



**NOTICE AND AGENDA
PALM DRIVE HEALTH CARE DISTRICT**

**FINANCE COMMITTEE
Special Meeting**

**OPEN SESSION 2:30 p.m.
December 18, 2017**

Sonoma West Medical Center

Conference Room
501 Petaluma Avenue
Sebastopol, CA 95472
(707) 823-3586

Our Vision: Through engagement with our diverse West County population the district will promote improved health and wellbeing.

Our Mission: Palm Drive Health Care District exists to deliver access to quality and compassionate health services responsive to the needs of our District.

Our Values: Integrity- Leadership – Caring - Perseverance

PLEASE TURN YOUR CELL PHONES OFF

CALL TO ORDER

ROLL CALL

APPROVAL OF AGENDA

PUBLIC COMMENTS

Comments from the audience will be accepted for items listed on the agenda. Questions may be referred to staff for response at a later time. Please limit your comments to 3 minutes.

CONSENT CALENDAR

1. Approval of the Finance Committee Meeting Minutes of November 20, 2017 (Action)(G. Thomas)

DISCUSSION AND ACTION ITEMS

1. Review of PDHCD November Financials and Budget Overview (Action)(G. Thomas/G Houston)
2. Discussion, Consideration and Possible Action on 90 Day Review of Time/Date Calendar for the PDHCD Finance Committee. (Action)(A. Brogan)

3. Discussion, Consideration and Possible Action on Bond Refinancing (Action)(A. Brogan)

4. Review of the Beta HealthCare Group WC Dividend (Discussion)(A. Brogan)

ADJOURNMENT

Palm Drive Health Care District

Members of the public have the right to speak on any item on the published agenda. If you wish to speak at a regular meeting about a matter not on the published agenda, please make your comments during the portion of the meeting designated for Public Comments. Please limit your remarks to three minutes. Please note that, with some exceptions, the District Board does not engage in discussion or take action on non-agenized matters. However, the board may respond briefly to public comments, refer matters to staff; ask questions for clarification, or schedule matters for future agenda. Materials related to open session items on this agenda that are submitted to the Board or committee after distribution of the agenda packet are available for public inspection during normal business hours at 612 Petaluma Avenue, Sebastopol, CA.

Consent Items:

The Board agenda may include items on a consent calendar. Consent calendar items are routine matters or matters which have been reviewed by the board previously. These items may be approved by one motion without discussion unless a board member requests that the item be taken off the consent calendar. Items removed from the consent calendar will be taken up upon completion of action on the remainder of the items on the consent calendar.

American Disability Act (ADA)

The Sonoma West Medical Center complies with ADA (American Disabilities Act) requirements and upon request, will attempt to reasonably accommodate individuals with disabilities by making meeting material available in appropriate alternative formats (pursuant to Government Code Section 54953.2). Anyone requiring reasonable accommodation to participate in the meeting should contact Janet Harris, Executive Assistant at (707) 823-3586.

PALM DRIVE HEALTH CARE DISTRICT FINANCE COMMITTEE

Minutes

Purpose: Palm Drive Health Care District Finance Committee Meeting

Date/Time: November 20, 2017

Location: Sonoma West Medical Center
Conference Room
501 Petaluma Avenue
Sebastopol, CA 95472

Call to Order by Director Thomas, Treasurer at 3:10 p.m.

ROLL CALL

Gail Thomas, PDHCD Board Treasurer.... Present

Jim Horn, PDHCD Board Member..... Present

Rob Cary, ConsultantPresent

Administrative Staff/Others Present

Geni Houston, Elephant Ear Systems

Bill Arnone, Legal Counsel

John Peleuses, CEO, SWMC

Alanna Brogan, PDHCD Executive Director

APPROVAL OF THE AGENDA

Motion to approve agenda as published, moved by Director Horn and Seconded by Consultant Cary which motion passed unanimously, with a yea vote by Director Thomas.

PUBLIC COMMENTS

None

CONSENT CALENDAR

Director Horn requested that a coma be inserted on page 1 on the minutes, last paragraph after 2017. Also requested were corrections to Item 1 - third paragraph change- "more that "to "more than". Item 2- add the word "is" after office. Item 4 - delete "for a motion". Item 5 - to correct "he" to "the".

Motion to approve the October 30, 2017 Minutes with corrections made by Director Horn, seconded by Consultant Cary, which motion passed with a Yea vote by Director Thomas.

