between Covered Entity and Business Associate other than that of independent contractors. Except as otherwise expressly set forth herein, neither party, nor any of its representatives, shall be deemed to be the agent, employee, or representative of the other party.

19. **No Third Party Beneficiaries**. This BAA is between the parties hereto. Nothing express or implied in this BAA is intended to confer, nor shall anything herein confer, any rights, remedies, obligations, or liabilities whatsoever upon any person other than Covered Entity and Business Associate and any respective successors and assigns.

20. **Conflicts**. The terms and conditions of this BAA will override and control any conflicting term or condition of the Master Agreement. All non-conflicting terms and conditions of the Master Agreement shall

remain in full force and effect. Any ambiguity in this BAA shall be resolved in a manner that permits compliance with HIPAA.

21. **Counterparts**. This BAA may be executed in the original or electronically in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one BAA.

Zimmer Biomet Product Purchase Terms

These Zimmer Biomet Product Purchase Terms ("**Zimmer Biomet PPA**") are entered into between Zimmer US, Inc., d/b/a Zimmer Biomet ("**Zimmer Biomet**"), and Sonoma Valley Hospital District d/b/a Sonoma Valley Hospital ("**Customer**"). Zimmer Biomet and Customer are individually referred to as a "**Party**" and collectively as the "**Parties**". This Zimmer Biomet PPA modifies the terms and conditions of the master agreement ("**Master Agreement**") between the Parties and applies to Customer's purchase of the products listed in Exhibit A to this Zimmer Biomet PPA. This Zimmer Biomet PPA shall be effective as of the Effective Date and shall continue for thirty-six (36) months. In the event of a conflict between any terms in This Zimmer Biomet PPA and the Master Agreement, This Zimmer Biomet PPA will control (but only as related to the subject matter herein).

Exhibits to Zimmer Biomet PPA

Exhibit A to the Zimmer Biomet PPA – Pricing, General Terms and Product Pricing
Exhibit B to the Zimmer Biomet PPA – Facilities Covered

Zimmer Biomet PPA Terms and Conditions

1. **F.O.B. Destination.** Unless otherwise agreed in writing by the Parties, Products will be delivered F.O.B. destination. Pricing does not include freight charges, taxes, or storage fees. Unless otherwise specifically excluded in a Schedule attached hereto, a minimum shipping fee of $40.00 may be added for each procedure in which Products are delivered via courier. Freight will be prepaid by Zimmer Biomet and added to the invoice as a charge to be paid by Customer. Title and risk of loss for Products, other than consigned products, shall transfer to Customer upon delivery.

Zimmer Biomet's representative will submit delivery documents for implant cases to Customer's purchasing department within twenty-four (24) hours after surgery, and Customer will submit a purchase order within forty-eight (48) hours after receipt of the delivery documents for the implant case. Customer will pay $100.00 for each PO submitted more than three days after the date of surgery.

2. **Pricing.** The product categories (the "**Products**") covered by this Zimmer Biomet PPA and corresponding prices for the Products under this Zimmer Biomet PPA are described on Exhibit A to Zimmer Biomet PPA. These prices account for discounts off of Zimmer Biomet's current price list and reflect a discount for payment in immediately available funds, check or electronic funds transfer. In fulfilling the terms and conditions of this agreement, Zimmer Biomet shall not pay costs, fees, or other charges, not included in this agreement. Pricing under this Zimmer Biomet PPA is to be held firm for the first year of the agreement, thereafter pricing will increase three percent (3%) per year, provided that no Product shall be priced at less than cost.

3. **Facilities Covered.** Zimmer Biomet shall provide the Products to Customer and its facilities, if any, listed in Exhibit B to Zimmer Biomet PPA.

4. **Consigned Products.** In the event that Products, instruments, or equipment are held with Customer the Zimmer Biomet Consignment Terms and Conditions shall apply, subject to any subsequent written consignment agreement executed by the Parties specific to particular Products and if no separate consignment agreement is executed, Zimmer Biomet's standard consignment terms and conditions will apply.

Exhibit A to Zimmer Biomet PPA
Pricing, General Terms and Product Pricing

Products:

Pricing: Included in the attached price file, below

Revision Pricing: Revisions (excluding Salvage, Oncology Products, Trabecular Metal Products, and custom products) will be billed at 45% off prevailing list. Revision implants are not included in procedural caps due to the unpredictable nature of implant needs for such procedures.

Salvage and Oncology Products, which include Rotating Hinge Knee, MOST and Zimmer Segmental System, will be billed at 45% off prevailing list.

Wasted Products: Products considered "wasted," "opened but unused," "opened in error," or "trialed in error" by the surgeon or other employee or agent of Customer will be billed at the lesser of 45% off the prevailing list price, or the agreed-upon price in this Exhibit. Provided, however, that the price shall not be less than cost.

Consumables: Consumables products such as, saw blades, drill bits, drill & pin set, special fixation screws used as instrumentation, pins, bone cement, disposable instruments, etc., are not included in the procedure price. Pricing for consumables will be discounted at 45% off prevailing list.

Instrumentation: If Customer requests standard non-disposable instruments necessary to perform a case (collectively, "**Instrumentation**") Zimmer Biomet shall provide the Instrumentation with no additional charge, except: (a) disposable instruments and optional or additional instrumentation, for example, patient specific instruments, rigid trays and computer navigation equipment are subject to additional charges; (b) if Customer requests that Instrumentation be delivered more than twenty-four (24) hours, but less than forty-eight (48) hours before a scheduled case, a $100.00 fee will be assessed; (c) if Customer requests that Instrumentation be delivered more than forty-eight (48) hours before a scheduled case, a $200.00 fee will be assessed; and (d) if Customer's initial request for Instrumentation is less than forty-eight (48) hours before a scheduled case, a $200.00 fee will be assessed. Fees will be assessed for each instrument set requested, regardless as to whether the instrument set was used or not.

Upon reasonable advance notice from Customer and in the event that Customer demonstrates a need for additional Instrumentation based upon excess case volume, Zimmer Biomet will provide additional Instrumentation on a temporary basis as appropriate. If Customer requests more than one instrument case for a procedure, Customer will pay a fee of $100.00. Zimmer Biomet will upgrade Instrumentation as upgrades become available. Instrumentation shall at all times remain the property of Zimmer Biomet and Customer accepts the risk of loss for missing or damaged Instrumentation, reasonable wear and tear excepted. Lost, damaged, or missing Instrumentation shall be invoiced to Customer at then prevailing list price less 45%, provided that Zimmer Biomet must not be required to sell any Product below Zimmer Biomet's cost. Upon termination of this Agreement, such Instrumentation shall be returned to Zimmer Biomet at the sole expense of Zimmer Biomet.

Cancelled Cases.

a. **For All Cases.** If, within 24 hours of any scheduled procedure, Customer cancels its order, in whole or in part, Customer shall be liable to Zimmer Biomet for reasonable cancellation charges, with a minimum charge of $100.00. Additional Charges may include, but are not limited to, all costs and expenses incurred by Zimmer Biomet in connection with procuring, filling, and cancelling Customer's purchase order as well as return shipping charges.

b. **Additional Procedures for Cases with Canary Base Stations**. Products may include, without limitation, Implants, patient Canary base stations ("**Patient Base Stations**") and operating room Canary base stations ("**OR Base Stations**"). In the event a surgery is cancelled for which Customer has provided a patient with a Patient Base Station, Customer will provide Zimmer Biomet with notice of such

cancellation promptly but no later than twenty-four (24) hours after the cancellation. Customer will make a good faith effort to ensure that the Patient Base Station is returned to Zimmer Biomet or any other third party as directed by Zimmer Biomet.

PPE: Customer shall supply, without charge, any necessary and required personal protective equipment to Zimmer Biomet's representatives when such representatives are required to be on site at a Customer facility.

Product Price Export attached.

New-Recon-Local-Sole Source.xlsx

Sole Source Commitment

For Customer to retain the pricing indicated on Exhibit A, Customer must purchase from Zimmer Biomet at least 90% of hips, knees, shoulders, and cement products. ("**Sole Source Commitment**"). Within thirty days after the end of the contract quarter, Customer shall provide Zimmer Biomet sufficient documentation as Zimmer Biomet may require to calculate whether Customer has met its Sole Source Commitment. After Zimmer Biomet receives documentation from Customer, Zimmer Biomet shall determine whether Customer has met this Sole Source Commitment. If Customer has met its Sole Source Commitment, then pricing shall continue at the same level. If the Customer falls short of the Sole Source Commitment, but is within 5%, Customer will have 90 days to return to compliance. If (1) after the 90 days compliance has not been re-established, (2) Customer does not meet the Sole Source Commitment initially, or (3) Customer does not provide the Sole Source Commitment documentation, then pricing for the Products shall increase 10% for the remainder of the Agreement, including any extensions, after Zimmer Biomet provides 30 days' notice to the Customer.

Rebate

This rebate shall be effective on the first day of the month following the Effective Date and continue for a period of five (5) years. The term "**Contract Year**" means the 12-month period beginning with the first month for which this rebate is in effect, and each 12-month period beginning with the corresponding month in subsequent calendar years.

Zimmer Biomet shall provide Customer the opportunity to earn a rebate for net purchases of cement, disposable computer assisted solutions, early intervention (except hyaluronic products), extremities, foot & ankle, hip, knee, lower trauma, sports medicine, surgical disposable products, and upper trauma products from Zimmer Biomet, net of returns, shipping, fees, and other reductions in price ("**Total Purchases**") as outlined below.

The **Baseline** for each Contract Year shall be $500,000.00 in Total Purchases. Purchases in excess of the Baseline for each Contract Year are **Excess Purchases**. Excess Purchases shall be categorized into tiers as shown in Table 1 ("**Tiers"**), with the first $500,000.00 of Excess Purchases in Tier 1, the second $500,000.00 of Excess Purchases in Tier 2, and any remaining amounts of Excess Purchases in Tier 3. Each Tier is noncumulative.

If Customer exceeds the Baseline in a given Contract Year, Customer will earn a rebate of the Excess Purchases multiplied by the applicable Rebate Percent for each Tier.

Table 1

	Excess Purchases	Rebate Percent
Tier 1	$0.01 - $500,000.00	3%
Tier 2	$500,000.01 - $1,000,000.00	6%
Tier 3	$1,000,000.01+	9%

As an example, if Customer's Total Purchases are $1,200,000.00 in a Contract Year, Customer's Excess Purchases are $700,000.00 ($1,200,000.00 - $500,000.00). The first $500,000.00 of the Excess Purchase falls into Tier 1, so Customer will earn a rebate of $15,000.00 ($500,000.00 * 3%). The remaining $200,000.00 of Excess Purchases fall into Tier 2, so Customer will earn a rebate of $12,000.00 ($200,000.00 * 6%). Customer will earn a total rebate of $27,000.00.

If Customer does not earn a rebate during a Contract Year, Zimmer Biomet may eliminate the rebate program with written notice to Customer.

Procedure

Zimmer Biomet shall issue the rebate in the form of a credit each Contract Year within forty-five days after Customer pays the invoices to which the rebate relates, and the rebate requirements have been met. Should Customer terminate this Agreement without cause any time before the end of the Contract Year, then Customer shall not earn a rebate for that Contract Year or thereafter.

Customer is required to issue purchase orders to Zimmer Biomet within three business days of each use of the Product and remain current on all accounts payable in order to receive rebate. In the event that Customer does not consistently provide purchase orders within three business days, Zimmer Biomet reserves the right to withhold earned rebates until the issue is satisfactorily resolved. In the event that Customer does not remain current on all accounts payable to Zimmer Biomet, Zimmer Biomet reserves the right to withhold earned rebates until all Customer's accounts payable are made current and/or at Zimmer Biomet's discretion, apply earned rebates as payment on past due accounts.

Assignment

Neither party may assign its rights and obligations pursuant to the rebate to any third party without the express prior written consent of the other party; provided, however, that Zimmer Biomet may assign or delegate all or any part of its rights and obligations pursuant to the rebate without the need for Customer's consent to any subcontractor or affiliate of Zimmer Biomet or, in the event of a merger, acquisition, change of control, reorganization or sale of substantially all of Zimmer Biomet's assets, to Zimmer Biomet's successor.

Reporting Requirement

If Customer is an institution required to file Medicare/Medicaid cost reports with Federal or State Agencies for Payment, Customer represents and warrants that it will comply with all obligations under Federal Law, to fully and accurately Report all discounts and rebates received, in its cost reports. (Public Law 100-93, the "Medicare and Medicaid Patient and Program Protection Act of 1987," 42 (CBR Part 1001). Additionally, Customer represents and warrants that it will comply with all legal requirements reporting costs to private reimbursement companies.

Entire Understanding

This agreement sets forth the complete understanding of the parties involved, regarding the rebate. The rebate claim or any amount paid to Customer may not be transferred or assigned to any third party, including any physician or physician group. The parties agree that the terms and conditions of this rebate take precedence over any prior agreement.

Rebate Contact Information

For Customer to receive information about rebates in a timely manner, Customer must completely fill out the following Rebate Contact Information designating the department and address where the rebate information will be sent.

Customer: _____

Department: _____

Mailing Address: _____

Attn: _____

Telephone Number: _____

Email Address: _____

Exhibit B to the Zimmer Biomet PPA

Facilities Covered

Sonoma Valley Hospital District d/b/a Sonoma Valley Hospital 347 Andrieux Street Sonoma, CA 95476 Account # 10010185

ROSA® Product Terms

These ROSA Product Terms ("**ROSA Product Terms**") are entered into between Zimmer US, Inc. ("**Zimmer Biomet**"), and Sonoma Valley Hospital District d/b/a Sonoma Valley Hospital ("**Customer**"). Zimmer Biomet and Customer are individually referred to as a "**Party**" and collectively as the "**Parties**".

