



# Washington Township Hospital Development Corporation

2000 Mowry Avenue, Fremont, CA 94538-1716

July 14, 2022

## MEETING NOTICE

Welcome to the July 18, 2022 meeting of the Washington Township Hospital Development Corporation Board of Directors. The meeting will commence at 7:30 a.m.

Join the Zoom Meeting:

<https://zoom.us/j/96100603406?pwd=c2RFdnJaVHM3Z2k3QUhDSHNjK3o2dz09>

Passcode: 723860

Dial by your location + 1 669 219 2599 (San Jose, CA)

Meeting ID: 961 0060 3406

Passcode: 723860

Portions of this meeting held may be in closed session in accordance with Sections of California Health & Safety Code and Sections of the California Government Code.

In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact the Recording Secretary at (510) 818-7839. Notification two working days prior to the meeting will enable the Recording Secretary to make reasonable arrangements to ensure accessibility to this meeting.

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

*Diana Venegas*

Diana Venegas

Recording Secretary

*Kimberly Hartz, Chief Executive Officer*

Ohlone College Student Health Center • Washington Medical Billing • Washington Outpatient Rehabilitation Center  
Washington Outpatient Surgery Center • Peninsula Surgery Center • Washington Radiation Oncology Center • Washington Sports Medicine  
Washington Township Medical Foundation

**Certificate of Posting**

I certify that on July 14, 2022, I posted a copy of the foregoing Meeting Notice near the regular meeting place of the Board of Directors of the Washington Township Hospital Development Corporation Board, said time being at least 72 hours in advance of the meeting of the Board of Directors (Government Code Section 54954.2)

Executed at Fremont, California, on July 14, 2022.

*Diana Venegas*

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Diana Venegas, Recording Secretary



# Washington Township Hospital Development Corporation

2000 Mowry Avenue, Fremont, CA 94538-1716

## BOARD OF DIRECTORS' MEETING WASHINGTON TOWNSHIP HOSPITAL DEVELOPMENT CORPORATION

Monday, July 18, 2022 – 7:30 A.M.

2000 Mowry Avenue, Fremont, CA 94538

Meeting Conducted via Zoom

<https://zoom.us/j/96100603406?pwd=c2RFdnJaVHM3Z2k3QUhDSHNjK3o2dz09>

Dial by your location + 1 669 219 2599 (San Jose, CA)

Meeting ID: 961 0060 3406

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### AGENDA

- |             |  |  |
|-------------|--|--|
| <b>I.</b>   | <b>CALL TO ORDER</b>   | <b>PRESENTED BY:</b><br><i>Benn Sah, M.D.</i><br><i>Board President</i>  |
| <b>II.</b>  | <b>ROLL CALL</b>   | <i>Diana Venegas</i><br><i>Recording Secretary</i>   |
| <b>III.</b> | <b>BROWN ACT FINDING</b><br>GOVERNMENT Code § 54953(e)(3)(B)(ii)                   | <i>Motion Required</i>   |
| <b>IV.</b>  | <b>COMMENDATION OF MIRO GARCIA</b>   | <i>Motion Required</i>   |
| <b>V.</b>   | <b>CONSIDERATION OF MINUTES OF</b><br><b>April 18, 2022</b>                        | <i>Motion Required</i>   |
| <b>VI.</b>  | <b>COMMUNICATIONS</b><br>A. Oral<br>B. Written                                     | <i>Benn Sah, M.D.</i><br><i>Board President</i>  |
| <b>VII.</b> | <b>REPORTS</b><br><br>A. Chief Executive Officer Report<br><br>B. Financial Report | <b>PRESENTED BY:</b><br><br><i>Kimberly Hartz</i><br><i>Chief Executive Officer</i><br><br><i>Chris Henry</i><br><i>Vice President and</i><br><i>Chief Financial Officer</i> |

**VIII. ADJORN TO CLOSED SESSION**

*Benn Sah, M.D.  
Board President*

- A. Conference involving trade secrets pursuant to Health & Safety Code, Section 32106
- B. Consideration of Closed Minutes of April 18, 2022

*Motion Required*

**IX. RECONVENE TO OPEN SESSION**  
Report on *permissible actions* taken during Closed Session

*Benn Sah, M.D.  
Board President*

**X. ACTION**

*Motion Required*

- A. Acceptance of the Washington Township Hospital Development Corporation Budget Estimate for Fiscal Year 2022/2023
- B. Acceptance of the Washington Township Medical Foundation Budget Estimate for Fiscal Year 2022/2023
- C. Approval of Resolution #47 to Increase the Amount of the Credit Line between DEVCO and Peninsula Surgery Center, LLC

**XI. ADJOURNMENT**

**NEXT MEETING: MONDAY, OCTOBER 17, 2022 - 7:30AM - 9:00AM**

*In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact the Recording Secretary at (510) 818-7839. Notification two working days prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting.*

**CONSIDERATION OF MINUTES OF  
April 18, 2022**

**Washington Township Hospital Development Corporation**  
**April 18, 2022**

The meeting of the Board of Directors of the Washington Township Hospital Development Corporation was held on April 18, 2022, via Zoom. Chairman Sah called the meeting to order at 7:31 a.m.

**CALL TO ORDER**

Roll Call was taken. Directors Present: Russ Blowers, Steven Chan, D.D.S., Sue Querner, Benn Sah, M.D.

**ROLL CALL**

Absent: None

Also present: Kimberly Hartz, Chief Executive Officer; Tina Nunez, Vice President, Ambulatory Care and Administrative Services, Chris Henry, Vice President and Chief Financial Officer; Walter Choto, Chief, Ambulatory Care Services; Donald Pipkin, Chief, Strategic Management, Angus Cochran, Chief, Community Support Services, Mike Rogers, Director Offsite Services, Paul Kozachenko, Attorney; and Diana Venegas, Recording Secretary.

Director Sah welcomed any members of the general public to the meeting. He noted that in order to continue to protect the health and safety of the members of the Board, District staff, and members of the public from the dangers posed by the SARS-CoV-2 virus, the Brown Act allows a local agency to continue to hold its meetings remotely as opposed to being required to meet in-person.