DISCUSSION/ ACTION ITEMS

1. Review of the September Financials and Budget Overview.

Ms. Houston reviewed financial information provided in the agenda packet. Ms. Houston also gave an update on her meeting with the auditor. Ms. Houston pointed out that the District has been paying for the bank charges from the SWMC clearing account. The account originally had \$5700 plus dollars and now there is approximately enough to pay out for the next eight months, after which the charges would be deducted from the amounts going into the account. She also stated the PGE charges from the Walker Street property are increasing from \$12-15 per month to over \$350 due to the new toxicology lab located in the hospital annexed building. After a brief discussion it was stated that SWMC should be paying for these charges.

Director Thomas gave an overview of the Cash Accounting Spreadsheet that was provided as a handout.

Ms. Brogan stated that we have received the \$20,000 sign on fee as a result of the cell tower contract.

2. Discussion, Consideration and Possible Action on Copier/IT Budget.

Ms. Brogan reviewed the two proposals pertaining to leasing a copier. After discussion Director Horn made a motion to approve the lease with Intelligent Copier Solutions, seconded by Consultant Cary, which motion passed with a Yea vote by Director Thomas.

3. CMSP Letter Review

Ms. Brogan gave a brief overview of the history behind the CMSP letter stating that in 2018 we are due the last 2013 payment of approximately \$84,000.

ADJOURNMENT

There being no further business the meeting was adjourned at 3:39 p.m.

Respectively Submitted
Janet Harris
Executive Assistant

8:08 AM

12/13/17

Accrual Basis

Palm Drive Healthcare District

Balance Sheet

As of November 30, 2017

	Nov 30, 17	Oct 31, 17	\$ Change
ASSETS			
Current Assets			
Checking/Savings			
Cash			
1000-00 · EB Operating 4276	435,082.29	184,854.17	250,228.12
1002-02 · EB Bkpcy Con 6292	125,462.13	50,180.30	75,281.83
1001-00 · EB SWMC Clear 9508	1,341.37	1,677.48	-336.11
Total Cash	561,885.79	236,711.95	325,173.84
Restricted Cash			
1009-12 · WF 8805 2010 Secured	10,353.54	10,346.13	7.41
1009-23 · WF 8300 2005 Bond	1,151,854.77	1,150,966.65	888.12
1009-50 · WF 8801 2010 Reserve	979,926.80	979,175.00	751.80
1900 · GO Bond Reserve SCAO (Non Cash)	697,592.97	697,592.97	0.00
Total Restricted Cash	2,839,728.08	2,838,080.75	1,647.33
Total Checking/Savings	3,401,613.87	3,074,792.70	326,821.17
Other Current Assets			
1109 · Prepaid Contracts	0.00	400,000.00	-400,000.00
1061 · Due from SWMC	3,320.50	3,320.50	0.00
1062 · Property Tax Receivable	-181,629.38	-207,577.38	25,948.00
1069-01 · Parcel Tax Receivable.	1,334,780.00	1,067,824.00	266,956.00
1107 · Prepaid Deposits	18,061.81	20,177.95	-2,116.14
Total Other Current Assets	1,174,532.93	1,283,745.07	-109,212.14
Total Current Assets	4,576,146.80	4,358,537.77	217,609.03
Fixed Assets			
Property Plant & Equipment			
1265 · CIP-NPC2 Work	604,073.29	604,073.29	0.00
1245 · Leased Assets Farnam	2,237,901.03	2,237,901.03	0.00
1241 · Major Moveable Equipment	8,446,172.84	8,446,172.84	0.00
1221 · Hospital Buildings	3,830,747.69	3,830,747.69	0.00
1230 · Leasehold Improvements	734,627.28	734,627.28	0.00
1201 · Land	5,876,900.00	5,876,900.00	0.00
1210 · Land Improvements	34,492.65	34,492.65	0.00
1285-00 · Accum Dep Farnam Leased Assets	-2,698,363.20	-2,654,988.20	-43,375.00
1275-00 · Accum Dep Fixed Equip	-8,700,437.96	-8,634,351.96	-66,086.00
1271-00 · Accum Dep Hosp Bldg	-2,507,320.32	-2,489,222.32	-18,098.00
1260-00 · Accum Dep Land Impr	-34,493.18	-34,493.18	0.00
Total Property Plant & Equipment	7,824,300.12	7,951,859.12	-127,559.00
Total Fixed Assets	7,824,300.12	7,951,859.12	-127,559.00
TOTAL ASSETS	12,400,446.92	12,310,396.89	90,050.03
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2020 · Post Petition AP	14,665.14	5,725.17	8,939.97
2020-99 · Pre-Petition Liabilities			
2021-00 · Pre Petition Trade Payables	6,762,791.05	6,762,791.05	0.00
2029-99 · Escheatment Refunds	140,273.08	140,273.08	0.00
2030-00 · Wages & Benefits	1,299,276.33	1,299,276.33	0.00
2020-99 · Pre-Petition Liabilities - Other	91,261.00	91,261.00	0.00
Total 2020-99 · Pre-Petition Liabilities	8,293,601.46	8,293,601.46	0.00
Total Accounts Payable	8,308,266.60	8,299,326.63	8,939.97
Other Current Liabilities			
2040 · SWMC AR Held	3,773.81	3,773.81	0.00
2014-10 · Accrued Bond Interest Pay	371,335.57	269,130.32	102,205.25
2063-10 · Cost Report Liability Medicare	238,445.98	243,692.22	-5,246.24