The Parties intend these ROSA Product Terms to modify the terms and conditions of that certain master agreement ("**Master Agreement**") being executed by the Parties simultaneously herewith.

These ROSA Product Terms apply to Customer's purchase of the products listed on the Exhibit A to ROSA Product Terms. These ROSA Product Terms shall be effective as of the date of the last to sign of the Parties and shall continue for thirty-six (36) months. In the event of a conflict between any terms in these ROSA Product Terms and the Master Agreement, these ROSA Product Terms will control (but only as related to the subject matter herein).

Exhibit to ROSA Product Terms

Exhibit A to the ROSA Product Terms – Pricing

ROSA Product Terms and Conditions

1. **F.O.B. Destination.** Unless otherwise agreed in writing by the Parties, Products will be delivered F.O.B. destination. Pricing does not include freight charges, taxes or storage fees. Freight will be prepaid by Zimmer Biomet and added to the invoice as a charge to be paid by Customer. Title and risk of loss for Products, shall transfer to Customer upon delivery; however, no Products shall be deemed to have been accepted by Customer until they shall have been inspected and, where appropriate, duly installed and tested to the reasonable satisfaction of Customer.

2. **Pricing.** The product categories (the "**Products**") covered by the ROSA Product Terms and corresponding prices for the Products under this are described on Exhibit A to the ROSA Product Terms. These prices account for discounts off of Zimmer Biomet's current price list and reflect a discount for payment in immediately available funds, check or electronic funds transfer. In fulfilling the terms and conditions of this agreement, Zimmer Biomet shall not pay costs, fees, or other charges, not included in this agreement.

3. **New Technology.** To the extent applicable, new or next generation technology (technology that is not in the current product catalog or has not received FDA approval as of the date of this Agreement) shall be mutually negotiated and agreed upon prior to use.

4. **Software.** To the extent that Zimmer Biomet's proprietary or licensed software ("**Software**") is included on Exhibit A to the ROSA Product Terms or is incorporated in any of the Products, Zimmer Biomet hereby grants to Customer, while this Agreement is in effect, a revocable, royalty free, right and license to use the Software solely in accordance with the terms and conditions herein. Customer shall not copy, modify, make derivatives from and/or use the Software for any other purpose other than those purposes expressly permitted herein. Customer acknowledges that the Products and Software may include automated features that track and log utilization and operation of the Products, Software and Services (as such term is defined on Schedule 3) (the "**Log Information**"), and that the Log Information will be accessible by, and transmitted to, Zimmer Biomet in connection with Zimmer Biomet's provision and support of the Products, Software and Services and its ordinary business purposes, including to meet obligations imposed by the U.S. Federal Food and Drug Administration ("**FDA**") and similar international regulatory bodies in connection with adverse events, product complaints, and post-marketing surveillance. **"Software"** means (i) the object code version of any Zimmer Biomet proprietary or licensed software product specified by a Purchase Order or this Agreement, (ii) all updates thereto provided by Zimmer Biomet or its supplier in the performance of this Agreement, (iii) any customized features and functions provided by Zimmer Biomet pursuant to this Agreement, and (iv) all related Documentation. "Software" does not include third party software except as expressly provided by this Agreement.

5. **Maintenance and Support.** Installation is carried out by Zimmer Biomet's authorized staff and the cost is included in the price of the Product. In the event that Customer wishes for Zimmer Biomet to provide maintenance and professional services ("**Services**") for the Products after the first contract year, the Parties hereto shall enter into a separate ROSA Services Terms prior to Zimmer Biomet providing such Services.

6. **Training and Assistance.** After the Product has been installed, training on its use will be provided to the surgeons and operating staff and the cost is included in the price of the Product.

Exhibit A to the ROSA Product Terms
Pricing

ITEM #	ITEM DESCRIPTION	UM	BOX QYT	ORDER	LIST PRICE	UNIT PRICE	Discount	Net
ROSA Knee System								
20-8020-100-01	ROSA KNEE PLATFORM	1	1	1	$ 1,300,000.00	$ 780,000.00	40%	$ 780,000.00
	ROSA KNEE OPTICAL UNIT					INCLUDED		INCLUDED
	ROSA KNEE SOFTWARE					INCLUDED		INCLUDED
	ROSA KNEE SOFTWARE UPGRADE					INCLUDED		INCLUDED
	CLINICAL PC					INCLUDED		INCLUDED
20-8020-080-02	ROSA PROTECTION COVER	1	1	1	$ 1,500.00	$ -	100%	INCLUDED
Software								
20-8060-400-01	ROSA HIP FLUORO SOFTWARE	1	1	1	$ 300,000.00	$ 150,000.00	50%	$ 150,000.00
TOTAL Capital								**$ 930,000.00**
Instrument Kits								
General								
KT-8020-050-00	ROSA KNEE GENERAL INSTRUMENT KIT	1	1	2	$ 21,430.00	$ -	100%	INCLUDED
TKA								
KT-8020-060-04	ROSA KNEE PERSONA V1.4 KIT (ROSAPSN4)	1	1	2	$ 18,828.25	$ -	100%	INCLUDED
Hip								
KT-4444-100-00	ROSA HIP IMPACTION INSTRUMENT KIT	1	1	1	$ 9,977.50	$ -	100%	INCLUDED
KT-4444-100-01	ROSA HIP TABLET KIT (ROSAHT)	1	1	1	$ 8,550.54	$ -	100%	INCLUDED
KT-4444-100-02	ROSA HIP ANTENNA AND SENSOR KIT (ROSAHAS)	1	1	1	$ 18,933.00	$ -	100%	INCLUDED
TOTAL Instrument Kits								**$ -**
X-PSI Calibration Kit								
20-8085-020-00	X-PSI Calibration Kit	1	1	1	$ 195.00	$ -	100%	INCLUDED
Service								
MANUFWARRK1	Standard Warranty + Preventative Maintenance, ROSA Knee Year-1	1	1	1	$ 10,000.00	INCLUDED WITH PURCHASE		
Shipping								
Shipping	INCO Term DAP	1			$ 10,000.00	$ 4,999.00	50%	BILLED SEPARATELY
							TOTAL	**$ 930,000.00**

Actual pricing to be agreed upon purchase.

ROSA® Service Terms

These ROSA Service Terms ("**ROSA Service Terms**") are entered into between Zimmer US, Inc. ("**Zimmer Biomet**"), and Sonoma Valley Hospital District d/b/a Sonoma Valley Hospital ("**Customer**"). Zimmer Biomet and Customer are individually referred to as a "**Party**" and collectively as the "**Parties**".

The Parties intend to modify the terms and conditions of that certain master agreement ("**Master Agreement**") being executed by the Parties simultaneously herewith to add these ROSA Service Terms.

These ROSA Service Terms apply to Customer's purchase of the maintenance, data services, and support described herein ("**Services**") associated with the products listed on Exhibit A (the "**Product**") to the ROSA Service Terms. These ROSA Service Terms shall be effective as of the date of the last to sign of the Parties the "**Effective Date**") and shall continue for a period of thirty-six (36) months (the "**Term**"). In the event of conflict(s) between any terms in these ROSA Service Terms and the Master Agreement, these ROSA Service Terms will control said conflict(s).

Exhibits to the ROSA Service Terms

Exhibit A to the ROSA Service Terms – Product Covered
Exhibit B to the ROSA Service Terms – 2024 ROSA Service Price List
Exhibit C to the ROSA Service Terms – Hip Addendum (if applicable)

ROSA Service Terms and Conditions

1. **Business Associate Agreement.** The Parties shall execute the Business Associate Agreement (the "**BAA**") attached in the Master Agreement. Any creation, receipt, transmission or maintenance of Protected Health Information by Zimmer Biomet on behalf of Customer pursuant to this Agreement, including the provision of technical support, data services (including providing insights to Customer for its healthcare operations and to assist Customer in treatment), and maintenance services will be subject to that executed BAA. Notwithstanding the foregoing, Customer hereby directs Zimmer Biomet to disclose the Adverse Event Data to Zimmer Biomet's adverse event tracking function, and the Parties acknowledge and agree that such Adverse Event Data shall not be Protected Health Information and shall not be governed by the Business Associate Agreement.

2. **Description of Services.** The Services shall be performed solely by Zimmer Biomet's technical staff or Zimmer Biomet's authorized agents. Maintenance services shall not be provided on any other products or equipment not sold or installed by Zimmer Biomet or on any modifications or customizations made to the original Product by the Customer**.**

The Services include the following:

- Preventive maintenance visits performed annually as required by Zimmer Biomet. Each visit includes the following:
  - Functional checks; and
  - Planned maintenance and warranty.
- Virtual technical support response within twenty-four (24) hours or less.
- On-site response within three (3) business days of receiving notification of request.
- Corrective maintenance of the Product including any required replacement parts, excluding consumable items.
- Hotline available on workdays from 7:00 am to 7:00 pm Eastern Time by phone to: 1 (855) 767-2268.
- All travel and related expenses to and from the Customer site.

The following are not included as part of the offered Services ("**Excluded Services**"):

- Work or repairs performed on non-original Product and any modifications or customizations made to the

original Product by the Customer.

- Work or repair related to moving or transporting the Product requested by the Customer, including recalibrations.
- Work or repairs related to modifications or customizations made to the original Product requested by the Customer.
- Work, repairs, preventive or corrective maintenance, rebooting of the Product due to negligence, non-conforming use, experimental use, improper use; and unauthorized personnel use.
- Work, repairs, preventive or corrective maintenance, rebooting of the Product due to environmental actions such as fire, floods or any other acts of God.

If applicable, Exhibit C provides Services and Excluded Services included in the hip module.

3. **Software Updates.** The Services include installation and updates to software purchased by Customer. Software updates are released by Zimmer Biomet and designed to improve the functionality of the Product.

4. **Additional Conditions.** Maintenance and repairs are performed during Customer's regular business hours Monday through Friday.

After each act of maintenance or repair, a report will be submitted to the Customer detailing the work performed on the Product at the Customer's facility. The Customer is required to sign and return a copy of the report to the Zimmer Biomet technician or authorized agent.
Zimmer Biomet reserves the right to suspend all work performed under this contract if:

- The Product has been tampered with by non-Zimmer Biomet personnel;
- The Product has been moved to a different location without Zimmer Biomet's prior knowledge; or
- The Customer has outstanding invoices with Zimmer Biomet.

5. **Termination.** For ROSA Product(s) purchased by Customer, these ROSA Service Terms may be cancelled by Customer with respect to only such ROSA Product(s) by providing written notice to Zimmer Biomet at least four (4) months prior to the annual anniversary of the Effective Date indicating the desire of such Party to terminate. Zimmer Biomet shall have the right to terminate these ROSA Service Terms by providing Customer written notice at least four (4) months prior to the annual anniversary of the Effective Date indicating the desire of such Party to terminate.

6. **Costs.** The annual cost of the Services shall be provided in Exhibit A and payable net thirty (30) days from date of invoice.

7. **Loaner Units.** If Product covered under these ROSA Service Terms that cannot be performed onsite at Customer or requires more than 72 hours of downtime, Zimmer Biomet will issue a return goods authorization ("**RGA**"). While Product is under RGA, Customer may request in writing to receive a loaner unit ("**Loaner Unit**") from Zimmer Biomet. Upon approval of Zimmer Biomet, Zimmer Biomet will provide a Loaner Unit to Customer until Product is repaired or replaced. Zimmer Biomet will repair and return ship the Product to Customer in a reasonable amount of time not to exceed thirty (30) days or replace if it cannot be repaired.

Upon Customer's receipt of repaired Product, Customer will allow Zimmer Biomet to pick up the Loaner Unit within forty-eight (48) hours. If Customer does not provide Zimmer Biomet access to the Loaner Unit within thirty (30) days of receiving the Product, Customer agrees to pay an extended usage fee of fifteen thousand dollars ($15,000.00) due upon receipt of Zimmer Biomet's invoice. If Customer does not provide Zimmer Biomet access to the Loaner Unit within sixty (60) days of receiving the Product, Customer agrees to pay a second extended usage fee of fifteen thousand dollars ($15,000.00) due upon receipt of Zimmer Biomet's invoice. If Customer does not make the Loaner Unit available after ninety (90) days from Customer's receipt of Product, Customer agrees to pay for the replacement value of the Loaner Unit less the invoiced and paid extended usage fees. Zimmer Biomet will transfer title to Customer on an "AS IS, WHERE IS" basis without recourse to or warranty from Zimmer Biomet.

8. **Request for Services Outside of the ROSA Service Terms.** Customer shall submit a written request to Zimmer Biomet for any Excluded Services.

Zimmer Biomet will respond to all written requests made by Customer for repairs, preventive and corrective maintenance, rebooting of the Product, and other services not covered by the ROSA Service Terms within five (5) business days.

Exhibit A to the ROSA Service Terms
Product Covered

ROSA Robot Serial Number _____

	Installation Date	Services Commencement Date
Total Knee		1 YEAR AFTER INSTALLATION
Hip		(SAME AS TOTAL KNEE)

Annual cost of Services for years 2-3 is $85,000.00.

Total Cost

Costs. The annual cost of the Services shall be $85,000.00. Payment is due net thirty (30) days from date of invoice.