Section 54953(e) (3) of the Government Code requires that the Board make certain findings every 30 days to continue meeting remotely. One such finding is that “state or local officials continue to impose or recommend measures to promote social distancing.” The Alameda County Health Officer continues to recommend social distancing and the wearing of masks indoors, as referenced by the Alameda County Health Care Services Public Health Department COVID-19 website at [www.covid-19.acgov.org](http://www.covid-19.acgov.org).

In accordance with District law, policies, and procedures, Director Chan moved that the Board of Directors make the finding required by Section 54953(e)(3)(B)(ii) of the Government Code that “state or local officials continue to impose or recommend measures to promote social distancing.” Director Blowers seconded the motion.

Roll call was taken:

- Benn Sah, MD – aye
- Steven Chan, DDS – aye
- Russ Blowers – aye
- Sue Querner – aye

The motion unanimously carried and the finding is affirmed.

**Washington Township Hospital Development Corporation**  
**April 18, 2022**

A motion was made by Director Blowers, seconded by Director Chan to approve the minutes of the meeting of January 17, 2022.

**APPROVAL OF  
MINUTES  
January 17, 2022**

Roll call was taken:

- Benn Sah, MD – aye
- Steven Chan, DDS – aye
- Russ Blowers – aye
- Sue Querner – aye

The motion unanimously carried.

Mr. Pipkin and Mr. Cochran presented WHHS's application to Alameda County for Level II Trauma Service Designation. The two existing trauma centers in the county are distant from South County, resulting in delays in travel time depending on the traffic patterns. In addition, many South County residents travel outside of the county for trauma care. The County hired a consulting firm to assess the demand for and feasibility of an additional trauma center in Alameda County. Both Washington Hospital and Stanford ValleyCare have expressed an interest in becoming a Trauma Center.

**EDUCATION  
SESSION  
Donald Pipkin, Chief  
of Strategic  
Management &  
Angus Cochran,  
Chief of Community  
& Support Services**

Ms. Hartz acknowledged the resignation letter of Miro Garcia, effective March 7, 2022, and thanked him for his service. Director Chan requested that staff prepare a formal commendation for the Board to approve at the next meeting, thanking Director Garcia for his service to this Board.

**COMMUNICATIONS**

Ms. Hartz provided a COVID-19 update, commenting on the number of patients and their vaccination status. She reported that although COVID numbers are trending lower, there continues to be an uptick of cases in some areas.

**CHIEF EXECUTIVE  
OFFICER REPORT**

Ms. Hartz provided an update on the Oncology Joint Venture. The District Board has signed the Letter of Intent, Contribution Agreement and the Operating Agreement. The vision of the joint venture is for UCSF and Washington Hospital to combine their strengths to become the leading program in the region for cancer and to provide oncology care to patients closer to their home. The joint venture is a two-phase approach. Phase I is moving the Radiation Oncology Center into the joint venture with a transition date of July 1, 2022. The second phase will be moving the cancer clinic, infusion center and build out of the new cancer center into the joint venture. Staff are in the process of completing the agreements for Phase I.

Ms. Hartz provided an update on the Parcel Tax Ballot Measure. Several months ago, after staff presented to the District Board the financial challenges facing the District, the District Board of Directors asked staff to investigate placing a parcel tax on the November ballot. In March, the District Board delayed placing the parcel tax

***Washington Township Hospital Development Corporation  
April 18, 2022***

measure on the ballot, and staff were directed to further research the matter. Since then, an independent Citizen's Committee has been collecting signatures to qualify to put the measure on the November ballot. Ms. Hartz discussed with the DEVCO Board that an executive communication was sent and that she would share this communication with the DEVCO Board as well.

Ms. Hartz reported that InHealth broadcasting will transition off air as of July 1 and will be on YouTube Chanel, only. This transition is a reflection of the evolving way that people today access information.

Ms. Hartz reported that WHHS recently opted to participate in the Beta HEART program (heart, empathy, accountability, resolution, trust). The program is a holistic approach and methodology to reduce harm in healthcare and support patients, families and clinicians after an adverse event.

Ms. Hartz reported on the Peninsula Surgery Center survey. AAAHC Deemed Status/Medicare Survey was originally completed in November and required correction of identified areas. In March, the surveyor completed the unannounced re-survey for the clinical portion of the survey, which went well. We are currently waiting for the Life Safety Portion of the survey. A final report will be received 10 days after completion. Once we receive Medicare Certification, it will take approximately 6 weeks to finalize any commercial contracts; however, we can begin operating on Medicare patients as soon as we receive the certification.

Mr. Henry reviewed the DEVCO Financial Report for February 2022.

***FINANCIAL  
REPORT***

Mr. Kozachenko provided an overview and Approval of Corporate Guaranty in Connection with Arthrex Lease Agreement.

***ACTION ITEM:  
Approval of Corporate  
Guaranty in  
Connection with  
Arthrex Lease  
Agreement***

The Peninsula Surgery Center is nearing final regulatory approval, allowing physicians to begin treating patients. Peninsula Surgery Center needs to acquire the shoulder surgery equipment via a Lease credit arrangement with Arthrex Credit. The Lease Agreement requires three payments of \$35,607.35 annually over a three-year term. Since the Board meets quarterly, in order to not delay ordering the equipment, the Chief Executive Officer executed the Corporate Guaranty.

Director Blowers made a motion that the Chief Executive Officer's execution of the Corporate Guaranty is ratified and approved. Director Chan seconded the motion.

Roll call was taken:

- Benn Sah, MD – aye
- Steven Chan, DDS - aye
- Russ Blowers - aye
- Sue Querner – aye



**Washington Township Hospital Development Corporation**  
**April 18, 2022**

Ms. Hartz provided an overview of the Request for Purchase of VOX Centralized Patient Contact Center Software. The Washington Township Medical Foundation (WTMF) receives close to 650,000 calls per year, with that number increasing by an average of 16% year over year. It has become necessary for the medical foundation to set up a Centralized Patient Contact Center to handle incoming calls more efficiently. Our current telecom system does not allow for centralization or for the type of reporting needed to maximize resources while providing quality service to our patients. Implementation of the requested software will give us the capability to capture calls that were missed or placed on hold for an unacceptable length of time. We will also be able to monitor service levels to determine wait times, calls in queue and staff productivity in order to improve operations.