Palm Drive Healthcare District
Balance Sheet
 As of November 30, 2017

	Nov 30, 17	Oct 31, 17	\$ Change
2084 · Unearned Revenue - GO Bond	697,592.97	697,592.97	0.00
24000 · Payroll Liabilities	-4,976.56	0.00	-4,976.56
Total Other Current Liabilities	1,306,171.77	1,214,189.32	91,982.45
Total Current Liabilities	9,614,438.37	9,513,515.95	100,922.42
Long Term Liabilities			
2270-00 · Bonds Payable			
2255-00 · 2000 Go Bonds Payable (BYM)	3,950,000.00	3,950,000.00	0.00
2274-01 · 2005 Revenue Bonds Payable	6,320,000.00	6,320,000.00	0.00
2274-02 · 2010 Bonds Payable	9,535,000.00	9,535,000.00	0.00
Total 2270-00 · Bonds Payable	19,805,000.00	19,805,000.00	0.00
2271-99 · Leases Payable			
2271-00 · Notes & Loan Pay Non curr	31,267.00	31,267.00	0.00
2271-02 · Note Payable GE C Arm	57,385.65	57,385.65	0.00
2271-05 · Lease payable Farnam	1,750,106.59	1,750,106.59	0.00
Total 2271-99 · Leases Payable	1,838,759.24	1,838,759.24	0.00
Total Long Term Liabilities	21,643,759.24	21,643,759.24	0.00
Total Liabilities	31,258,197.61	31,157,275.19	100,922.42
Equity			
Restricted Fund Balance	2,988,108.00	2,988,108.00	0.00
Unrestricted Fund Balance	-21,044,791.74	-21,044,791.74	0.00
32000 · Retained Earnings	-1,047,454.42	-1,047,454.42	0.00
Net Income	246,387.47	257,259.86	-10,872.39
Total Equity	-18,857,750.69	-18,846,878.30	-10,872.39
TOTAL LIABILITIES & EQUITY	12,400,446.92	12,310,396.89	90,050.03

Palm Drive Healthcare District
Profit & Loss Budget vs. Actual Reporting Month
 November 2017