Exhibit B to the ROSA Service Terms
2024 ROSA Service Price List

Time and Material Pricing

Time and Material rates apply to Customers who are off contract or to Customers who request support that is not covered under the ROSA Service Terms. All off contract services require a quote and purchase order in advance of the planned event. Parts and labor will be billed separately. Rates are inclusive of travel and expenses and are subject to change at any time without notice.

Call Support *Technical Support Call Center*	**Standard Rate‡** *7:00AM – 4:00PM*	**Premium Rate** *4:00PM – 7:00AM* *Weekends, Holidays*	**Preventative Maintenance Visit** *Estimate*
Free of charge	$800 / Hour	$1,200 / Hour	$20,000

‡Minimum charge for an on-site visit is $8,000.

Please contact ROSA Technical Support at (855) ROSA-BOT / (855) 767-2268 or your local representative to schedule service for your Zimmer Biomet ROSA robot(s).

Exhibit C to the ROSA Service Terms
Hip Addendum

The hip application includes the following hip products ("**Hip Product**") in the table below:

Description	Serial Number	Quantity
ROSA Tablet	20-8060-400-00	1
Tablet Power Supply	20-8060-401-00	1
Tablet Battery	20-8060-402-00	2
Tablet Battery Bay	20-8060-403-00	1
Tablet Power Cord Type (B)	20-8060-400-03	1

The hip application includes the following hip services ("**Hip Services**"):

- Tablet
  - Defects due to a manufacturing issue
  - Accidental damage to ROSA Tablet – two (2) covered events during the ROSA Service Terms
  - Replacement of Batteries and Power Cords
  - Calibration of the Product
  - Functional checks
  - Planned maintenance and warranty

The following are not included as part of the offered Hip Services ("**Hip Excluded Services**"):

- Work or repairs performed on non-original Hip Product and any modifications or customizations made to the original Hip Product by the Customer.
- Work or repair related to moving or transporting the Hip Product requested by the Customer, including recalibrations.
- Work or repairs related to modifications or customizations made to the original Hip Product requested by the Customer.
- Work, repairs, preventive or corrective maintenance, rebooting of the Hip Product due to negligence, non-conforming use, experimental use, improper use; and unauthorized personnel use.
- Work, repairs, preventive or corrective maintenance, rebooting of the Hip Product due to environmental actions such as fire, floods or any other acts of God.

ROSA® PLACEMENT AGREEMENT

Sonoma Valley Hospital District d/b/a Sonoma Valley Hospital
347 Andrieux Street
Sonoma, CA 95476
ZB Account # 10010185

This ROSA® Placement Agreement (the "**Placement Agreement**") is entered into between Sonoma Valley Hospital District d/b/a Sonoma Valley Hospital ("**Customer**"), and Zimmer US, Inc. ("**Zimmer Biomet**"). Zimmer Biomet and Customer are individually referred to as a "**Party**" and together as the "**Parties**". This Placement Agreement shall be effective from the date of the last signature of the Parties and shall end three (3) years after the first day of the month following installation of the Equipment ("**Placement Term**"). At the end of the first Contract Year of the Placement Term, Customer shall have the one-time option to terminate this Placement Agreement if a ROSA certified physician who consistently performs procedures using the ROSA should sever their relationship with the Customer, by providing no less than sixty (60) days prior written notice to Zimmer Biomet. Termination, for any cause, is subject to the equipment return provision in Section 9(b) herein. Customer's notice of termination does not relieve it of its obligation to make a prorated MPC during the applicable Commitment Period, up to and including the date of termination. This Placement Agreement is null and void if board approval is not received in December.

This Placement Agreement is further subject to the terms and conditions of the Master Agreement. If there is any conflict between this Placement Agreement and the Master Agreement, the terms of this Placement Agreement will prevail (but only as related to the subject matter herein).

The Parties agree as follows:

If Customer performs the number of procedures set forth in Section A below (the minimum purchase commitment, or "**MPC**"), using ROSA hip or knee implants and ROSA disposables ("**Products**"), Customer's purchases will fully compensate Zimmer Biomet for the installation and use of the Equipment identified in Section B ("**Equipment**"). "**Contract Year**" means the 12-month period beginning with the first month for which this Placement Agreement is in effect, and each twelve-month period thereafter.

Section A: Procedures

Item Description	MPC
ROSA® KNEE & HIP CASES	124

Section B: Equipment

Part #	Zimmer Product Description	Quantity
20-8020-100-01	ROSA KNEE PLATFORM US PL B	1
MANUFWARRK1	ONE (1) YEAR WARRANTY ON ROSA ROBOT FROM INSTALLATION	1
20-8020-080-02	ROSA PROTECTION COVER	1
KT-8020-060-04	ROSA KNEE PERSONA V1.4 KIT (ROSAPSN4)	2
20-8085-020-00	X-PSI CALIBRATION KIT	1
KT-8020-050-00	ROSA KNEE GENERAL INSTRUMENT KIT	2
KT-8020-060-04	ROSA KNEE PERSONA V1.4 KIT (ROSAPSN4)	2
20-8060-400-01	ROSA HIP FLUORO SOFTWARE	1
KT-4444-100-00	ROSA HIP IMPACTION INSTRUMENT KIT	1
KT-4444-100-01	ROSA HIP TABLET KIT (ROSAHT)	1
KT-4444-100-02	ROSA HIP ANTENNA AND SENSOR KIT (ROSAHAS)	1

1. Zimmer Biomet shall invoice Customer for Products as they are ordered by Customer. Zimmer Biomet shall evaluate Customer's purchases annually ("**Commitment Period**"). At the end of each Commitment Period, Zimmer Biomet shall determine whether Customer has met the MPC. If not, Customer will be invoiced $1,250.00 for each procedure below the MPC. Zimmer Biomet will act in good faith to compliantly modify the term of applicable Commitment Period and the Term of the Placement Agreement in the event a product line recall relating to the Equipment rends the Equipment unusable during the period of any such recall. Additionally, for Customer to retain the pricing for the Products, Customer must perform at least 80% of its robotic hip or knee procedures using the ROSA and applicable Products ("**Sole Source Commitment**"). Within thirty days after the end of the contract quarter, Customer shall provide Zimmer Biomet sufficient documentation as Zimmer Biomet may require to calculate whether Customer has met its Sole Source Commitment. After Zimmer Biomet receives documentation from Customer, Zimmer Biomet shall determine whether Customer has met this Sole Source Commitment. If Customer has met its Sole Source Commitment, then pricing shall continue at the same level. If the Customer falls short of the Sole Source Commitment, but is within 5%, Customer will have 90 days to return to compliance. If (1) after the 90 days compliance has not been re-established, (2) Customer does not meet the Sole Source Commitment initially, or (3) Customer does not provide the Sole Source Commitment documentation, then the MPC shall be increased by 10% for each subsequent Contract Year.

2. In accordance with the discount safe harbor to the federal anti-kickback statute (42 C.F.R. § 1001.952(h)), Customer agrees to fully and accurately report all amounts paid and rebates earned hereunder to Medicare, Medicaid and all other federal and state health care programs and third-party payors as required by applicable law or agreement and to provide copies of this Placement Agreement and all other applicable documentation and invoices to representatives of these programs and third-party payors upon their request.

3. Title to the Equipment shall remain with Zimmer Biomet at all times during the Placement Term. Customer shall not encumber the Equipment in any way, and further shall not remove the Equipment from Customer's place of business without first obtaining written consent of Zimmer Biomet. Notwithstanding the foregoing, Customer hereby grants to Zimmer Biomet a security interest in the Equipment as security for all Customer's liabilities and obligations hereunder.

4. The following events shall constitute a default under this Placement Agreement ("**Event of Default**"): (a) Customer violates any of the provisions under this Placement Agreement; (b) Customer fails to make any payment within ten (10) days of its due date; or (c) if any of the following actions or proceedings are not dismissed within sixty (60) days after commencement: (i) Customer's dissolution, insolvency, becoming the subject of a petition in bankruptcy, or involvement in any other proceeding under federal bankruptcy laws; (ii) Customer makes an assignment for benefit of creditors; or (iii) Customer is named in a suit for the appointment of a receiver. Following an Event of Default, Zimmer Biomet may exercise concurrently, or separately, without notice to Customer , any of the following remedies: (a) repossess the Equipment; (b) terminate the Placement Agreement; and (c) declare the Balance Remaining immediately due and payable. "**Balance Remaining**" is defined as any and all amounts due and payable but not yet paid, plus fair market value of Equipment, less any recoveries due to repossession, if applicable. Customer agrees to pay all of Zimmer Biomet's costs of enforcing Zimmer Biomet's rights against Customer, including attorneys' fees and court costs.

5. Customer agrees to accept, take delivery of, store, and ensure that the Equipment is maintained in good repair, condition and in proper working order by entering into and maintaining a service agreement between the parties, use said Equipment as medically indicated and agrees to take full legal and financial responsibility for any and all loss, damage, or destruction of said Equipment while in Customer's possession until the Equipment is returned to Zimmer Biomet.

6. Provided Customer is not in breach of this Placement Agreement, Customer shall be entitled to all Equipment warranties offered by Zimmer Biomet. Customer's sole remedy for breach of any Equipment warranty shall be against Zimmer Biomet. The warranty for the Equipment shall begin on the date of installation and shall continue for one year thereafter.

7. Intentionally omitted.

8. Customer agrees to permit Zimmer Biomet entry into the premises where Equipment supplied hereunder is stored, from time to time. Such entry shall occur during normal business hours for the purpose of inspecting

and inventorying such Equipment and removing Equipment if Customer fails to meet its obligations under this Placement Agreement.

9. No less than thirty (30) days prior to the end of the Placement Term, Customer will elect to: (a) purchase all, but not less than all, of the Equipment at the then fair market value ("**Fair Market Value**"); (b) return the Equipment to Zimmer Biomet by making it available for pick-up within forty-eight (48) hours of termination and shall pay all assessable fees for expenses, loss, theft or damage as outlined in this Placement Agreement; or (c) execute an extension or alternative acquisition solution under mutually agreeable terms to be agreed no less than thirty (30) days prior to end of Placement Term and to be effective upon expiration of the Placement Term.

10. During the Placement Term or any extension to this Placement Agreement, Customer will self-insure for or maintain adequate commercial general liability insurance and "all risk" property insurance covering the Equipment against physical damage or loss, including theft, for its full replacement cost. Customer's insurance shall name Zimmer Biomet as loss payee and additional insured and shall provide for thirty (30) days' prior notice to Zimmer Biomet of any modification or cancelation. If requested by Zimmer Biomet, Customer shall provide evidence of such insurance coverage.

11. Customer shall not consolidate or merge with or into any other entity, liquidate, sell or dispose of all or any substantial portion of its ownership interests, properties or assets other than in the ordinary course of its business, without Zimmer Biomet's prior written consent, which shall not be unreasonably withheld. CUSTOMER HAS NO RIGHT TO SELL, TRANSFER, ASSIGN OR SUBLET THE EQUIPMENT OR THIS PLACEMENT AGREEMENT WITHOUT THE WRITTEN CONSENT OF BOTH PARTIES.

12. Intentionally omitted.

13. Intentionally omitted.

14. Intentionally omitted.

Sonoma Valley Hospital
FY25 Business Plan Tracker
Thru October 2024

Initiative	Investment	Measurable Outcome *	Financial Impact	Volumes / Impact	July	August	September	October	November	December	January	February	March	April	May	June	YTD
3T MRI	$1 Million (Temp Trailer)	MRI Exams | Incremental Growth over Baseline (>120 scans/month)	Incremental Revenue | $1,250,000	**VOLUMES**		*3T went live August 2024											
				Baseline (FY24)	95	95	95	95	95	95	95	95	95	95	95	95	380
				FY25 Budget	178	196	184	214	215	215	225	225	230	235	240	240	771
				FY25 Actual	**130**	**182**	**182**	**222**									**716**
				Actual vs. Budget	**(48)**	**(14)**	**(2)**	**8**									**(55)**
				INCREMENTAL REVENUE													
				FY25 Budgeted	$ 71,400	$ 86,300	$ 76,100	$ 102,200	$103,000	$103,000	$111,600	$111,600	$115,900	$120,100	$124,400	$124,400	$ 336,000
				FY25 Actual	$ 30,000	$ 74,700	$ 74,700	$ 109,000									$ 288,400
				Actual vs. Budget	**$ (41,400)**	**$ (11,600)**	**$ (1,400)**	**$ 6,800**									**$ (47,600)**
Physical Therapy Expansion	$2.3 Million	Patient Visits | 25% growth over FY24 baseline (50% starting in January)	Incremental Revenue | $475,000	**VOLUMES**													
				Baseline (FY24)	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	4,400
				FY25 Budgeted	1,150	1,150	1,150	1,100	1,100	1,100	1,590	1,590	1,590	1,590	1,590	1,590	4,550
				FY25 Actual	**-**	**-**	**-**	**1,481**									**1,481**
				Actual vs. Budget	**-**	**-**	**-**	**381**									**(3,069)**
				INCREMENTAL REVENUE													
				FY25 Budgeted				$ -	$ -	$ -	$ 56,400	$ 56,400	$ 56,400	$ 56,400	$ 56,400	$ 56,400	$ -
				FY25 Actual				$ 43,800									$ 43,800
				Actual vs. Budget				**43,800**									**$ 43,800**
Orthopedist Recruit	TBD	Surgical Cases | Exceed 190 surgeries (16/month)	Incremental Revenue | $1,615,000	**VOLUMES**			*Started performing surgeries late August24										
				Baseline (FY24)	-	-	-	-	-	-	-	-	-	-	-	-	-
				FY25 Budgeted	5	5	10	10	15	15	15	20	20	25	25	25	30
				FY25 Actual	**-**	**11**	**15**	**18**									44
				Actual vs. Budget	**(5)**	**6**	**5**	**8**									**14**
				INCREMENTAL REVENUE													
				FY25 Budgeted	$ 35,000	$ 35,000	$ 70,000	$ 70,000									$ 210,000
				FY25 Actual	$ -	$ 77,000	$ 105,000	$ 126,000									$ 308,000
				Actual vs. Budget	**$ (35,000)**	**$ 42,000**	**$ 35,000**	**$ 56,000**									**$ 98,000**
				GRAND TOTAL | Actual vs. Budget	**$ (76,400)**	**$ 30,400**	**$ 33,600**	**$ 106,600**									**$ 94,200**

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
HEALING HERE AT HOME

To: SVHCD Board of Directors
From: Ben Armfield, Chief Financial Officer
Date: December 5, 2024
Subject: Financial Report for October 2024

OVERALL PERFORMANCE SUMMARY

October continued the hospital's trend of positive monthly performances, marking another month where all income indicators exceeded both budget and prior-year levels. This month reinforced the pattern of sustained growth in key strategic areas such as MRI and outpatient physical therapy, both of which posted exceptional results by setting all-time highs in volumes for their respective areas. This volume surge resulted in the hospital exceeding $32 million in gross charges for the month, which was approximately 12% over budget and also another all-time high for the hospital.