***ACTION ITEM:***  
***Request for Purchase***  
***of VOX Centralized***  
***Patient Contact***  
***Center Software***

Director Blowers made a motion to approve the Purchase of the VOX Centralized Patient Contact Software in an amount not to exceed \$130,128. Director Chan seconded the motion.

Roll call was taken:

- Benn Sah, MD – aye
- Steven Chan, DDS – aye
- Russ Blowers – aye
- Sue Querner – aye

Mr. Rogers provided an overview of the Consideration of Approval of the Revised Washington Township Hospital Development Corporation Corporate Compliance Program. DEVCO has had a written Corporate Compliance Program since 2001, and it is recommended that it be updated again. The Corporate Compliance Program is modeled after the same program for the Washington Township Health Care District.

***ACTION ITEM:***  
***Consideration of***  
***Approval of the Revised***  
***Washington Township***  
***Hospital Development***  
***Corporation Corporate***  
***Compliance Program***

Director Chan made a motion for the approval of the revised Washington Township Hospital Development Corporate Compliance Program. Director Querner second the motion.

Roll call was taken:

- Benn Sah, MD – aye
- Steven Chan, DDS – aye
- Russ Blowers – aye
- Sue Querner – aye

Ms. Hartz provided an overview of the Consideration of Purchase and Install of the Siemens SOMOTOM go.SIM CT Machine and Phantom Tool for the Radiation Oncology Center.

The CT machine at the Washington Radiation Oncology Center went completely down on January 20, 2022. The scanning tube, where the images are taken, cannot be repaired and must be replaced. The machine is over 13 years old and purchased originally as a refurbished machine. This requested machine is a 64-slice CT simulator and reduces time to treatment. One of the new, cutting-edge technologies that this machine provides is Respiratory Gating for Breast and Lung treatments, which allows for a more accurate treatment of patients in sensitive areas and reduces radiation doses to critical organs such as the heart.

The District and UCSF are in the process of negotiating a joint venture that will result in the joint venture operating the Radiation Oncology Center. UCSF has agreed that the cost of this CT machine should be borne by the joint venture. However until negotiations are complete, the joint venture cannot enter into the purchase agreement. The District and UCSF have signed a letter indicating their agreement that these costs should be paid by the joint venture. In the event that the District and UCSF are unable to reach a final agreement, DEVCO will be responsible for the costs of this purchase.

Director Blowers made a motion for the approval of the purchase of the Siemens SOMOTOM go.SIM CT machine and the Phantom Tool for an amount not to exceed \$1,027,540. Director Chan seconded the motion.

Roll call was taken:

- Benn Sah, MD – aye
- Steven Chan, DDS – aye
- Russ Blowers – aye
- Sue Querner – aye

Mr. Kozachenko provided an overview for Consideration of the Election of Board Members of the Washington Township Medical Foundation. Board Members serve a two-year term.

Director Blowers made a motion to approve Resolution for the reappointment of the Board of Directors for Washington Township Medical Foundation. The appointment of board members in the resolution is: Kimberly Hartz, Chairperson, Chris Henry, Dr. Albert Brooks, MD, Dr. Ranjana Sharma, MD, and Dr. Annamalai Veerappan, MD. Director Querner seconded the motion.

***ACTION ITEM:  
Consideration of  
Purchase and Install of  
the SIEMENS  
SOMOTOM go. SIM  
CT Machine and  
Phantom Tool for the  
Radiation Oncology  
Center***

***ACTION ITEM:  
Consideration of the  
Election of New Board  
Members of Washington  
Township Medical  
Foundation***

**Washington Township Hospital Development Corporation**  
**April 18, 2022**

Roll call was taken:

- Benn Sah, MD – aye
- Steven Chan, DDS – aye
- Russ Blowers – aye
- Sue Querner – aye

Director Sah adjourned the meeting to closed session at 9:00 a.m. Director Sah stated that the public has a right to know what, if any, reportable action takes place during closed session. Since this is a Zoom session and we have no way of knowing when the closed session will end, the public was informed they could contact the Recording Secretary for the Board's report beginning April 19, 2022. He indicated that the minutes of this meeting will reflect any reportable actions.

***ADJOURN TO  
CLOSED SESSION***

Director Sah adjourned the meeting to open session at 9:10 a.m. and reported that the Board approved the Closed Session Minutes of January 17, 2022 by a unanimous vote of all Directors present:

***RECONVENE TO  
OPEN SESSION***

Benn Sah, MD  
Steven Chan, DDS  
Russ Blowers  
Sue Querner

There being no further business, Director Sah adjourned the meeting at 9:12 a.m.

***ADJOURNMENT***

The next meeting is currently scheduled for July 18, 2022 at 7:30 a.m.

***NEXT SCHEDULED  
DEVCO BOARD  
MEETING***

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Benn Sah, M.D.  
President

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Steven Chan, D.D.S.  
Secretary

# COMMUNICATIONS

# FINANCIAL REPORT



**"OPEN SESSION"  
ACTION ITEMS**

**Acceptance of the Washington Township  
Hospital Development Corporation  
Budget Estimate for Fiscal Year 2022/2023**





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# Memorandum

**DATE:** July 15, 2022

**TO:** Board of Directors  
Washington Township Hospital Development Corporation

**FROM:** Kimberly Hartz  
Chief Executive Officer

**SUBJECT:** **Washington Township Hospital Development Corporation  
Budget Estimate FY 23**

The Budget Estimate for FY 23 for the Washington Township Hospital Development Corporation (DEVCO) is being presented to the Board of Directors of the Development Corporation for its adoption. Attached is the consolidated income statement and capital budget for your review.