	Nov 17	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
4000 - Revenue			
Parcel Tax Revenue CY Attached	187,563.00	187,563.00	0.00
Parcel Tax Revenue Detached	79,393.00	79,393.00	0.00
Property Tax Revenue CY	25,948.00	25,948.00	0.00
Cell Tower	20,000.00	3,500.00	16,500.00
Misc Revenue	532.18	2,000.00	-1,467.82
Interest Income	1,647.33	200.00	1,447.33
Total 4000 - Revenue	<u>315,083.51</u>	<u>298,604.00</u>	<u>16,479.51</u>
Total Income	<u>315,083.51</u>	<u>298,604.00</u>	<u>16,479.51</u>
Gross Profit	315,083.51	298,604.00	16,479.51
Expense			
Operating Expenses			
Staff Expenses			
Salaries & Wages	15,024.50	18,316.67	-3,292.17
Payroll Tax Expense	1,562.84	1,401.23	161.61
Employee Benefits	751.77	1,079.50	-327.73
Worker's Compensation	0.00	183.17	-183.17
Total Staff Expenses	<u>17,339.11</u>	<u>20,980.57</u>	<u>-3,641.46</u>
Professional Services			
Bookkeeping	2,000.00	2,000.00	0.00
Legal Fees General	21,150.00	10,000.00	11,150.00
Legal Bankruptcy	2,083.00	30,000.00	-27,917.00
Professional Fees Other	31,852.15	5,000.00	26,852.15
Total Professional Services	<u>57,085.15</u>	<u>47,000.00</u>	<u>10,085.15</u>
Office Expenses (H)			
Bank Charges	354.28	200.00	154.28
IT / Computer Expense	2,892.33	500.00	2,392.33
Licenses and Fees	25.00	100.00	-75.00
Rent	0.00	1,275.00	-1,275.00
Storage	468.00	420.00	48.00
Supplies	1,055.85	250.00	805.85
Utilities (Tel/PGE)	252.71	300.00	-47.29
Total Office Expenses (H)	<u>5,048.17</u>	<u>3,045.00</u>	<u>2,003.17</u>
Directors Expense (H)			
Cont Education	7,909.91	0.00	7,909.91
Ins Exp D&O/Property	2,522.30	2,700.00	-177.70
Total Directors Expense (H)	<u>10,432.21</u>	<u>2,700.00</u>	<u>7,732.21</u>
Total Operating Expenses	89,904.64	73,725.57	16,179.07
Contractual Payments			
Bankruptcy Contingency	0.00	25,100.00	-25,100.00
Medical Records	5,130.91	4,000.00	1,130.91

Palm Drive Healthcare District
Profit & Loss Budget vs. Actual Reporting Month
 November 2017

	Nov 17	Budget	\$ Over Budget
Building Maintenance	0.00	10,000.00	-10,000.00
Interest Exp Cost Report or CMS	406.10	488.00	-81.90
Total Contractual Payments	5,537.01	39,588.00	-34,050.99
Community Health Services			
West County Community Services	0.00	166.67	-166.67
General Community Health	150.00	983.33	-833.33
Sponsorship	0.00	500.00	-500.00
West County Health (H)			
RRARA	0.00	500.00	-500.00
Total West County Health (H)	0.00	500.00	-500.00
Senior Centers	600.00	0.00	600.00
Total Community Health Services	750.00	2,150.00	-1,400.00
Non - Operating (Revenue) / Exp			
Exp - Bond Interest Exp	102,205.25	102,205.25	0.00
Total Non - Operating (Revenue) / Exp	102,205.25	102,205.25	0.00
Depreciation Header			
Dep Exp - Cap Lse Eq	43,375.00	43,375.00	0.00
Dep Exp - Major Mov Eq	66,086.00	66,086.00	0.00
Dep Exp - Bld & Improvements	18,098.00	18,098.00	0.00
Total Depreciation Header	127,559.00	127,559.00	0.00
Total Expense	325,955.90	345,227.82	-19,271.92
Net Ordinary Income	-10,872.39	-46,623.82	35,751.43
Net Income	-10,872.39	-46,623.82	35,751.43

Palm Drive Healthcare District
Profit & Loss Budget vs. Actual YTD
 July through November 2017