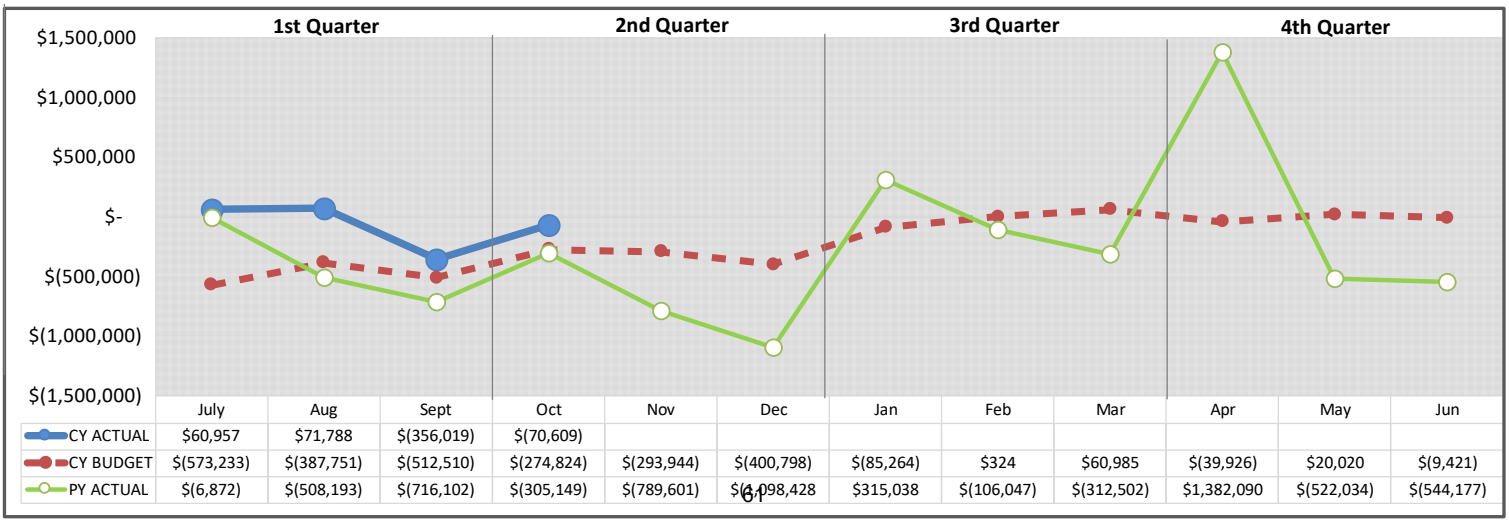
Given the marketable uptick in volumes it is not a surprise that operating revenues not only exceeded budget, but also set a new fiscal year high. In addition to MRI and OP PT, emergency room volumes continued to stay strong and we also saw an increase in overall surgical volumes, despite the loss of Dr. Kidd. Our inpatient census does continue to lag behind budget, but October did show some improvement and we anticipate further increases as we move deeper into the fall and winter months.

The hospital's outpatient departments remain the cornerstone of our success, and it is encouraging to see the results starting to come through on some of the key strategic investments the District has funded. This has helped the hospital exceed both budget and prior year performance in each of the four months of this fiscal year.

Table 1 | Overall Performance - October 2024

Metric	Current Year Month		Variance		Current Year YTD		Variance		PY YTD	Variance	
	Actual	Budget	$	%	Actual	Budget	$	%	Actual	$	%
Operating Margin	$ (652,853)	$ (766,528)	$ 113,675	15%	$ (2,492,804)	$ (3,800,136)	$1,307,333	34%	$ (3,213,543)	$ 720,739	22%
Op Margin w Parcel	$ (336,186)	$ (454,028)	$ 117,842	26%	$ (1,226,136)	$ (2,550,136)	$1,324,001	52%	$ (1,946,875)	$ 720,739	37%
Operating EBDA	$ (70,609)	$ (274,824)	$ 204,215	74%	$ (293,883)	$ (1,748,318)	$1,454,435	83%	$ (1,536,315)	$ 1,242,433	81%
Op EBDA w Parcel	$ 246,058	$ 37,676	$ 208,382	553%	$ 972,785	$ (498,318)	$1,471,103	295%	$ (269,647)	$ 1,242,433	461%
Net Income (Loss)	$ (102,701)	$ (265,924)	$ 163,223	61%	$ (454,784)	$ (1,797,720)	$1,342,936	75%	$ (1,048,276)	$ 593,492	57%

Graph 1.1 | SVH Trended Operating EBDA



	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
CY ACTUAL	$60,957	$71,788	$(356,019)	$(70,609)								
CY BUDGET	$(573,233)	$(387,751)	$(512,510)	$(274,824)	$(293,944)	$(400,798)	$(85,264)	$324	$60,985	$(39,926)	$20,020	$(9,421)
PY ACTUAL	$(6,872)	$(508,193)	$(716,102)	$(305,149)	$(789,601)	$(1,098,428)	$315,038	$(106,047)	$(312,502)	$1,382,090	$(522,034)	$(544,177)

DRIVERS IN MONTHLY PERFORMANCE

The drivers in October were very similar to the past couple of months, as the strategic initiatives that went live in August continue to help drive further volume and revenue generation into the hospital:

Revenues: Operating revenues exceeded the budget by 6% in October, continuing the hospital's strong financial performance this fiscal year. The primary drivers were outpatient services, with physical therapy and MRI volumes at all-time highs and emergency room visits maintaining their elevated levels. Surgical volumes also showed notable improvement, adding to the revenue growth. These strong performances helped sustain the year-to-date revenue trend, which is now 8% above budget and up significantly when comparing to prior year. **| Month vs Budget +6%, YTD vs Budget +8%, YTD vs PY +16%**

Expenses: Operating expenses totaled $5.51 million in October, running 3% over budget for the second consecutive month. The overage was largely attributable to increased staffing and operational costs to support higher-than-budgeted volumes across outpatient services. Despite these added expenses, year-to-date operating expenses remain closely aligned with the budget, coming in just 1% over the year-to-date target. **| Month vs Budget +2%, YTD vs Budget +1%, YTD vs PY +9%**

Volumes: As highlighted above, October was a robust month for volumes, particularly on the outpatient side. While inpatient census remains below budget, we saw an uptick in inpatient activity during the month. Outpatient volumes, on the other hand, continued to significantly outpace both budget and prior-year levels. Notably, total outpatient visits were 30% over budget for the month and are now also exceeding budget by over 30% year-to-date. Emergency room and surgical volumes also exceeded expectations, contributing to the hospital's overall strong performance.

Surgical Volumes: Surgical volumes in October surpassed budget, with 146 surgeries performed compared to the monthly target of 144. This represents an 8% improvement from September and is consistent with our six-month trend of 147 surgeries. The increase in surgical activity was largely driven by orthopedic volumes, which saw a substantial spike during the month. **| Month vs Budget +1%, YTD vs Budget +/- 0%, YTD vs PY -15%**

- **Orthopedics** Orthopedic surgery was a standout performer in October, with 53 cases completed—a 40% increase from the prior month and nearly 50% above the six-month average. All orthopedic surgeons contributed to this growth, with Dr. Walter achieving remarkable results. Dr. Walter performed close to 20 cases for the second consecutive month, bringing his total volumes to nearly 50% over budget for the fiscal year, despite missing the first 1.5 months due to injury. This rapid ramp-up highlights the strong demand for orthopedic services and the effectiveness of our recruitment and operational efforts.

Other Outpatient Volumes: Other outpatient volumes have been very robust so far in this fiscal year, and October cranked that up even more as it was the best-performing month of the fiscal year so far in terms of overall volume. Total outpatient visits surged in October, exceeding prior month by over

10% and the monthly budget by over 30%, a significant achievement given where volume levels had been 5-6 months ago. This sustained growth in outpatient volumes is being driven by a combination of factors, including the operational ramp-up of the 3T MRI, the consistent growth of physical therapy services, and the strong, consistent performance of emergency room visits. Notably, outpatient visits are now trending 30% over budget on a year-to-date basis.

Efforts to further optimize referral patterns and patient scheduling are ongoing to ensure we can sustain and manage this high level of demand. | **Total Outpatient Visits | Month vs Budget +32%, YTD vs Budget +29%, YTD vs PY +12%,**

- **MRI Volumes** October was a landmark month for the MRI department, with over 220 exams conducted—a record high for the hospital. This performance represents a significant increase from the 180 exams recorded in September, the first full month of operation for the 3T MRI. The hospital's investment in the 3T MRI is beginning to yield tangible results, not only in terms of volume but also in the diversity of cases being handled. With improved imaging capabilities, the hospital is now able to attract referrals for more complex diagnostic needs, such as urologic and breast imaging, both of which have seen an uptick in demand. The 220 exams not only exceeded budget targets but also demonstrated the scalability of this service. October's volume equates to roughly 11 exams per day, which still leaves significant room for further growth. | **Month vs Budget +4%, YTD vs Budget -7%, YTD vs PY +40%,**
- **Emergency Room** ER volumes remained strong in October, averaging close to 30 visits per day. This performance exceeded budget by 10% and reflects the sustained demand for emergency care services in our community. The consistency in ER visits has been a critical driver of the hospital's overall financial and operational success this fiscal year. | **Month vs Budget +9%, YTD vs Budget +14%, YTD vs PY +7%,**
- **OP Physical Therapy** Physical therapy volumes reached another all-time high in October, marking the third record-setting month in the past four months. This level of demand, however, has placed significant strain on our existing infrastructure, highlighting the urgent need for the upcoming expansion project. In the meantime, we are working with the PT team to implement operational solutions to meet the growing demand without compromising the quality of care. Year-to-date, PT volumes are now averaging 25% over budget and exceed the prior year by nearly 40%! | **Month vs Budget +40%, YTD vs Budget +24%, YTD vs PY +35%,**

Cash: October was an unorthodox month from a cash perspective. In total, our cash increased by $940,000 for the month, ending at $3.6 million. As has been discussed, cash management has been critical given the upcoming IGT funding for the Rate Range program ($5.1 million). October presented an additional wrinkle in that we had 3 payrolls paid out during the month which resulted in an additional $1 million in cash outlay. Due to this additional obligation, plus the critical need to carve out the required funding in order to meet matching fee commitment, we did strategically pullback on our normal allotment of AP payments in October. This resulted in an increase in overall accounts

payable. This will get worked down as much as possible until our Rate Range funds are received in January.

Our cash increased by nearly $1 million due to the fact we did receive our Parcel Tax advance on 10/31, which increased our cash by $1.6 million, and was the reason our days cash on hand ended at 23.2, compared to the 13.3 that had been previously forecasted for October.

Despite all of this movement, we are still on track to end the year cash flow positive from operations and project to increase our days cash from 22.0 (start of year) to north of 30.0 days cash on hand by fiscal year-end.

Other Finance Updates:

Banking Update: Our loan fully closed with Summit State Bank earlier this month. We are currently working on transiting everything over from US Bank, but the critical components such as the $5.5 million line of credit have been fully funded. Repayment of the $1.9 million term loan begins in December and will continue for 60 months at a monthly payment amount of $38,516.

Audit Update: Our fiscal year 2024 financial statement audit is now complete. Moss Adams presented our draft FY24 audit report to the SVH Audit Committee on Thursday October 24th, and the audit was fully approved by the board earlier this month.

Rate Range IGT: We officially made our matching fee pay-in for the Rate Range IGT program on 11/18. This resulted in $5,160,000 of cash going out the door. We estimate that we will receive anywhere from $11-$11.5 million in proceeds come January.

HQAF IGT: The next IGT after the Rate Range is our HQAF (Hospital Quality Assurance Fee) IGT matching fee. We've been approved to IGT $410,000 and expect to receive $1,334,000 back in January/February, netting $924,000 through this program. The matching fee is due in late December, so we will both the HQAF and Rate Range payments out the door prior to having our Rate Range IGT funding received in January, so cash will be managed very tightly between now and the end of January.