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

This budget takes into account inflation, contracted changes, and operation changes. For the FY 23, the Washington Township Hospital Development Corporation is budgeted as follows:

Visits are budgeted at **25,221**  
Total Operating Revenue is budgeted at **\$43,328,554**  
Total Expenses are budgeted at **\$40,464,320**  
Net income is budgeted at **\$858,470**  
Capital request is **\$176,939**

# Consolidated Income Statement

	<i>Budget Estimate FY 23</i>	<i>Projected FY 22</i>	<i>Change</i>	<i>% Change</i>
<b>Visits</b>				
<b>Visits</b>	24,309	24,283	26	0%
<b>Legacy</b>	912	912	-	0%
<b>Total Visits</b>	25,221	25,195	26	0%
<b>Revenue</b>				
Gross Patient Revenue	77,685,254	55,022,359	22,662,895	41%
Other Revenue	9,290,975	8,318,808	972,167	12%
Contractual Allowances	(43,647,675)	(29,473,159)	(14,174,516)	-48%
<b>Total Operating Revenue</b>	<b>43,328,554</b>	<b>33,868,008</b>	<b>9,460,546</b>	<b>28%</b>
<b>Expenses</b>				
Salaries and Benefits	11,809,653	10,984,346	(825,307)	-8%
Supplies	8,685,538	5,164,042	(3,521,496)	-68%
Physician Fees	227,933	680,403	452,470	67%
Purchased Labor & Benefits	4,142,902	3,711,606	(431,296)	-12%
Other Purchased Services	5,712,100	4,867,665	(844,435)	-17%
Building Lease	5,969,281	5,802,576	(166,705)	-3%
Utilities	325,265	335,837	10,572	3%
Professional Liab Ins	63,951	49,566	(14,385)	-29%
Other Expense	1,216,782	1,283,883	67,101	5%
Interest Expense	704,069	574,144	(129,925)	-23%
Taxes, Fees & Licenses	343,172	278,811	(64,361)	-23%
Depreciation	1,263,674	1,504,822	241,148	16%
<b>Total Expense</b>	<b>40,464,320</b>	<b>35,237,701</b>	<b>(5,226,619)</b>	<b>-15%</b>
<b>Income from Operations</b>	<b>2,864,234</b>	<b>(1,369,693)</b>	<b>4,233,927</b>	<b>309%</b>
Minority Interest	2,005,764	244,916	(1,760,848)	-719%
<b>Net Income</b>	<b>858,470</b>	<b>(1,614,609)</b>	<b>2,473,079</b>	<b>153%</b>

# Capital

Entity	Product Description	Net Price
WORC	Recumbent Bike	\$6,792
	Armedica AM-350 Treatment Table	\$2,124
	<b>WORC Total</b>	<b>\$8,916</b>
MPM	Seal coat and stripe parking lot at 38719 Stivers	\$6,323
	Nakamura Fountain removal and replacement	\$8,820
	<b>MPM Total</b>	<b>\$15,143</b>
WOSC	ENT Image Guidance System	\$87,960
	GAMMA Prob	\$39,690
	MicroAire Cannula	\$12,615
	Black & Black Cannula	\$12,615
	<b>WOSC Total</b>	<b>\$152,880</b>
<b>Grand Total</b>		<b>\$176,939</b>

**Acceptance of the Washington Township  
Medical Foundation Budget Estimate for  
Fiscal Year 2022/2023**



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# Memorandum

**DATE:** July 18, 2022

**TO:** Board of Directors  
Washington Township Hospital Development Corporation

**FROM:** Kimberly Hartz  
Chief Executive Officer

**SUBJECT: WTMF Budget Estimate FY 2022/23**

The Budget Estimate for FY 2022/23 for the Washington Township Medical Foundation (WTMF) is being presented for consideration of approval. Attached for your reference are the consolidated income statement and capital budget.

This past year, WTMF operated in a challenging environment. Efforts were on recovery from the pandemic as well as strengthening our infrastructure. WTMF was able to continue to grow through the transition of community based physician practices into the Foundation, while also reacting to changes in the workforce. These included “The Great Resignation” and now inflation that we have not experienced in over a decade. The Foundation continues to be relevant to our community through the successful COVID-19 vaccination clinic and testing sites. To date, over 89,000 vaccinations have been provided through our clinic. This next year, we are continuing to stabilize operations placing emphasis on recruitment and retention of both our providers and our staff. In addition, WTMF hired a consultant to work with staff, physician and administration, to develop a three year Strategic Map to provide focused direction on positioning itself as the provider of choice in our community.

The FY 2022/23 budget takes into account inflation, contracted changes, staffing changes, budgetary changes and market and strategic growth for WTMF. It also includes infrastructure expense related to the Quality Improvement Pool (QIP) Program which is an important Healthcare System quality initiative that is focused on improving the quality of care for WTMF patients.

For the FY 2022/23, Washington Township Medical Foundation is budgeted as follows:

Visits are budgeted at 237,999 including a more limited COVID Vaccine Clinic based on lower demand  
Total Operating Revenue is budgeted at \$54,799,000  
Total Expenses are budgeted at \$80,235,187  
Net Loss is budgeted at (\$25,436,187)  
Total Capital Budget of \$519,692 including tenant improvements at several of our Clinics.

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

Washington Township Medical Foundation is helping to better strengthen and position Washington Hospital Healthcare System and local physicians in this rapidly changing health care landscape at both the state and federal levels in an environment driven by great uncertainty. Washington Township Medical Foundation provides opportunities for care coordination and collaboration that is important to the current and future success of Washington Hospital Healthcare System. WTMF also creates a vehicle that allows us to continue to successfully recruit primary care and specialist physicians to our community and offers community physicians another option for practicing medicine so that the health care needs of the community can be met now and into the future.