	<u>Jul - Nov 17</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Ordinary Income/Expense			
Income			
4000 - Revenue			
Parcel Tax Revenue CY Attached	937,815.00	937,815.00	0.00
Parcel Tax Revenue Detached	396,965.00	396,965.00	0.00
Property Tax Revenue CY	129,740.00	129,740.00	0.00
Prime Grant/IGT Income	0.00	750,000.00	-750,000.00
CMSP Income	250,384.88		
Cell Tower	20,000.00	37,500.00	-17,500.00
Misc Revenue	6,371.49	10,000.00	-3,628.51
Interest Income	9,027.38	1,000.00	8,027.38
Total 4000 - Revenue	<u>1,750,303.75</u>	<u>2,263,020.00</u>	<u>-512,716.25</u>
Total Income	<u>1,750,303.75</u>	<u>2,263,020.00</u>	<u>-512,716.25</u>
Gross Profit	<u>1,750,303.75</u>	<u>2,263,020.00</u>	<u>-512,716.25</u>
Expense			
Operating Expenses			
Staff Expenses			
Salaries & Wages	75,379.50	91,583.35	-16,203.85
Payroll Tax Expense	7,482.52	7,006.15	476.37
Employee Benefits	5,226.45	5,397.50	-171.05
Worker's Compensation	0.00	915.85	-915.85
Total Staff Expenses	<u>88,088.47</u>	<u>104,902.85</u>	<u>-16,814.38</u>
Professional Services			
Accounting	5,290.00	0.00	5,290.00
Bookkeeping	11,660.91	10,000.00	1,660.91
Legal Fees General	60,953.32	105,000.00	-44,046.68
Legal Bankruptcy	22,076.76	143,000.00	-120,923.24
Professional Fees Other	36,678.56	25,000.00	11,678.56
Total Professional Services	<u>136,659.55</u>	<u>283,000.00</u>	<u>-146,340.45</u>
Office Expenses (H)			
Bank Charges	1,939.63	8,800.00	-6,860.37
IT / Computer Expense	7,250.66	3,300.00	3,950.66
Licenses and Fees	25.00	500.00	-475.00
Rent	0.00	6,375.00	-6,375.00
Storage	2,340.00	2,100.00	240.00
Supplies	1,337.33	1,250.00	87.33
Utilities (Tel/PGE)	2,262.93	1,500.00	762.93
Total Office Expenses (H)	<u>15,155.55</u>	<u>23,825.00</u>	<u>-8,669.45</u>
Directors Expense (H)			
Cont Education	8,394.91	8,200.00	194.91
Ins Exp D&O/Property	12,611.50	16,668.00	-4,056.50
Total Directors Expense (H)	<u>21,006.41</u>	<u>24,868.00</u>	<u>-3,861.59</u>
Total Operating Expenses	<u>260,909.98</u>	<u>436,595.85</u>	<u>-175,685.87</u>

Palm Drive Healthcare District
Profit & Loss Budget vs. Actual YTD
 July through November 2017

	<u>Jul - Nov 17</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Contractual Payments			
Bankruptcy Contingency	0.00	125,500.00	-125,500.00
CMSP Cost Report *	50,076.98	0.00	50,076.98
Medical Records	24,992.38	20,000.00	4,992.38
Prime Grant/IGTContract Exp	0.00	375,000.00	-375,000.00
Prime Grant/IGT to SWMC	0.00	375,000.00	-375,000.00
Building Maintenance	11,518.33	50,000.00	-38,481.67
Interest Exp Cost Report or CMS	2,091.78	2,440.00	-348.22
Total Contractual Payments	<u>88,679.47</u>	<u>947,940.00</u>	<u>-859,260.53</u>
Community Health Services			
West County Community Services	0.00	833.35	-833.35
General Community Health	150.00	4,916.65	-4,766.65
Sponsorship	0.00	2,500.00	-2,500.00
District Comm Services Various	645.58	0.00	645.58
Bodega Bay Fire Services	0.00	11,000.00	-11,000.00
West County Health (H) RRARA	<u>3,000.00</u>	<u>2,500.00</u>	<u>500.00</u>
Total West County Health (H)	<u>3,000.00</u>	<u>2,500.00</u>	<u>500.00</u>
Senior Centers	<u>1,400.00</u>	<u>0.00</u>	<u>1,400.00</u>
Total Community Health Services	<u>5,195.58</u>	<u>21,750.00</u>	<u>-16,554.42</u>
Non - Operating (Revenue) / Exp			
NonOp Inc/Exp Parcel Tax Refund	310.00	2,066.67	-1,756.67
Exp - Bond Interest Exp	<u>511,026.25</u>	<u>511,026.25</u>	<u>0.00</u>
Total Non - Operating (Revenue) / Exp	<u>511,336.25</u>	<u>513,092.92</u>	<u>-1,756.67</u>
Depreciation Header			
Dep Exp - Cap Lse Eq	216,875.00	216,875.00	0.00
Dep Exp - Major Mov Eq	330,430.00	330,430.00	0.00
Dep Exp - Bld & Improvements	<u>90,490.00</u>	<u>90,490.00</u>	<u>0.00</u>
Total Depreciation Header	<u>637,795.00</u>	<u>637,795.00</u>	<u>0.00</u>
Total Expense	<u>1,503,916.28</u>	<u>2,557,173.77</u>	<u>-1,053,257.49</u>
Net Ordinary Income	<u>246,387.47</u>	<u>-294,153.77</u>	<u>540,541.24</u>
Net Income	<u><u>246,387.47</u></u>	<u><u>-294,153.77</u></u>	<u><u>540,541.24</u></u>