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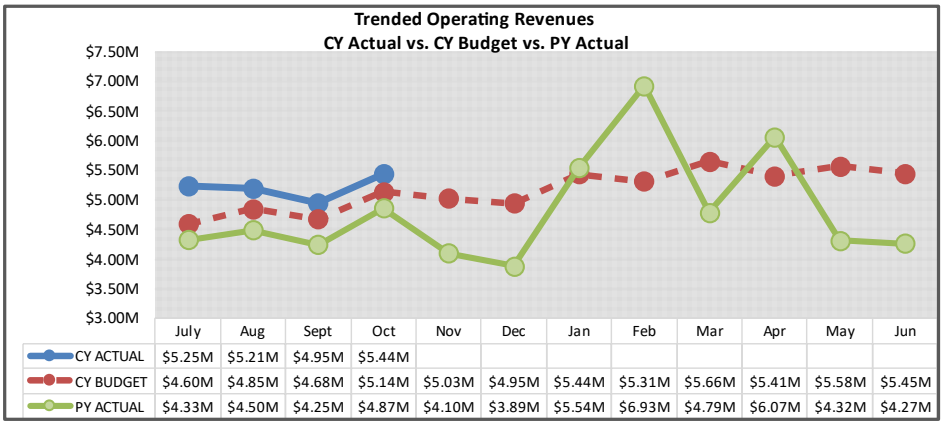
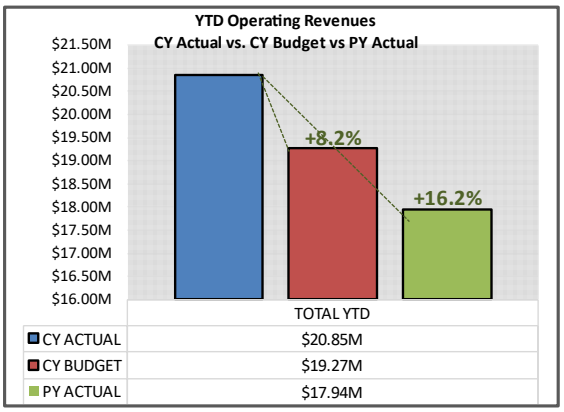
2. NET REVENUE AND VOLUME SUMMARY:

Table 2 | Net Patient Revenue – Actual vs. Budget – October 2024

	Current Year Month		Variance		Current Year YTD		Variance		PY YTD	Variance	
	Actual	Budget	Var	%	Actual	Budget	$	%	Actual	$	%
Gross Revenue	$ 32.40M	$ 29.05M	$ 3.35M	12%	$ 117.57M	$ 106.91M	$ 10.66M	10%	$ 114.65M	$ 2.92M	3%
Net Patient Revenue	$ 5.34M	$ 5.05M	$ 0.30M	6%	$ 20.46M	$ 18.90M	$ 1.56M	8%	$ 17.60M	$ 2.86M	16%
NPR as a % of Gross	16.5%	17.4%	-5.1%		17.4%	17.7%	-1.6%		15.3%	13.4%	
Total Operating Revenue	$ 5.44M	$ 5.14M	$ 0.30M	6%	$ 20.85M	$ 19.27M	$ 1.58M	8%	$ 17.94M	$ 2.91M	16%

Graph 2.1 | SVH Trended Operating Revenue





Graph 2.2 | SVH Trended Surgeries (Total) - 13 Month Trend

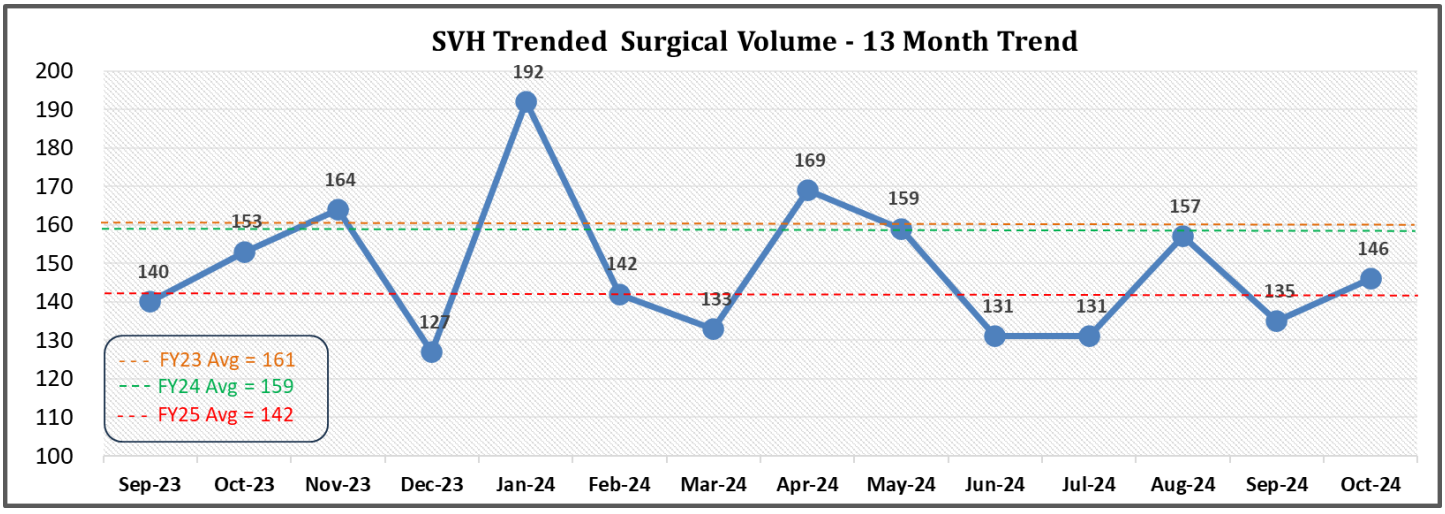


Table 2.3 | Surgical Volumes Top 4 Service Lines | October 2024 vs Prior Month & 6-Mth Trend

	Current Mth vs. Previous Mth				6 Month Trend						Current Mth vs. 6 Mth Trend		
Service Line	Oct24	Sep24	Var	% Var	Apr24	May24	Jun24	Jul24	Aug24	Sep24	6 Month Trend	Var	% Var
Orthopedics	53	37	16	43%	46	27	35	26	43	37	36	17	49%
Gastro (GI)	50	48	2	4%	73	85	53	77	71	48	68	(18)	-26%
Ophthalmology	21	26	(5)	-19%	18	20	23	14	20	26	20	1	4%
General	15	17	(2)	-12%	17	14	14	5	15	17	14	1	10%
SubTotal	**139**	**128**	**11**	**9%**	**154**	**146**	**125**	**122**	**149**	**128**	**137**	**2**	**1%**
Other	7	7	-	0%	15	13	6	9	8	7	10	(3)	-28%
Grand Total	**146**	**135**	**11**	**8%**	**169**	**159**	**131**	**131**	**157**	**135**	**147**	**(1)**	**-1%**

Table 2.4 | Patient Volumes – October 2024

	Current Year Month		Variance		Current Year YTD		Variance		PY YTD	Variance	
	Actual	Budget	Var	%	Actual	Budget	Var	%	Actual	Var	%
Acute Patient Days	273	264	9	4%	917	1,037	(120)	-12%	1,064	(147)	-14%
Average Daily Census	8.8	8.5	0.3	4%	7.5	8.4	(1.0)	-12%	8.7	(1.2)	-14%
Acute Discharges	62	72	(10)	-14%	233	289	(56)	-19%	276	(43)	-16%
IP Surgeries	6	10	(4)	-39%	33	43	(10)	-23%	61	(28)	-46%
OP Surgeries	140	134	6	4%	536	527	9	2%	605	(69)	-11%
Total Surgeries	**146**	**144**	**2**	**1%**	**569**	**570**	**(1)**	**0%**	**666**	**(97)**	**-15%**
Total Outpatient Visits	6,147	4,647	1,500	32%	23,034	17,842	5,192	29%	20,497	2,537	12%
Emergency Room Visits	894	821	73	9%	3,681	3,216	465	14%	3,432	249	7%

Table 2.5 | Outpatient Volumes Trended – Last 6 Months

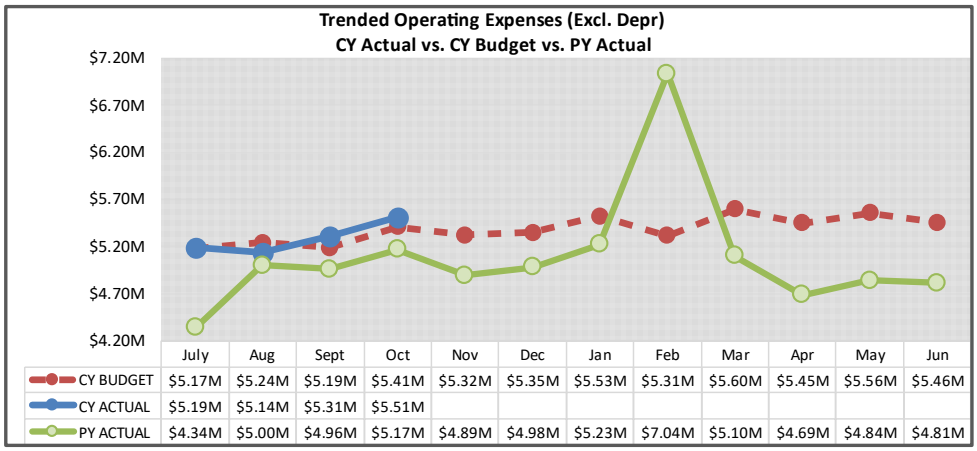
Department	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Last 6 Months
Lab	1,364	1,282	1,363	1,313	1,269	1,443	
Medical Imaging	900	830	923	947	878	1,019	
Physical Therapy	1,196	1,095	1,415	1,426	1,411	1,481	
CT Scanner	398	409	411	466	458	472	
Occ. Health	315	308	295	295	162	255	
Mammography	217	211	167	251	215	275	
Occupational Therapy	197	190	196	219	294	205	
Ultrasound	222	182	256	219	233	252	
Wound Care	213	152	205	238	209	277	
MRI	135	121	130	182	182	222	
ECHO	132	106	116	107	141	147	
Speech Therapy	43	53	93	62	66	69	
Other	25	14	23	25	26	30	
TOTAL	**5,357**	**4,953**	**5,593**	**5,750**	**5,544**	**6,147**	
Emergency Room	867	912	1,006	919	862	894	

3. OPERATING EXPENSE SUMMARY:

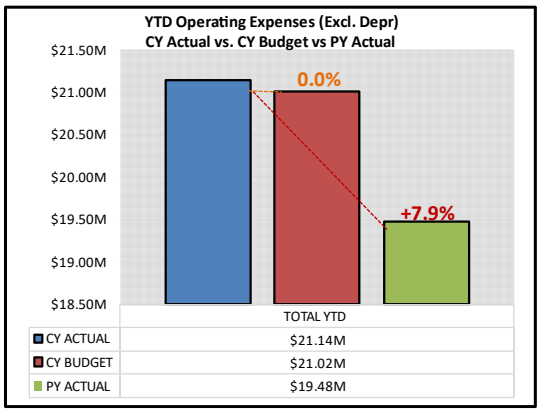
Table 3 | Operating Expenses – Actual vs. Budget – October 2024

	Current Year Month		Variance		Current Year YTD		Variance		PY YTD	Variance	
Metric	Actual	Budget	Var	%	Actual	Budget	$	%	Actual	$	%
Operating Expenses	$ 6.09M	$ 5.90M	$ 0.19M	3%	$ 23.34M	$ 23.07M	$ 0.28M	1%	$ 21.15M	$ 2.19M	10%
Operating Exp. Excl. Depr.	$ 5.51M	$ 5.41M	$ 0.10M	2%	$ 21.14M	$ 21.02M	$ 0.13M	1%	$ 19.48M	$ 1.67M	9%
Worked FTEs	221.7	219.7	2.0	1%	216.9	214.4	2.5	1%	217.2	(0.2)	0%

Graph 3.1 | SVH Trended Operating Expenses (excluding Depreciation)



	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
CY BUDGET	$5.17M	$5.24M	$5.19M	$5.41M	$5.32M	$5.35M	$5.53M	$5.31M	$5.60M	$5.45M	$5.56M	$5.46M
CY ACTUAL	$5.19M	$5.14M	$5.31M	$5.51M								
PY ACTUAL	$4.34M	$5.00M	$4.96M	$5.17M	$4.89M	$4.98M	$5.23M	$7.04M	$5.10M	$4.69M	$4.84M	$4.81M



4. CASH ACTIVITY SUMMARY:

Table 4 | Cash / Revenue Cycle Indicators - October 2024

	Oct-24	Sep-24	Var	%
Days Cash on Hand	23.2	17.8	5.4	30%
A/R Days	56.0	54.4	1.6	3%
A/P Days	72.1	59.9	12.2	20%

ATTACHMENTS:

- Attachment A is the Payer Mix Analysis
- Attachment B is the Operating Indicators Report
- Attachment C is the Balance Sheet
- Attachment D is the Balance Sheet Variance Analysis
- Attachment E (two pages) is the Statement of Revenue and Expense. The first page breaks out the hospital operations and page two includes all other activity.
- Attachment F is the Trended Income Statement
- Attachment G is the Cash Projection