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

# WTMF FY 2023

## Income Statement – Consolidated

	FY 2023 Budget	FY 2022 Projected	Change	% Change
Visits	217,646	206,397	11,249	5.5%
COVID	20,353	37,436	( 17,083 )	-45.6%
<b>Total Visits</b>	<b>237,999</b>	<b>243,833</b>	<b>( 5,834 )</b>	<b>-2.4%</b>
<b><u>OPERATING REVENUE</u></b>				
Gross Patient Revenue	\$ 74,099,569	\$ 71,499,504	\$ 2,600,065	3.6%
Contractual Adjustments	(35,851,750)	(34,453,926)	(1,397,824)	-4.1%
<b>Net Patient Revenue</b>	<b>\$ 38,247,819</b>	<b>\$ 37,045,578</b>	<b>\$ 1,202,241</b>	<b>3.2%</b>
Contractual Adjustments %	-48.4%	-48.2%	0.2%	
<b>Other Non-Patient Revenue**</b>	<b>16,551,181</b>	<b>14,031,569</b>	<b>2,519,612</b>	<b>18.0%</b>
<b>Total Operating Revenue</b>	<b>\$ 54,799,000</b>	<b>\$ 51,077,147</b>	<b>\$ 3,721,853</b>	<b>7.3%</b>
<b><u>OPERATING EXPENSES</u></b>				
PSA Costs	\$ 47,666,334	\$ 43,958,940	\$ (3,707,394)	-8.4%
Salaries & Wages	14,764,145	13,593,084	(1,171,061)	-8.6%
Benefits	4,998,584	3,989,017	(1,009,567)	-25.3%
Professional & Purchased Services	3,220,398	3,217,831	(2,567)	-0.1%
Supplies	3,493,158	3,118,160	(374,998)	-12.0%
Occupancy Costs	3,495,617	3,365,592	(130,025)	-3.9%
Depreciation	254,432	188,481	(65,951)	-35.0%
Other Expense*	2,342,519	2,232,953	(109,566)	-4.9%
<b>Total Operating Expense</b>	<b>\$ 80,235,187</b>	<b>\$ 73,664,058</b>	<b>\$ (6,571,129)</b>	<b>-8.9%</b>
<b>Other Non Operating Revenue</b>	<b>-</b>	<b>211,403</b>	<b>(211,403)</b>	<b>-100.0%</b>
<b>NET PROFIT / (LOSS)</b>	<b>\$ (25,436,187)</b>	<b>\$ (22,375,508)</b>	<b>\$ (3,060,679)</b>	<b>-13.7%</b>

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

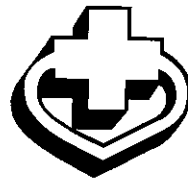
\*\* Other Non Patient Revenue includes: Incentive Rev, Hospitalist Rev, Meaningful Use Rev, WTMG Management Fees, Lean Phys Champion, and PAMF Revenue

# WTMF FY 2023 Capital Budget

Site	Item Description	Cost
<b><u>Tenant Improvements</u></b>		
Pediatrics	Carpet, Paint, Flooring, MA Space Build	\$ 211,574
State Street	Carpet, Paint, Flooring	99,707
WIMG	Tenant Improvements	46,592
Psychiatry	Tenant Improvements	30,429
Nakamura	Carpet Replacement	21,912
Urology	Innotvative project Solutions - Urology Insulation	16,642
Civic Center Primary Care	Carpet Replacement	10,198
ENT	Tenant Improvements	5,513
Gastroenterology	Tenant Improvements	5,270
<b>Total Tenant Improvements</b>		<b>\$ 447,837</b>
<b><u>Equipment</u></b>		
Women's Health	Exam Tables	\$ 22,460
General Surgery Clinic	Midmark 636 Exam Chair	8,150
ENT	Nasopharyngoscope	6,435
Ortho	Ritter M11 Sterilizer-Autoclave	5,440
Nakamura	Phillips EKG	5,012
Warm Springs	Ritter M11 Steam Sterilizer-Autoclave	4,977
Center Medical Group	Ritter M11 Steam Sterilizer-Autoclave	4,977
Warm Springs	Philips Pagemwriter TC30 Electrocardiograph-EKG	4,410
Vascular Surgery	Olympus Trolley Cart	4,068
WIMG	Exam Tables	3,222
Vascular Surgery	Ergotron Lx Wall Mount System	2,704
<b>Total Equipment</b>		<b>\$ 71,855</b>
<b>Total Capital Budget</b>		<b>\$ 519,692</b>



**Approval of Resolution to Increase the  
Amount of the Credit Line between  
DEVCO and Peninsula Surgery Center,  
LLC**



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# Memorandum

**DATE:** July 11, 2022

**TO:** DEVCO Board of Directors

**FROM:** Chris Henry, Vice President and CFO

**SUBJECT:** DEVCO Board Action Requested – Second Amendment to Peninsula Surgery Center (PSC) Working Capital Line of Credit

On July 12, 2021, the DEVCO Board approved a \$4.0 million Line of Credit between DEVCO and Peninsula Surgery Center (PSC) to provide working capital as PSC obtained certification and began operations.

On December 21, 2021 DEVCO and PSC entered into an Amended Unsecured Revolving Credit Line Agreement to provide additional financing due to a delay in accreditation of Peninsula Surgery Center. The amended Agreement increased the maximum line of credit from \$4.0 million to \$7.0 million.

Peninsula Surgery Center received AAAHC accreditation on May 12, 2022 and has since started performing surgeries. Due to the time necessary to ramp up cases and the lag in collections we are proposing that DEVCO provide access to an additional \$3.0 million of working capital, bringing the maximum line of credit up to \$10.0 million.

The proposed resolution authorizes the CEO to execute the Amended Unsecured Revolving Line of Credit Agreement, with the following changes:

- Increase maximum line of credit from \$7.0 million to \$10.0 million.
- Term will be extended 3 years to August 1, 2029.
- All accrued interest from August 1, 2021 to June 30, 2022 will be added to the principal balance.
- All monthly payments due the 1<sup>st</sup> of each month for the period 7/1/22 – 6/30/26 will be interest only.
- Effective 7/1/26, payments will be interest and principal calculated on the basis of a 38-month amortization schedule with the final payment due August 1, 2029.

To date, DEVCO has provided approximately \$6.5 million in funding of the current \$7.0 million line of credit.

The resolution and agreement will be presented for consideration by the DEVCO Board of Directors at the Board Meeting on July 18, 2022.

Thank you.