**Finance Committee
Meeting Calendar**

2018 Calendar

January							February							March							April							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	
	1	2	3	4	5	6				-1	2	3						1	2	3	1	2	3	4	5	6	7	
7	8	9	10	11	12	13	4	5	6	7	8	9	10	4	5	6	7	8	9	10	8	9	10	11	12	13	14	
14	<u>15</u>	16	17	18	19	20	11	12	13	14	15	16	17	11	12	13	14	15	16	17	15	<u>16</u>	17	18	19	20	21	
21	22	23	24	25	26	27	18	<u>19</u>	20	21	22	23	24	18	<u>19</u>	20	21	22	23	24	22	23	24	25	26	27	28	
28	29	30	31	25	26	27	28	25	26	27	28	29	30	31	29	30												
May							June							July							August							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	
		1	2	3	4	5						1	2	1	2	3	4	5	6	7					1	2	3	4
6	7	8	9	10	11	12	3	4	5	6	7	8	9	8	9	10	11	12	13	14	5	6	7	8	9	10	11	
13	14	15	16	17	18	19	10	11	12	13	14	15	16	15	<u>16</u>	17	18	19	20	21	12	13	14	15	16	17	18	
20	<u>21</u>	22	23	24	25	26	17	<u>18</u>	19	20	21	22	23	22	<u>23</u>	24	25	26	27	28	19	<u>20</u>	21	22	23	24	25	
27	28	29	30	31	24	25	26	27	28	29	30	29	30	31	26	27	28	29	30	31								
September							October							November							December							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	
						1	1	2	3	4	5	6						1	2	3							1	
2	3	4	5	6	7	8	7	8	9	10	11	12	13	4	5	6	7	8	9	10	2	3	4	5	6	7	8	
9	10	11	12	13	14	15	14	<u>15</u>	16	17	18	19	20	11	12	13	14	15	16	17	9	10	11	12	13	14	15	
16	<u>17</u>	18	19	20	21	22	21	<u>22</u>	23	24	25	26	27	18	<u>19</u>	20	21	22	23	24	16	<u>17</u>	18	19	20	21	22	
23	24	25	26	27	28	29	28	29	30	31	25	26	27	28	29	30	23	24	25	26	27	28	29					
30																					30	31						

Meetings Begin at 2:30 p.m. in the Sonoma West Medical Center Conference Room

**January 15, 2018
February 19, 2018
March 19, 2018
April 16, 2018**

**May 21, 2018
June 18, 2018
July 16, 2018
August 20, 2018**

**September 17, 2018
October 15, 2018
November 19, 2018
December 17, 2018**

Report on Bond Study Sessions

On October 24, October 30, November 3, and November 6, 2017 the Finance Committee of the Board and the District Board had discussions and study sessions on the status of our bond refinancing.

The following represents the key considerations related to the bonds.

1. The District is out of compliance with current IRS revenue statutes for tax-exempt bonds in the following way:
 - a. The MSSA – A management company cannot assume the liability for the hospital losses. The District must assume these liabilities.
 - b. The Governing Board membership. The Governing Board cannot have SWMC officers on the Board and SWMC Board members cannot make up more than 20% of the Board which is 2.7 members.
2. Options considered:
 - a. Refinance the bonds as taxable bonds.
 - b. Keep the tax-exempt bonds and pay the IRS penalties monthly of approximately \$25,000 to \$30,000. Currently, this cost is being clarified.
 - c. Refinance some of the bonds.
 - d. Change the structure of the MSSA – the District assumes hospital liabilities. Bonds can be kept as tax-exempt and they can eventually be refinanced for lower interest rates.
3. Cost of refinancing the bonds
 - a. Cost of taxable bonds at an 8% interest rate:
 - i. GO bonds - \$1,172,265
 - ii. 2005/2010 bonds- \$4,002,284
 - iii. Total - \$5,174,549
 - b. Cost of refinancing just the 2010 bonds – would have to pay fines on these bonds in one lump sum up front and continue to pay monthly fines on the 2005 and GO bonds – probably not a viable option with the IRS.
 - c. If we kept the bonds as tax-exempt and refinanced at 5% would be a savings of \$1,626,859.
4. Decisions on Restructuring:
 - a. Can the District withstand the cost of refinancing the bonds as taxable?