Sonoma Valley Hospital
Payer Mix for the month of October, 2024

ATTACHMENT A

	MONTH				YEAR TO DATE			
Gross Revenue	**Actual**	**Budget**	**Variance**	**% Variance**	**Actual**	**Budget**	**Variance**	**% Variance**
Medicare	10,809,804	11,010,084	-200,279	-0.7%	42,704,114	40,657,016	2,047,098	1.9%
Medicare Managed Care	7,693,134	5,328,715	2,364,419	8.1%	24,779,026	19,617,724	5,161,302	4.8%
Medi-Cal	5,926,259	4,739,919	1,186,340	4.1%	20,867,849	17,322,824	3,545,025	3.3%
Self Pay	220,148	352,340	-132,191	-0.5%	1,453,597	1,271,731	181,866	0.2%
Commercial & Other Governn	6,609,804	6,987,869	-378,065	-1.3%	24,687,775	25,523,771	-835,996	-0.8%
Worker's Comp.	1,113,455	783,168	330,287	1.1%	2,981,785	2,837,329	144,456	0.1%
Total	**32,372,604**	**29,202,094**	**3,170,510**	**10.9%**	**117,474,146**	**107,230,394**	**10,243,751**	**9.6%**

	MONTH			YEAR TO DATE		
Payor Mix	**Actual**	**Budget**	**Variance**	**Actual**	**Budget**	**Variance**
Medicare	33.4%	37.7%	-4.3%	36.4%	37.9%	-1.6%
Medicare Managed Care	23.8%	18.2%	5.5%	21.1%	18.3%	2.8%
Medi-Cal	18.3%	16.2%	2.1%	17.8%	16.2%	1.6%
Self Pay	0.7%	1.2%	-0.5%	1.2%	1.2%	0.1%
Commercial & Other Governn	20.4%	23.9%	-3.5%	21.0%	23.8%	-2.8%
Worker's Comp.	3.4%	2.7%	0.8%	2.5%	2.6%	-0.1%
Total	**100.0%**	**100.0%**		**100.0%**	**100.0%**	

SONOMA VALLEY HOSPITAL
OPERATING INDICATORS
For the Period Ended October 31, 2024

ATTACHMENT B

	CURRENT MONTH				YEAR-TO-DATE			YTD
	Actual 10/31/24	Budget 10/31/24	Favorable (Unfavorable) Variance		Actual 10/31/24	Budget 10/31/24	Favorable (Unfavorable) Variance	Prior Year 10/31/23
				Inpatient Utilization				
				Discharges				
1	44	54	(10)	Med/Surg	163	216	(53)	210
2	18	18	(0)	ICU	70	73	(3)	66
3	62	72	(10)	Total Discharges	233	289	(56)	276
				Patient Days:				
4	175	176	(1)	Med/Surg	580	693	(113)	725
5	98	88	10	ICU	337	345	(8)	339
6	273	264	9	Total Patient Days	917	1,037	(120)	1,064
7	27	-	27	**Observation days**	93	-	93	74
				Average Length of Stay:				
8	3.98	3.26	0.7	Med/Surg	3.56	3.20	0.36	3.45
9	5.44	4.81	0.6	ICU	4.81	4.73	0.08	5.14
10	4.40	3.65	0.8	Avg. Length of Stay	3.94	3.59	0.35	3.86
				Average Daily Census:				
11	5.6	5.7	(0.0)	Med/Surg	4.7	5.6	(0.9)	5.9
12	3.2	2.8	0.3	ICU	2.7	2.8	(0.1)	2.8
13	8.8	8.5	0.3	Avg. Daily Census	7.5	8.4	(1.0)	8.7
				Other Utilization Statistics				
				Emergency Room Statistics				
14	894	821	73	OP ER Visits	3,681	3,216	465	3,432
				Outpatient Statistics:				
15	6,147	4,647	1,500	Total Outpatients Visits	23,034	17,842	5,192	20,497
16	6	10	(4)	IP Surgeries	33	43	(10)	61
17	140	134	6	OP Surgeries / Special Procedures	536	512	24	605
18	342	351	(8)	Adjusted Discharges	1,277	1,312	(35)	1,246
19	1,508	1,294	214	Adjusted Patient Days	5,042	4,765	277	4,896
20	48.6	41.8	6.9	Adj. Avg. Daily Census	41.0	38.7	2.3	39.8
21	1.503	1.400	0.103	Case Mix Index -Medicare	1.414	1.400	0.014	1.414
22	1.470	1.400	0.070	Case Mix Index - All payers	1.433	1.400	0.033	1.368
				Labor Statistics				
23	222	220	(2)	FTE's - Worked	217	214	(2.5)	217
24	240	242	2	FTE's - Paid	240	237	(3.4)	238
25	50.83	63.25	12.41	Average Hourly Rate	49.66	53.00	3.34	48.74
26	4.93	5.79	0.86	FTE / Adj. Pat Day	5.86	6.11	0.25	5.98
27	28.1	33.0	4.9	Manhours / Adj. Pat Day	33.4	34.8	1.4	34.1
28	123.8	121.9	(1.9)	Manhours / Adj. Discharge	131.9	126.6	(5.3)	134.0
29	21.8%	26.8%	5.0%	Benefits % of Salaries	23.7%	28.3%	4.6%	24.6%
				Non-Labor Statistics				
30	14.0%	12.7%	-1.3%	Supply Expense % Net Revenue	11.5%	11.9%	0.4%	16.3%
31	2,178	1,821	(357)	Supply Exp. / Adj. Discharge	1,846	1,711	(135)	2,305
32	17,905	16,979	(926)	Total Expense / Adj. Discharge	18,412	17,735	(677)	17,116
				Other Indicators				
33	23.2			Days Cash - Operating Funds				
34	56.0	50.0	6.0	Days in Net AR	56.6	50.0	6.6	63.4
35	108%			Collections % of Cash Goal	101%			97.8%
36	72.1	55.0	17.1	Days in Accounts Payable	72.1	55.0	17.1	-
37	16.5%	17.4%	-0.9%	% Net revenue to Gross revenue	17.4%	17.7%	-0.3%	15.4%
38	42.3%			% Net AR to Gross AR	42.3%			39.3%

ATTACHMENT C

Sonoma Valley Health Care District
Balance Sheet
As of October 31, 2024
UNAUDITED

		Current Month	Prior Month	Prior Year
	Assets			
	Current Assets:			
1	Cash	3,613,033	2,674,451	3,103,826
3	Net Patient Receivables	9,267,645	9,483,164	10,664,349
4	Allow Uncollect Accts	(1,525,933)	(1,919,835)	(2,381,401)
5	Net A/R	7,741,712	7,563,330	8,282,948
6	Other Accts/Notes Rec	853,006	1,122,992	2,148,958
7	Parcel Tax Receivable	2,188,000	3,800,000	3,800,000
8	GO Bond Tax Receivable	2,407,523	2,407,523	2,401,190
9	3rd Party Receivables, Net	1,754,039	1,269,623	701,470
10	Inventory	939,007	932,329	1,006,348
11	Prepaid Expenses	1,056,414	772,245	1,085,074
12	Total Current Assets	$ 20,552,734	$ 20,542,493	$ 22,529,813
13	Property,Plant & Equip, Net	$ 61,206,305	$ 61,589,796	$ 56,867,997
14	Trustee Funds - GO Bonds	3,521,266	3,506,171	3,490,070
15	Designated Funds - Board Approved	-	-	-
16	**Total Assets**	**$ 85,280,305**	**$ 85,638,460**	**$ 82,887,880**
	Liabilities & Fund Balances			
	Current Liabilities:			
17	Accounts Payable	$ 8,207,681	$ 6,651,126	$ 6,778,660
18	Accrued Compensation	3,882,030	4,276,848	4,203,162
19	Interest Payable - GO Bonds	330,013	306,411	103,539
20	Accrued Expenses	291,053	322,466	213,569
21	Advances From 3rd Parties	-	-	-
22	Deferred Parcel Tax Revenue	2,533,332	2,849,999	2,533,332
23	Deferred GO Bond Tax Revenue	1,605,015	1,805,642	1,744,977
24	Current Maturities-LTD	217,475	217,475	217,475
25	Line of Credit - Union Bank	1,895,519	1,903,899	4,973,734
26	Other Liabilities	57,511	29,371	57,511
27	Total Current Liabilities	$ 19,019,629	$ 18,363,237	$ 20,825,960
28	Long Term Debt, net current portion	$ 26,647,124	$ 27,619,627	$ 26,849,924
29	Fund Balances:			
30	Unrestricted	$ 16,238,479	$ 16,280,524	$ 14,566,484
31	Restricted	23,375,073	23,375,073	20,645,512
32	Total Fund Balances	$ 39,613,552	$ 39,655,596	$ 35,211,995
33	**Total Liabilities & Fund Balances**	**$ 85,280,305**	**$ 85,638,460**	**$ 82,887,880**

Sonoma Valley Health Care District
Balance Sheet Variance Analysis
As of October 31, 2024

ATTACHMENT D

Assets	Monthly Change	Current Month	Prior Month	Prior Year	Variance Commentary
CURRENT ASSETS					
Cash	938,582	3,613,033	2,674,451	3,103,826	Operating cash receipts of $4.3 million vs. disbursements of $5.8. October cash outlay up over prior months due to an extra payroll that hit books (worth ~$1 million). Hospital also received last payment for cybersecurity claim ($652K) and parcel tax advance ($1.6M) at end of month.
Net A/R	178,382	7,741,712	7,563,330	8,282,948	Comparable
Other Receivables	(1,397,570)	7,202,568	8,600,138	9,051,618	Change relates to the receipt of $1.612M in parcel tax revenues that were advanced from the county and received and recorded in October.
Inventory	6,678	939,007	932,329	1,006,348	Comparable
Prepaid Expenses	284,169	1,056,414	772,245	1,085,074	Recording of annual prepaid service contracts
TOTAL CURRENT ASSETS	**10,241**	**20,552,734**	**20,542,493**	**22,529,813**	
NON-CURRENT ASSETS					
Net Fixed Assets	(383,491)	61,206,305	61,589,796	56,867,997	Increased depreciation expense as more CIP projects become capitalized
Trustee Funds - GO Bonds	15,095	3,521,266	3,506,171	3,490,070	
TOTAL ASSETS	**(358,155)**	**85,280,305**	**85,638,460**	**82,887,880**	

Liabilities / Fund Balance	Monthly Change	Current Month	Prior Month	Prior Year	Variance Commentary
CURRENT LIABILITIES					
Accounts Payable	1,556,555	8,207,681	6,651,126	6,778,660	Accounts payable increased by $1.5 million in Oct. Main drivers were CHFFA Bridge Loan of $750,000 (due in January) and ODC CIP of $230K. Trade payables increased in Oct as well due to intentionally holding some payables at month end.
Accrued Expenses	(426,231)	4,173,083	4,599,314	4,416,731	
Interest Payable	23,602	330,013	306,411	103,539	Go Bond interest accrual
Deferred Revenues	*(517,294)*	4,138,347	4,655,641	4,278,309	Monthly amortization of annual Parcel Tax and IGT funds
Line of Credit	(8,380)	1,895,519	1,903,899	4,973,734	True-up of accrued interest exp for LOC
Other Liabilities	*28,140*	274,986	246,846	274,986	GASB amortization
TOTAL CURRENT LIABILITIES	**656,392**	**19,019,629**	**18,363,237**	**20,825,960**	
NON-CURRENT LIABILITIES					
Long Term Debt	(972,503)	26,647,124	27,619,627	26,849,924	Movement of the NDPH bridge loan from long term debt to AP ($750K), as well as amortization of GASB accounts.
TOTAL LIABILITIES	**(316,111)**	**45,666,753**	**45,982,864**	**47,675,884**	
FUND BALANCES					
Fund Balance	(42,044)	39,613,552	39,655,596	35,211,995	Change in Net Position for October $(42,044)
TOTAL LIABILITIES & FUND BALANCES	**(358,155)**	**85,280,305**	**85,638,460**	**82,887,880**	

Sonoma Valley Health Care District
Statement of Revenue and Expenses
For the Period Ended October 31, 2024