RESOLUTION NO. 47

**RESOLUTION OF THE BOARD OF DIRECTORS OF WASHINGTON TOWNSHIP HOSPITAL DEVELOPMENT CORPORATION (“DEVCO”) TO INCREASE PREVIOUSLY APPROVED FINANCING TO PENINSULA SURGERY CENTER, LLC BY APPROVING AN INCREASE IN THE UNSECURED REVOLVING CREDIT LINE AGREEMENT FROM THE PRINCIPAL AMOUNT OF \$7,000,000 TO \$10,000,000 AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE THE SECOND AMENDED UNSECURED REVOLVING CREDIT LINE AGREEMENT**

WHEREAS, DEVCO previously approved participation in the ownership and operation of an ambulatory surgery center located at 350 Marine Parkway, Redwood City, California, referred to as the Peninsula Surgery Center (the “Surgery Center”) and operated by Peninsula Surgery Center, LLC;

WHEREAS, DEVCO previously approved providing financing to Peninsula Surgery Center, LLC in the form of an Unsecured Revolving Credit Line (“Line of Credit”) in the amount of \$4,000,000;

WHEREAS, on December 21, 2021, due to the delay in the accreditation of the Surgery Center and the start of operations, Peninsula Surgery Center, LLC, DEVCO approved additional financing in the form of an increase to the Line of Credit from \$4,000,00 to \$7,000,000 to cover the completion of construction, including additional work necessary to meet accreditation requirements and working capital.

WHEREAS, on May 12, 2022, the Surgery Center received AAAHC Accreditation. Surgeries are now being scheduled at the Surgery Center, but delays in ramping up capacity and delays in collections mean that the Surgery Center will need additional financing.

WHEREAS, DEVCO believes that providing additional financing for Peninsula Surgery Center, LLC by increasing the Line of Credit Amount from \$7,000,000 to \$10,000,000 is prudent given DEVCO’s prior investment and the expected success of the Surgery Center; and

WHEREAS, attached to this Resolution are the forms of the Second Amended Unsecured Revolving Credit Line Agreement and Second Amended Promissory note, which are required in order to provide the increase in the Line of Credit to Peninsula Surgery Center, LLC.

NOW, THEREFORE, be it resolved that:

1. The Chief Executive Officer is hereby authorized to enter into the Second Amended Unsecured Revolving Credit Line Agreement.

2. The Chief Executive Officer is hereby authorized to take any and all actions necessary to execute any and all instruments and do any and all things deemed by her to be necessary or desirable to carry out the intent and purposes of the foregoing Resolution.

Passed and adopted by the Board of Directors of the Washington Township Hospital Development Corporation this 18th day of July 2022 by the following vote:

AYES:

NOES:

RECUSAL:

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Benn Sah, MD  
President, Board of Directors  
Washington Township Hospital Development  
Corporation

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Steven Chan, DDS  
Secretary, Board of Directors  
Washington Township Hospital Development  
Corporation

**SECOND AMENDED UNSECURED REVOLVING CREDIT LINE  
AGREEMENT**

THIS SECOND AMENDED UNSECURED REVOLVING CREDIT LINE AGREEMENT (“Agreement”) is entered into as of July \_\_, 2022 by and between Washington Township Hospital Development Corporation (“Lender”), a California nonprofit public benefit corporation, and Peninsula Surgery Center, LLC (“Borrower”), a California limited liability company.

**RECITALS**

A. Borrower operates a new ambulatory surgery center (“ASC”) in Redwood City, California.

B. On August 1, 2021, Lender and Borrower entered into an Unsecured Revolving Credit Line Agreement and Unsecured Revolving Promissory Note which provided Borrower with access of up to \$4,000,000 in financing for completion of construction and working capital pending full operation (“Initial Credit Line”).

C. On December 21, 2021, Lender and Borrower entered into an Amended Unsecured Revolving Credit Line Agreement and Unsecured Revolving Promissory Note. The Lender and Borrower recognized that due to a delay in the accreditation of the ASC and the need for additional financing to cover the cost of work necessary to meet accreditation requirements, the amount of the credit line needed to be increased from \$4,000,000 to \$7,000,000 (“Amended Credit Line”).

D. On May 12, 2022, the ASC received AAAHC Accreditation and surgeries are now being performed at the ASC; however, due to the time necessary to ramp up the number of surgeries to be performed at the ASC and the lag in collections, the amount of the credit line will need to be increased from \$7,000,000 to \$10,000,000.

E. Lender is an owner of Borrower and is able to provide the funds required by Borrower for the following purposes (“Loan Purpose”): (i) the previous completion of construction of the ASC, including additional work necessary to meet accreditation requirements, and (ii) future working capital needs for the ASC.

**AGREEMENT**

NOW, THEREFORE, in consideration of the mutual promises of each made unto the other, and for further valuable consideration as hereinafter set forth, it is hereby agreed by and between the parties as follows:

**ARTICLE 1**  
**AMOUNTS AND TERMS OF THE ADVANCES**

**1.01 Current Balance.** Borrower confirms that Borrower has previously requested and received Advances such that Borrower currently owes Lender \$6,487,100.38. All accrued interest through June 30, 2022 will be added to the principal balance.

**1.02 The Advance.** During the period August 1, 2021 to July 31, 2026 (the "Advance Period"), Lender shall, upon the terms and conditions hereinafter set forth, make certain advances (the "Advances") to Borrower upon the request of Borrower, subject to the limitations set forth in Section 1.03 below, for the sole purpose of assisting Borrower in connection with the Loan Purpose.

**1.03 Aggregate Limitation on Advances.** Lender shall not be obligated to make any Advance under this Agreement if such Advance would cause the aggregate outstanding Advances extended to Borrower during the Advance Period to exceed Ten Million Dollars (\$10,000,000).

**1.04 Making the Advances.**

(a) Each Advance shall be made upon at least three (3) business days prior written notice from Borrower to Lender, specifying the date on which such Advance is requested to be made and the amount of such Advance. Within three (3) business days following the written notice, or on the date when the Advance is to be made, and upon fulfillment and the continued satisfaction of the applicable conditions set forth in Article 2 below, Lender shall tender the Advance to Borrower, in same day funds, at the address for Borrower below. Each Advance made by Lender shall serve to reduce the total amount which Lender is obligated to Advance under Section 1.03 above.