- b. Continue the restructuring process over the next 60-90 days in which the MSSA would be amended to correct non-compliant issues.
- c. Continue the restructuring discussions without a timeline to assure the District has all the information needed to make a decision.

Decision at the November 6, 2017 District Board meeting was 4C above. Continue the restructuring discussions without a timeline to assure the District has all the information necessary to make an informed decision. This would include clarifying the information related to the Durrall contracts and having a business plan that would put SWMC in a sustainable position in the future.

Bonds - Refinancing - Comparable Interest Rates									
Cost Taxable Bonds - 8%									
GO Bonds									Cost to the District
2005	5,507,534	5.50%	6,679,800						-1,172,265
2010	8,612,182	5%	12,634,466						-4,002,284
Total	17,232,662	7.50%	17,760,966						-528,304
	31,352,378		37,075,232						-5,702,853
Cost Taxable Bonds - 7%									
GO Bonds									
2005	5,507,534		6,247,983						-740,448
2010	8,612,182		11,680,733						-3,068,550
Total	17,232,662		16,417,341						815,320
	31,352,378		34,346,057						-2,993,678
Savings - Tax-Exempt Bonds - 5%									
GO Bonds									
2005	5,507,534		5,698,250						-190,715
2010	8,612,182		10,239,041						-1,626,859
Total	17,232,662		14,416,020						2,816,641
	31,352,378		30,353,311						999,067


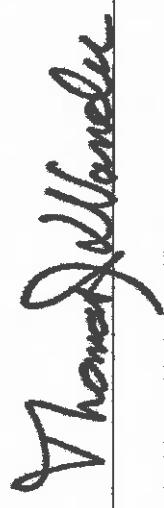
56512

BETA HEALTHCARE GROUP

PALM 00000000101939 11/7/2017 00056512
 Palm Drive Health Care District
 2017 WC DIVIDEND 11/7/2017 2017 Workers Comp Dividend \$7,410.19

\$7,410.19

00000000

BETA HEALTHCARE GROUP		56512	
RISK MANAGEMENT AUTHORITY			
A PUBLIC ENTITY			
1443 DANVILLE BOULEVARD			
ALAMO, CALIFORNIA 94507			
 <small>CITIBANK N.A. BR #228 1 SAN FRANCISCO ST. 24TH FL. SAN FRANCISCO CA 94104</small>			
90-7118/3211			
Citi Private Bank			
DATE		AMOUNT	
11/7/2017		\$7,410.19	
Seven Thousand Four Hundred Ten Dollars And 19 Cents PAY TO THE ORDER OF: Palm Drive Health Care District 501 Petaluma Ave. Sebastopol CA 95472		 AUTHORIZED SIGNATURE	

⑈056512⑈ ⑈3217184⑈ 60454864⑈



December 4, 2017

Alanna Brogan
Executive Director
Palm Drive Health Care District
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A PUBLIC ENTITY

Dear Ms. Brogan:

The BETA Council, at its October meeting, approved \$600,000 for distribution representing all remaining dividends which were approved previously by the ALPHA Council prior to the merger last January. As part of the process, the BETA Council approved accelerating the final portion of the 2015 dividend distribution and added \$100,000 which would otherwise have been payable in late 2018 to the total so that all remaining dividends contemplated by the ALPHA Council would be paid this quarter. Future dividend declarations for the workers' compensation product line will continue to be based on the profitability of the line of coverage, but the timing for review will shift from June to December to correspond with BETA Risk Management Authority, BETARMA's financial year end. More information on future dividends will be forthcoming after the March 2018 BETA Council meeting.

This distribution brings the total distributions paid to members of the workers' compensation program over the past ten years to \$9,100,000. Palm Drive Health Care District's share of the current distribution is \$7,410.19, bringing the total distribution over the past ten years to \$97,606.46.

BETARMA's ability to pay dividends is a reflection of reductions in the frequency and severity of injuries occurring in the workplace. Your efforts to instill a culture of safety is clearly making a difference.

On behalf of all the BETARMA members, we greatly appreciate the investment and continued commitment you have made to the success of this organization and we look forward to a bright future ahead.

Best regards,

A handwritten signature in cursive script that reads 'Tom Wander'.

Tom Wander
Chief Executive Officer

A handwritten signature in cursive script that reads 'David McGhee'.

David McGhee
Vice President, Workers' Compensation