ATTACHMENT E

		Month				Year-To- Date						
		This Year		Variance		This Year		Variance			Variance	
		CYM Actual	CYM Budget	Var	%	YTD Actual	YTD Budget	Var	%	PYTD Actual	Var	%
	Volume Information											
1	Acute Discharges	62	72	(10)	-14%	233	289	(56)	-19%	276	(43)	-16%
2	Patient Days	273	264	9	4%	917	1,037	(120)	-12%	1,064	(147)	-14%
3	Observation Days	27	-	27	n/a	93	-	93	n/a	74	19	26%
4	Gross O/P Revenue (000's)	26,538	23,063	3,475	15%	96,129	83,370	12,760	15%	89,148	6,982	8%
	Financial Results											
	Gross Patient Revenue	**CYM Actual**	**CYM Budget**	**Var**	**%**	**YTD Actual**	**YTD Budget**	**Var**	**%**	**PYTD Actual**	**Var**	**%**
5	Inpatient	5,860,242	5,983,642	(123,400)	-2%	21,441,938	23,541,296	(2,099,358)	-9%	25,439,421	(3,997,483)	-16%
6	Outpatient	16,128,426	14,099,223	2,029,203	14%	55,035,151	51,071,333	3,963,818	8%	54,636,632	398,519	1%
7	Emergency	10,409,422	8,963,844	1,445,579	16%	41,094,237	32,298,403	8,795,834	27%	34,574,799	6,519,438	19%
8	**Total Gross Patient Revenue**	**32,398,090**	**29,046,708**	**3,351,382**	**12%**	**117,571,326**	**106,911,031**	**10,660,295**	**10%**	**114,650,853**	**2,920,474**	**3%**
	Deductions from Revenue											
9	Contractual Discounts	(27,735,343)	(24,793,356)	(2,941,987)	12%	(99,837,474)	(91,208,578)	(8,628,896)	9%	(97,072,893)	(2,764,580)	3%
10	Bad Debt	(219,000)	(137,638)	(81,362)	59%	(705,750)	(506,337)	(199,413)	39%	(550,286)	(155,464)	28%
11	Charity Care Provision	28,140	59,132	(30,991)	-52%	(54,954)	217,530	(272,484)	-125%	(152,892)	97,939	-64%
12	IGT Program Revenue	871,547	871,547	0	0%	3,486,188	3,486,187	1	0%	723,542	2,762,646	382%
13	**Total Deductions from Revenue**	**(27,054,656)**	**(24,000,316)**	**(3,054,340)**	**13%**	**(97,111,989)**	**(88,011,198)**	**(9,100,791)**	10%	**(97,052,529)**	**(59,460)**	**0%**
14	**Net Patient Service Revenue**	**5,343,434**	**5,046,393**	**297,042**	**6%**	**20,459,337**	**18,899,834**	**1,559,504**	**8%**	**17,598,323**	**2,861,014**	**16%**
15	Other Operating Revenue	98,270	91,993	6,276	7%	391,191	367,974	23,217	6%	341,974	49,218	14%
16	**Total Operating Revenue**	**5,441,704**	**5,138,386**	**303,318**	**6%**	**20,850,529**	**19,267,808**	**1,582,721**	**8%**	**17,940,297**	**2,910,232**	**16%**
	Operating Expenses	**CYM Actual**	**CYM Budget**	**Var**	**%**	**YTD Actual**	**YTD Budget**	**Var**	**%**	**PYTD Actual**	**Var**	**%**
17	Salary and Wages and Agency Fees	2,155,198	2,121,452	33,746	2%	8,361,859	8,216,562	145,297	2%	8,137,286	224,573	3%
18	Employee Benefits	737,835	809,729	(71,894)	-9%	3,042,321	3,246,749	(204,428)	-6%	2,924,993	117,328	4%
19	Total People Cost	2,893,033	2,931,181	(38,148)	-1%	11,404,180	11,463,311	(59,131)	-1%	11,062,278	341,901	3%
20	Med and Prof Fees (excld Agency)	665,243	695,735	(30,492)	-4%	2,634,103	2,673,621	(39,518)	-1%	2,271,026	363,077	16%
21	Supplies	745,969	638,646	107,323	17%	2,357,001	2,244,788	112,213	5%	2,872,806	(515,805)	-18%
22	Purchased Services	410,063	400,768	9,295	2%	1,594,568	1,652,988	(58,420)	-4%	1,526,216	68,352	4%
23	Depreciation	582,244	491,705	90,540	18%	2,198,921	2,051,818	147,102	7%	1,677,227	521,693	31%
24	Utilities	169,049	175,209	(6,160)	-4%	778,039	700,836	77,203	11%	617,430	160,608	26%
25	Insurance	85,387	74,736	10,651	14%	348,942	298,944	49,997	17%	282,928	66,014	23%
26	Interest	38,791	29,445	9,347	32%	94,556	117,778	(23,222)	-20%	213,635	(119,079)	-56%
27	Other	139,587	102,299	37,288	36%	472,259	403,095	69,164	17%	418,599	53,660	13%
28	IGT Program Expense (Matching Fees)	365,191	365,191	0	0%	1,460,764	1,460,763	1	0%	211,693	1,249,071	590%
29	**Operating Expenses**	**6,094,557**	**5,904,915**	**189,642**	**3%**	**23,343,332**	**23,067,944**	**275,388**	**1%**	**21,153,839**	**2,189,493**	**10%**
30	**Operating Margin**	**(652,853)**	**(766,528)**	**113,675**	**15%**	**(2,492,804)**	**(3,800,136)**	**1,307,333**	**34%**	**(3,213,543)**	**720,739**	**29%**

Sonoma Valley Health Care District
Statement of Revenue and Expenses
For the Period Ended October 31, 2024

ATTACHMENT E

		Month				Year-To- Date						
		This Year		Variance		This Year		Variance			Variance	
		CYM Actual	CYM Budget	Var	%	YTD Actual	YTD Budget	Var	%	PYTD Actual	Var	%
	Non Operating Rev and Expense											
31	Miscellaneous Revenue/(Expenses)	70,668	14,488	56,180	388%	130,336	57,950	72,386	125%	202,619	(72,283)	-36%
32	Donations	-	(3,955)	3,955	-100%	-	(15,819)	15,819	-100%	-	-	n/a
33	Parcel Tax Assessment Rev	316,667	312,500	4,167	1%	1,266,668	1,250,000	16,668	1%	1,266,668	-	0%
34	Extraordinary Items	-	-	-	n/a	-	-	-	n/a	-	-	n/a
35	**Total Non-Operating Revenue/(Expense)**	**387,335**	**323,033**	**64,302**	**20%**	**1,397,004**	**1,292,131**	**104,873**	**8%**	**1,469,287**	**(72,283)**	**-5%**
36	**Net Income / (Loss) prior to GO Bond(net)**	**(265,518)**	**(443,496)**	**177,977**	**40%**	**(1,095,800)**	**(2,508,005)**	**1,412,206**	**56%**	**(1,744,256)**	**648,456**	**37%**
37	GO Bond Activity, Net	162,817	177,571	(14,754)	-8%	641,016	710,285	(69,269)	-10%	695,980	(54,964)	-8%
38	**Net Income / (Loss) with GO Bond(net)**	**(102,701)**	**(265,924)**	**163,223**	**61%**	**(454,784)**	**(1,797,720)**	**1,342,936**	**75%**	**(1,048,276)**	**593,492**	**57%**
39	Restricted Foundation Contributions	60,658	157,410	(96,752)	-61%	1,290,778	629,638	661,140	105%	-	1,290,778	n/a
40	**Change in Net Position**	**(42,043)**	**(108,515)**	**66,471**	**61%**	**835,994**	**(1,168,082)**	**2,004,076**	**172%**	**(1,048,276)**	**1,884,270**	**180%**
	Operating EBDA	**(70,609)**	**(274,824)**	**204,215**	**-74%**	**(293,883)**	**(1,748,318)**	**1,454,435**	**83%**	**(1,536,315)**	**1,242,433**	**81%**
	Total EBDA - Excl Rest Contributions	**479,543**	**225,780**	**253,763**	**112%**	**1,744,137**	**254,098**	**1,490,039**	**586%**	**628,952**	**1,115,185**	**177%**

Sonoma Valley Health Care District **ATTACHMENT F**

FY24 Trended Income Statement - Last 6 Months

For the Period Ended October 31, 2024

		May FY24	June FY24	July *FY25*	August *FY25*	September *FY25*	October *FY25*	FY25 YTD TOTAL	FY25 YTD Mth Avg	FY24 YTD Mth Avg	% Chg
1	Acute Discharges	63	58	65	54	52	62	233	58	68	-15%
2	Patient Days	197	201	230	208	206	273	917	229	245	-6%
3	Observation Days	22	29	18	23	25	27	93	23	22	7%
4	Gross Revenue (000's)	$ 26,252	$ 27,162	$ 27,960	$ 28,981	$ 28,160	$ 32,373	$ 117,474	$ 29,369	$ 27,677	6%
	Financial Results										
	Gross Patient Revenue										
5	Inpatient	$ 4,589,215	$ 5,247,297	$ 5,899,154	$ 4,785,991	$ 4,896,552	$ 5,860,242	$ 21,441,938	$ 5,360,485	$ 5,855,907	-8%
6	Outpatient	12,028,739	11,630,429	11,683,143	13,524,993	13,626,895	16,102,940	54,937,971	13,734,493	12,948,617	6%
7	Emergency	9,634,326	10,284,037	10,377,802	10,670,255	9,636,758	10,409,422	41,094,237	10,273,559	8,872,108	16%
8	**Total Gross Patient Revenue**	**$ 26,252,280**	**$ 27,161,763**	**$ 27,960,099**	**$ 28,981,239**	**$ 28,160,205**	**$ 32,372,604**	**$ 117,474,147**	**$ 29,368,537**	**$ 27,676,632**	**6%**
	Deductions from Revenue										
9	Contractual Discounts	(22,184,344)	(22,711,319)	(23,449,018)	(24,552,378)	(24,100,734)	(27,735,343)	(99,837,474)	(24,959,368)	(23,322,102)	7%
10	Bad Debt	(72,256)	(151,047)	(150,000)	(172,250)	(164,500)	(219,000)	(705,750)	(176,438)	(274,192)	-36%
11	Discounts / Other Deductions	22,408	(118,043)	(105,349)	(41,925)	64,180	28,140	(54,954)	(13,738)	(8,882)	55%
12	IGT Revenue	207,222	-	871,547	871,547	871,547	871,547	3,486,188	871,547	656,761	33%
13	**Total Deductions from Revenue**	**$ (22,026,970)**	**$ (22,980,409)**	**$ (22,832,820)**	**$ (23,895,006)**	**$ (23,329,507)**	**$ (27,054,656)**	**$ (97,111,989)**	**$ (24,277,997)**	**$ (22,948,415)**	**6%**
14	**Net Patient Service Revenue**	**$ 4,225,310**	**$ 4,181,354**	**$ 5,127,279**	**$ 5,086,233**	**$ 4,830,697**	**$ 5,317,948**	**$ 20,362,158**	**$ 5,090,539**	**$ 4,728,217**	**8%**
15	Other Operating Revenue	$ 92,828	$ 89,091	$ 122,004	$ 122,638	$ 119,973	$ 123,756	$ 488,371	$ 122,093	$ 92,739	32%
16	**Total Operating Revenue**	**$ 4,318,138**	**$ 4,270,445**	**$ 5,249,283**	**$ 5,208,871**	**$ 4,950,671**	**$ 5,441,704**	**$ 20,850,529**	**$ 5,212,632**	**$ 4,820,956**	**8%**
	Operating Expenses										
17	Salary & Wages (w/ Agency)	$ 2,080,929	$ 1,996,137	$ 2,008,288	$ 2,135,117	$ 2,063,255	$ 2,155,198	$ 8,361,859	$ 2,090,465	$ 2,026,203	3%
18	Employee Benefits	808,621	842,715	844,382	721,346	738,758	737,835	3,042,321	760,580	785,416	-3%
19	Total People Cost	$ 2,889,550	$ 2,838,852	$ 2,852,670	$ 2,856,463	$ 2,802,013	$ 2,893,033	$ 11,404,180	$ 2,851,045	2,811,618	1%
20	Med and Prof Fees	$ 643,707	$ 652,661	$ 760,435	$ 537,961	$ 670,464	$ 665,243	$ 2,634,103	$ 658,526	$ 598,762	10%
21	Supplies	550,525	608,089	436,999	543,997	630,036	745,969	2,357,001	589,250	626,803	-6%
22	Purchased Services	307,662	463,462	350,330	481,692	352,482	410,063	1,594,568	398,642	413,583	-4%
23	Depreciation	441,840	500,000	519,093	578,469	519,114	582,244	2,198,921	549,730	441,044	25%
24	Utilities	135,364	227,263	204,101	199,612	205,277	169,049	778,039	194,510	162,052	20%
25	Insurance	68,544	34,172	102,750	16,650	144,155	85,387	348,942	87,235	68,293	28%
26	Interest	50,300	120,563	12,973	29,150	13,642	38,791	94,556	23,639	59,272	-60%
27	Other	108,036	88,499	102,876	106,367	123,429	139,587	472,259	118,065	100,025	18%
28	Matching Fees (IGT)	86,484	-	365,191	365,191	365,191	365,191	1,460,764	365,191	266,458	37%
29	**Operating expenses**	**$ 5,282,012**	**$ 5,533,561**	**$ 5,707,419**	**$ 5,715,552**	**$ 5,825,804**	**$ 6,094,557**	**$ 23,343,332**	**$ 5,835,833**	**$ 5,547,909**	**5%**
30	**Operating Margin**	**$ (963,874)**	**$ (1,263,116)**	**$ (458,136)**	**$ (506,681)**	**$ (875,134)**	**$ (652,853)**	**$ (2,492,804)**	**$ (623,201)**	**$ (726,953)**	**14%**
	Expense										
31	Misc. Revenue/(Exp)	$ 41,366	$ 64,651	$ (12,506)	$ 38,607	$ 33,567	$ 70,668	$ 130,336	$ 32,584	$ 36,743	-11%
32	Donations	-	-	-	-	-	-	-	-	(1,005)	
33	Parcel Tax Revenue	316,668	316,663	316,667	316,667	316,667	316,667	1,266,668	316,667	316,667	0%
34	Extraordinary Items	-	-	-	-	-	-	-	-	-	
35	**Total Non-Op Rev/Exp**	**$ 358,034**	**$ 381,314**	**$ 304,161**	**$ 355,274**	**$ 350,234**	**$ 387,335**	**$ 1,397,004**	**$ 349,251**	**$ 352,405**	**-1%**
36	**Net Income / (Loss) Excl GO Bond**	**$ (605,840)**	**$ (881,802)**	**$ (153,975)**	**$ (151,407)**	**$ (524,899)**	**$ (265,518)**	**$ (1,095,800)**	**$ (273,950)**	**$ (374,548)**	**27%**
37	GO Bond Activity, Net	175,187	175,188	157,691	157,691	162,817	162,817	641,016	160,254	174,790	-8%
38	**Net Income/(Loss) Incl GO Bond**	**$ (430,653)**	**$ (706,614)**	**$ 3,716**	**$ 6,284**	**$ (362,082)**	**$ (102,701)**	**$ (454,784)**	**$ (113,696)**	**$ (199,759)**	**43%**
39	Restricted Foundation Contr	$ 153,261	$ 448,716	$ 65,959	$ 986,446	$ 177,715	$ 60,658	$ 1,290,778	$ 322,695	$ 449,199	-28%
40	**Change in Net Position**	**$ (277,392)**	**$ (257,898)**	**$ 69,675**	**$ 992,730**	**$ (184,367)**	**$ (42,043)**	**$ 835,994**	**$ 208,999**	**$ 249,440**	**-16%**
41	**Operating EBDA**	**$ (522,034)**	**$ (763,116)**	**$ 60,957**	**$ 71,788**	**$ (356,019)**	**$ (70,609)**	**$ (293,883)**	**$ (73,471)**	**$ (285,910)**	**74%**
42	**Total EBDA - Excl Rest Contr**	$ 11,187	$ (206,614)	$ 522,809	$ 584,753	$ 157,032	$ 479,543	$ 1,744,137	$ 436,034	$ 241,285	81%