(b) Prior to making a request for Advance, Borrower will provide each Manager of Borrower in person or written notice by email, fax or other electronic means of the amount of the Advance to be requested and the reason for the requested Advance. Such notice shall be provided at least two (2) calendar days before the requested Advance is communicated to Lender.

**1.05 Interest.** Interest shall accrue on a daily basis on each Advance made by Lender at a rate equal to the "Prime Rate" as published by the Wall Street Journal, plus one percent (1%) per annum, but in any event no less than four and a quarter percent (4.25%), with interest calculated as of the date on which each Advance is made to Borrower.

**1.06 Payments of Principal and Interest.** Subject to the provisions set forth in Section 1.07 below, any Advances made to Borrower by Lender shall be repaid as follows: Borrower shall commence repayment of accrued interest and the principal balance for each Advance commencing the month following the date the Advance was made, except that for any Advance made on or before June 30, 2022 repayment shall commence on July 1, 2022; provided, however, that payments will be interest only until June 30, 2026. As of July 1, 2026, Borrower shall pay interest

and principal on the then outstanding balance calculated on the basis of a 38-month amortization. Payments shall be applied first to the accrued interest and then to principal. The entire amount of accrued interest and principal for shall be due on August 1, 2029.

**1.07 Prepayments.** Any voluntary prepayments shall be treated as first reducing the amount of any accrued but unpaid interest on previously extended Advances and, thereafter, as a prepayment with respect to the then outstanding principal balance of such Advances. All such voluntary prepayments may be made in whole or in part without premium or penalty of any kind.

**1.08 Promissory Note.** Payment of principal and interest shall be in accordance with the terms and conditions of the Amended Unsecured Revolving Promissory Note (the "Note"), a copy of which is attached hereto as Exhibit A and incorporated herein by this reference. The Note shall be executed by Borrower, shall evidence the indebtedness resulting from the Advances made by Lender to Borrower, and shall be delivered to Lender pursuant to Article 2 below. The last installment of principal and interest to be paid by Borrower hereunder shall be in an amount necessary to repay in full all Advances, accrued interest during the Advance Period, and additional accrued interest during the repayment period that remain unpaid under the Note.

## **ARTICLE 2 CONDITIONS PRECEDENT TO MAKING THE ADVANCES**

**2.01** The obligation of Lender to make the Advances pursuant to Article 1 above shall be subject to the following conditions precedent:

(a) Lender shall have received this Agreement and the Note, each duly executed by Borrower, as appropriate, as of the Effective Date.

(b) The representations, warranties and covenants contained in Article 3 below are true and correct.

(c) No event has occurred and is continuing which would constitute an event of default (as defined in Section 4.01 below) or would constitute an event of default but for the requirement that notice be given or time elapse or both.

## **ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF BORROWER**

**3.01** Borrower hereby represents and warrants as of the Effective Date, which representations and warranties shall be correct at all times during the term of this Agreement, as follows:

(a) Borrower is duly licensed and/or authorized to practice medicine in the State of California.

(b) The execution, delivery and performance by Borrower of this Agreement and the Note do not contravene any law or any contractual restrictions binding on or affecting Borrower.

(c) This Agreement is, and the Note when delivered hereunder shall be, a legal, valid and binding obligation of Borrower enforceable against Borrower in accordance with their respective terms.

#### **ARTICLE 4 EVENTS OF DEFAULT**

**4.01 Events of Default.** As used in this Agreement, the term “Event of Default” shall be any or all of the following:

(a) The failure of Borrower to pay any principal or accrued interest then due and payable under the Note and any such failure remaining unremedied for ten (10) days after written notice thereof shall have been given to Borrower by Lender;

(b) The failure of Borrower to perform or discharge any other obligation, covenant or condition contained in this Agreement or in the Note on its part to be performed or discharged, and any such failure remaining unremedied for ten (10) days after written notice thereof shall have been given to Borrower, as appropriate, by Lender; or

(c) The representations and warranties of Borrower contained in Article 3 above fail to be correct at any time during the term of this Agreement.

**4.02 Effect of Default.** Upon the occurrence of any Event of Default, Lender may exercise any or all of its rights and remedies provided by the California Commercial Code or by this Section 4.02, or otherwise available to Lender at law or in equity. All rights and remedies of Lender shall be cumulative and may be exercised successively or concurrently. Upon the occurrence and during the continuance of an Event of Default, Lender may also, upon written notice to Borrower, declare its obligations hereunder to make Advances to be terminated, whereupon the same shall forthwith terminate, and declare all principal and accrued interest remaining unpaid under the Note and all other amounts payable under this Agreement to be due and payable, without demand, protest, presentment or further notice of any kind, all of which are hereby expressly waived by Borrower.

#### **ARTICLE 5 MISCELLANEOUS**

**5.01 Cancellation of Initial Credit Line and Amended Credit Line.** The Initial Credit Line was canceled upon the approval of the Amended Credit line. Upon execution of this Agreement and Note by the parties, the Amended Credit Line is canceled and shall be of no further force or effect.

**5.02 Entire Agreement.** This Agreement constitutes the entire agreement between the parties relating to the subject matter and supersedes any previous agreement. Each party acknowledges that no representation, inducement, promise or agreement has been made, orally



or otherwise, by a party or anyone acting on behalf of any party unless such representation, inducement, or promise of agreement is contained in this Agreement.

**5.03 Amendments.** This Agreement may not be amended or modified except by a further written agreement signed by the parties to this Agreement specifically referencing this Agreement.

**5.04 Assignments.** Borrower may not assign this Agreement. Lender may assign this Agreement to an affiliate of Lender.