Sonoma Valley Hospital

Cash Forecast

FY 2024

ATTACHMENT G

		Actual July	Actual Aug	Actual Sept	Actual Oct	*Forecast* Nov	*Forecast* Dec	*Forecast* Jan	*Forecast* Feb	*Forecast* Mar	*Forecast* Apr	*Forecast* May	*Forecast* Jun	TOTAL
	Hospital Operating Sources													
1	Patient Payments Collected	4,211,654	4,169,523	4,265,657	4,281,011	4,100,000	4,100,000	4,100,000	4,100,000	4,300,000	4,300,000	4,300,000	4,300,000	50,527,844
2	Other Operating Revenue	316,656	106,836	45,980	192,736	200,000	93,000	115,000	150,000	20,000	110,000	100,000	100,000	1,550,208
3	Other Non-Operating Revenue	12,149	20,866	11,418	5,408	19,716	11,380	24,169	9,420	11,309	18,628	3,587	8,000	156,050
4	Unrestricted Contributions		8,192	9,519	9,051									26,762
	Sub-Total Hospital Sources	**4,540,458**	**4,305,417**	**4,332,574**	**4,488,206**	**4,319,716**	**4,204,380**	**4,239,169**	**4,259,420**	**4,331,309**	**4,428,628**	**4,403,587**	**4,408,000**	**52,260,864**
	Hospital Uses of Cash													
5	Operating Expenses / AP Payments	5,002,977	4,703,643	4,628,108	5,681,001	5,057,000	5,139,000	5,257,200	5,878,000	4,954,000	4,880,000	5,278,000	4,977,000	61,435,929
6	Term Loan Paydown - $1.9M LOC	-	-	-	-	-	38,516	38,516	38,516	38,516	38,516	38,516	38,516	269,615
7	Bridge Loan Payback							750,000						750,000
8	Capital Expenditures	65,959	1,047,616	177,566	185,217	25,000	-	100,000	125,000	100,000	200,000	100,000	50,000	2,176,358
	SVH Capital	-	105,290		133,610	25,000		100,000	125,000	100,000	200,000	100,000	50,000	938,900
	Foundation Capital	65,959	942,326	177,566	51,607									1,237,458
	Total Hospital Uses	**5,068,936**	**5,751,259**	**4,805,674**	**5,866,218**	**5,082,000**	**5,177,516**	**6,145,716**	**6,041,516**	**5,092,516**	**5,118,516**	**5,416,516**	**5,065,516**	**64,631,901**
	Net Hospital Sources/Uses of Cash	**(528,478)**	**(1,445,842)**	**(473,100)**	**(1,378,012)**	**(762,284)**	**(973,136)**	**(1,906,547)**	**(1,782,096)**	**(761,207)**	**(689,888)**	**(1,012,929)**	**(657,516)**	**(12,371,037)**
	Non-Hospital Sources													
9	Restricted Capital Donations	65,959	986,446	177,566	51,607									1,281,578
10	Parcel Tax Revenue	142,457			1,612,000		285,250				1,754,793			3,794,500
11	Other Payments				652,987									652,987
12	Other:													-
13	IGT - QIP (PY 6/CY23)			861										861
14	IGT - Rate Range (CY23)							11,105,844						11,105,844
15	IGT - HQAF VIII (CY23)								1,334,373					1,334,373
16	IGT - NDPH (SFY23-24)												-	-
17	IGT - NDPH (SFY24-25)												160,600	160,600
18	IGT - DHDP (CY23)											838,658		838,658
19	Distressed Hospital Loan Program	3,100,000												3,100,000
20	Line of Credit Draw - New Bank					5,400,000								5,400,000
	Sub-Total Non-Hospital Sources	**3,308,416**	**986,446**	**178,427**	**2,316,594**	**5,400,000**	**285,250**	**11,105,844**	**1,334,373**	**-**	**1,754,793**	**838,658**	**160,600**	**27,669,401**
	Non-Hospital Uses of Cash													
21	IGT Matching Fee Payments	-	-	-	-	5,157,563	409,882	-	293,530	-	86,480	-	-	5,947,455
22	Line of Credit Repayment - Existing LOC	3,100,000												3,100,000
23	Line of Credit Repayment - New LOC							5,400,000						5,400,000
	Sub-Total Non-Hospital Uses of Cash	**3,100,000**	**-**	**-**	**-**	**5,157,563**	**409,882**	**5,400,000**	**293,530**	**-**	**86,480**	**-**	**-**	**14,447,455**
	Net Non-Hospital Sources/Uses of Cash	**208,416**	**986,446**	**178,427**	**2,316,594**	**242,437**	**(124,632)**	**5,705,844**	**1,040,843**	**-**	**1,668,313**	**838,658**	**160,600**	**13,221,946**
	Net Sources/Uses	**(320,062)**	**(459,396)**	**(294,673)**	**938,582**	**(519,847)**	**(1,097,768)**	**3,799,297**	**(741,253)**	**(761,207)**	**978,425**	**(174,271)**	**(496,916)**	**850,909**
	Total Cash at beginning of period	3,748,581	3,428,519	2,969,124	2,674,451	3,613,033	3,093,186	1,995,417	5,794,714	5,053,461	4,292,253	5,270,678	5,096,406	
	Total Cash at End of Period	**3,428,519**	**2,969,124**	**2,674,451**	**3,613,033**	**3,093,186**	**1,995,417**	**5,794,714**	**5,053,461**	**4,292,253**	**5,270,678**	**5,096,406**	**4,599,490**	
	Days of Cash on Hand at End of Month	**22.0**	**19.0**	**17.1**	**23.2**	**19.8**	**12.8**	**37.1**	**32.4**	**27.5**	**33.8**	**32.7**	**30.7**	
	Days Cash on Hand Forecasted from Previous Month				13.3									

SONOMA VALLEY HEALTH DISTRICT

Board of Directors & Committees

2025 Meeting Schedule

JANUARY

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

TBD TBD TBD

FEBRUARY

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	

MARCH

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

TBD TBD

APRIL

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

TBD

MAY

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

JUNE

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

TBD

JULY

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

TBD

AUGUST

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

TBD

SEPTEMBER

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

TBD

OCTOBER

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

TBD TBD

NOVEMBER

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

DECEMBER

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

TBD

Board of Directors
Finance Committee
Quality Committee

Affiliation Oversite Committee
Audit Committee
Governance Committee

SVHCD Board of Directors Work Plan 2025

JANUARY 1/09	FEBRUARY 2/06	MARCH 3/06	APRIL 4/03	MAY 5/01	JUNE 6/05
• Board Member Committee Assignments • Quality Committee Quarterly Report • 2024 Annual Hospital Community Report (deferred from Dec. 2024)	• Hanna - Cameron Safarloo • Finance Committee Quarterly Report • Patient Care Services Annual Report • UCSF Affiliation Update • AOC Work Plan	**OFFSITE** Boys & Girls Club Cary Snowden, CEO • Review FY 2026 Budget Assumptions • Review Updates to Five Year Rolling Strategic Plan	• Chief of Staff Report • Annual Hospital Quality Report • 1206(B) Clinic Report • Quality Committee Quarterly Report Board retreat?	• Seismic updates – CHA • Finance Committee Quarterly Report • Human Resources Annual Report • UCSF Affiliation Update ***Additional meeting Thursday, 5/27:*** *Joint Board/Finance Committee Budget Meeting*	• Approve FY 2026 Budget • Approve Capital Spending Plan • Appointment of CEO Compensation Committee • SVHF Annual Update

JULY 7/10	AUGUST 8/07	SEPTEMBER 9/04	OCTOBER 10/02	NOVEMBER 11/06	DECEMBER 12/04
• Quality Committee Quarterly Report	• Finance Committee Quarterly Report • CEO Assessment and compensation • UCSF Affiliation Update • Ancillary Services Annual Report	• Chief of Staff Report • IS Annual Report • Setting the tax rate for FY 26 Resolution	• Quality Committee Quarterly Report • Marketing/PR Update Board retreat?	• Audit Review and Approval • Finance Committee Quarterly Report • UCSF Affiliation Update	• Elect District Officers • 2026 Work Plan approvals • 2025 Annual Hospital Community Report

SVHCD Finance Committee Work Plan 2025

Potential for Finance Committee to absorb Audit Committee

JANUARY 1/28	FEBRUARY 2/25	MARCH 3/25	APRIL 4/22
• November/December Financials • Detailed A/R Review • Review Capital Project Dashboard	• January Financials • District Hospital Leadership Forum (DHLF) Update / Presentation	• February Financials • FY 2026 Budget Assumptions • Revenue Analysis and Payor Profitability Review • Payor Contract Status	• March Financials • FY 2026 Budget Update • Sonoma Valley Hospital Foundation Update
MAY 5/27	**JUNE**	**JULY 7/23**	**AUGUST 8/26**
• April Financials • Review and Recommend for APPROVAL FY 2026 Budget • Long Range Financial Plan, including Capital Spending Assumptions ***Additional meeting same day: Joint Board/Finance Committee Budget Meeting***	**No meeting**	• May / June Financials • Cash Flow Forecast • Risk Management and Insurance Review	• July Financials • SVH Systems Review • Review Capital Project Dashboard
SEPTEMBER 9/23	**OCTOBER 10/28**	**NOVEMBER 11/25**	**DECEMBER**
• August Financials • Balance Sheet Review • Debt Profile Review	• September Financials • Update on Board Strategic Plan	• October Financials • Revenue Analysis including Payor Mix and major Managed Care Agreements • 2026 Finance Committee Work Plan	**No meeting**

SVHCD Quality Committee Work Plan 2025

JANUARY 1/22	FEBRUARY 2/26	MARCH 3/26	APRIL 4/23
• ED QA/PI - Marylou Ehret • **Patient Care Services Dashboard 4th Qtr (2024)** • *Quality Indicator Performance and Plan* • *Policies and Procedures* • *Credentialing*	• Surgical Servies QA/PI - Kelli Cornell • *Quality Indicator Performance and Plan* • *Policies and Procedures* • *Credentialing*	• Infection Prevention Annual Risk Assessment / Plan - Stephanie Montecino • *Quality Indicator Performance and Plan* • *Policies and Procedures* • *Credentialing*	• Lab QA/P – Alfred Lugo • **Patient Care Services Dashboard 1st Qtr (2025)** • *Quality Indicator Performance and Plan* • *Policies and Procedures* • *Credentialing*
MAY 5/28	**JUNE 6/25**	**JULY 7/23**	**AUGUST 8/27**
• Annual Quality Department Review - new Director of Quality • *Quality Indicator Performance and Plan* • *Policies and Procedures* • *Credentialing*	• Pharmacy QA/PI - Chris Kutza • *Quality Indicator Performance and Plan* • *Policies and Procedures* • *Credentialing*	• ED QA/PI - Marylou Ehret • **Patient Care Services Dashboard 2nd Qtr (2025)** • *Quality Indicator Performance and Plan* • *Policies and Procedures* • *Credentialing*	• Inpatient Services QA/PI - Jane Taylor • *Quality Indicator Performance and Plan* • *Policies and Procedures* • *Credentialing*
SEPTEMBER 9/24	**OCTOBER 10/22**	**NOVEMBER**	**DECEMBER TBD**
• Imaging QA/PI – Troy Ashford • *Quality Indicator Performance and Plan* • *Policies and Procedures* • *Credentialing*	• PT/OT QA/PI - Chris Gallo • **Patient Care Services Dashboard 3rd Qtr (2025)** • *Quality Indicator Performance and Plan* • *Policies and Procedures* • *Credentialing*	No meeting	• Pharmacy QA/PI - Chris Kutza • *Quality Indicator Performance and Plan* • *Policies and Procedures* • *Credentialing*

SVHCD Audit Committee Work Plan 2025

Potential for Audit Committee to merge with Finance Committee

JANUARY	FEBRUARY	MARCH	APRIL
Exact date and time TBD • Review of Committee Charter		*Exact date and time TBD* • Review and consider audit firm proposal letter	

MAY	JUNE	JULY	AUGUST
			Exact date and time TBD • Progress report on audit project

SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
	Exact date and time TBD • Review and consider reccommendations of draft audit report		

SVHCD Governance Committee Work Plan 2025

JANUARY

Exact date and time TBD

- Review the list of policies (2022, 2023, 2024)

FEBRUARY

MARCH

Exact date and time TBD

- Schedule two year review cycle for policies

APRIL

MAY

JUNE

Exact date and time TBD

- Identify potential governance issues with the UCSF affiliation agreement

JULY

AUGUST

SEPTEMBER

Exact date and time TBD

- Board self assesment

OCTOBER

NOVEMBER

DECEMBER