**5.05 Choice of Law; Jurisdiction; Venue; Attorney Fees.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without reference to conflict of law principles. Each of the parties irrevocably agrees that any legal action or proceeding arising out of or relating to this Agreement or for the recognition and enforcement of any judgment in respect hereof brought by the other party or its successors or assigns may be brought in the courts of the State of California, County of Alameda, or, if it has or can acquire jurisdiction, in the United States District Court for the Northern District of California, and each of the parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally and unconditionally, with regard to any such action or proceeding arising out of or relating to this Agreement and the transactions contemplated by this Agreement. The parties agree any of them may file a copy of this paragraph with any court as written evidence of the knowing, voluntary and bargained agreement among the parties irrevocably to waive any objections to venue or to the convenience of forum. Each of the parties further agrees that notice, as provided in this Agreement, shall constitute sufficient service of process and the parties further waive any argument that such service is insufficient. The prevailing party shall be entitled to recover all costs and expenses, including reasonable attorneys' fees and costs incurred because of any legal action arising in relation to this Agreement. The phrase "prevailing party" shall mean the party who is determined in the proceeding to have prevailed or who prevails by dismissal, default or otherwise.

**5.06 Notices.** All notices and other communications required or permitted under this Agreement shall be deemed given on the date received if delivered in person or by overnight delivery service, or three (3) days after mailing if sent by first-class United States mail, postage prepaid and certified to the address appearing below the party's signature. Either party shall have the right to change its address to which notice shall be given by notices similarly sent.

**5.07 Headings.** Headings used in this Agreement are provided for convenience only and shall not be used to construe meaning or intent.

**5.08 Counterparts.** This Agreement may be signed in counterparts, with the same effect as if the signature on each counterpart were upon the same instrument. Delivery of an executed counterpart of a signature page by email or facsimile transmission shall be effective as delivery of a manually executed originally signed counterpart.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK, SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE TO SECOND AMENDED UNSECURED REVOLVING CREDIT LINE AGREEMENT]

IN WITNESS WHEREOF, the parties hereby execute this Agreement as of the date first appearing above.

**Washington Township Hospital  
Development Corporation**

**Peninsula Surgery Center, LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: Kimberly Hartz

Name: Christopher N. Henry

Its: CEO

Its: Manager/CFO

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**Address:**

**Address:**

Washington Township Hospital Development  
Corporation  
2000 Mowry Avenue  
Fremont, CA 94538  
Attention: CEO

Peninsula Surgery Center, LLC  
c/o Washington Outpatient Surgery Center  
2299 Mowry Avenue  
Fremont, CA 94538  
Attention: Manager/CFO

**EXHIBIT A**  
**SECOND AMENDED UNSECURED REVOLVING PROMISSORY NOTE**

\$10,000,000 Maximum  
Principal Amount

Fremont, California  
\_\_\_\_\_, 2022

FOR VALUE RECEIVED, the undersigned Peninsula Surgery Center, LLC (“Borrower”), a California limited liability company, hereby promises to pay to Washington Township Hospital Development Corporation (“Lender”), a California nonprofit public benefit corporation, the maximum principal amount of Ten Million Dollars (\$10,000,000.00) in accordance with this Amended Unsecured Revolving Promissory Note (the “Note”) and that certain Amended Unsecured Revolving Credit Line Agreement (the “Agreement”), dated as of \_\_\_\_\_, 2022, by and between Borrower and Lender (the “Agreement”), together with accrued interest on the unpaid balance of such amount.

**1. Payment Terms.**

(a) The maximum principal amount of Ten Million Dollars (\$10,000,000.00) by Lender to Borrower, together with unpaid interest on such outstanding principal amount, shall be due and payable as follows: Borrower shall commence repayment of accrued interest and the principal balance for each Advance commencing the month following the date the Advance was made, except that for any Advance made on or before June 30, 2022 repayment shall commence on July 1, 2023; provided, however, that payments will be interest only until June 30, 2026. As of July 1, 2026, Borrower shall pay interest and principal on the then outstanding balance calculated on the basis of a 36-month amortization. Payments shall be applied first to the accrued interest and then to principal. The entire amount of accrued interest and principal for shall be due on August 1, 2029.

(b) Interest shall accrue on a daily basis on each Advance made by Lender at a rate equal to the “Prime Rate” as published by the Wall Street Journal, plus one percent (1%) per annum, but in any event no less than four and a quarter percent (4.25%), with interest calculated as of the date on which each Advance is made to Borrower.

(c) Both principal and interest shall be payable in lawful money of the United States of America in same-day funds.

**2. Advances and Payments.**

(a) Each Advance made by Lender to Borrower pursuant to the Agreement and all payments made on account of principal and interest hereof shall be recorded and endorsed by Lender on the “Schedule of Advances and Payments” attached hereto as part of this Note. The failure by Lender to make any such record or endorsement shall in no way detract from or add to Borrower’s obligations hereunder.

(b) Any voluntary prepayments made by Borrower shall be credited first on any accrued but unpaid interest then due, and the remainder, if any, shall be credited on principal.

(c) This Note shall be a revolving line of credit during the Advance Period, and Borrower shall be entitled to reborrow any voluntary prepayments of principal made to Lender during the Advance Period.

**3. Other Terms and Conditions.**

(a) Upon any default under the Agreement, the entire principal amount outstanding on this Note and accrued interest thereon shall at once become due and payable at the option of Lender. Lender may exercise this option to accelerate at any time that Borrower is in default hereunder or thereunder, regardless of any prior forbearance.

(b) This Note incorporates herein by this reference all of the terms and conditions of the Agreement described above. The Agreement, among other things, contains provisions for acceleration of the maturity of this Note upon the happening of certain stated events.

(c) Any default under this Note shall constitute a default under the Agreement, and any default under the Agreement shall constitute a default under this Note.

(d) This Note may not be assigned by Borrower without the prior written consent of Lender. Lender may assign this Note and the Agreement to any affiliate of Lender.

(e) This Note is governed by, and construed in accordance with, State of California.

IN WITNESS WHEREOF, the Borrower hereby execute this Unsecured Revolving Promissory Note as of the date first appearing above.

**Peninsula Surgery Center, LLC**

By: \_\_\_\_\_

Name: Christopher N. Henry

Its: Manager/CFO

Date: \_\_\_\_\_