SPECIAL MEETING OF THE
SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
BOARD OF DIRECTORS
September 20, 2011

The Special Meeting of the Board of Directors of the San Gorgonio Memorial Healthcare District was held on Tuesday, September 20, 2011 in the Modular C Classroom, Banning, California.

Members Present: Dorothy Ellis (Chair), Lynn Baldi, Joe Dotan, MD, Irwin Reeves

Members Absent: John Williams, MD

Guests: Hospital Board Members: Jerilynn Kaibel (Chair), Devin Borna, MD, Farzad Farrokh, MD, Olivia Hershey, Ed Hiett, Estelle Lewis, Mary Ann Martin Andreas, DeNae Reagins, Mark Turner (CEO)

Gary Hicks (GL Hicks Financial) - via teleconference

District Staff: Kay Lang (Project Manager), Carl Beyma (FF&E Coordinator)

Hospital Staff: Dave Recupero (CFO), Bobbi Duffy (Executive Assistant)

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<td>Call To Order</td>
<td>Chair Ellis called the meeting to order at 5:00 pm.</td>
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<td>Public Comment</td>
<td>None.</td>
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NEW BUSINESS

TEFRA hearing - public comment

Gary Hicks of G.L. Financial joined the special meeting by teleconference. Gary explained a TEFRA hearing noting that the purpose is to comply with a 1986 law that requires non-profits to hold a hearing when borrowing funds. While the Healthcare District is not a non-profit, the equipment purchased from these loan funds will be used by the Hospital, a non-profit entity. He said the TEFRA hearing should be held as a precaution. He also noted that the TEFRA hearing notice was published in the Press Enterprise newspaper on September 10, 2011. A copy of that notice was included in the packet.

At 5:06 pm, Chair Dorothy Ellis opened the TEFRA hearing and asked for any public comment. As there was no public in attendance, the TEFRA hearing was closed at 5:07 pm.
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<td>Approve Resolution No. 2011-07, Resolution (TEFRA Resolution) of the San Gorgonio Memorial Healthcare District authorizing the execution and delivery of a Master Equipment Lease/Purchase Agreement in connection with a lease financing of certain equipment and approving certain other actions</td>
<td>Gary Hicks noted that Resolution No. 2011-07 (TEFRA resolution) (included in packet) documents that the Healthcare District held a public hearing in accordance with the notice that was published on September 20, 2011 and documents the fact that the Board has complied with the revenue code in respect to holding a TEFRA hearing.</td>
<td>M.S.C. (Baldi/Reeves), the SGMHD Board of Directors unanimously approved Resolution No. 2011-07 as presented by a roll call vote as noted.</td>
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**ROLL CALL:**

Dorothy Ellis - aye  
Irwin Reeves - aye  
Lynn Baldi - aye  
Joe Dotan - aye  
John Williams - absent

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| * Approve Resolution No. 2011-08 Resolution approving the form and authorizing the execution and delivery of a master equipment Lease/Purchase Agreement in connection with a Lease transaction of certain equipment and approving certain other actions | Gary Hicks reported that Resolution No. 2011-08 (included in packet) authorizes the Healthcare District to enter into financing with PNC Equipment Finance LLC and authorizes the officers of the Healthcare District to enter into this agreement, select and negotiate purchases within a loan amount of $2,750,000, 60 month term and an interest rate of approximately 1.92%.  

Gary noted that the interest rate of 1.92% is significantly lower than any other financing that the Healthcare District has received before and can be attributed directly to the Healthcare District’s much improved financial performance over the past 9 months.  

In response to a question, Gary noted that there is a 2% penalty on the remaining principal amount for any early payoff. | M.S.C. (Dotan/Baldi), the SGMHD Board of Directors unanimously approved Resolution No. 2011-08 as presented by a roll call vote as noted. |

**ROLL CALL:**

Dorothy Ellis - aye  
Irwin Reeves - aye  
Lynn Baldi - aye  
Joe Dotan - aye  
John Williams - absent
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<td>2nd Discussion - Amendment to Lease between Healthcare District and Hospital required by PNC Equipment Finance Approve Amendment Number Five to Hospital Lease</td>
<td>Mark Turner noted that 2 public meetings need to be held for discussion regarding amending the existing lease between the Healthcare District and the Hospital. The first public meeting/discussion was held on Tuesday, September 13, 2011. He noted that this amendment is required by PNC Equipment Finance LLC and makes the Hospital organization responsible for making the loan payments incurred by the Healthcare District by entering into the loan agreement as approved by Resolution No. 2011-08 (above). Mark also noted for the benefit of the Hospital Board members in attendance at this meeting, that the same Amendment Number Five will be presented to the Hospital Board for approval at their meeting immediately following this meeting. He asked for any questions - there were none. ROLL CALL: Dorothy Ellis - aye Irwin Reeves - aye Lynn Baldi - aye Joe Dotan - aye John Williams - absent</td>
<td>M.S.C. (Dotan/Reeves), the SGMHD Board of Directors unanimously approved Amendment Number Five to the Hospital Lease as presented by a roll call vote as noted.</td>
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<td>Approve FF&amp;E purchases</td>
<td>Kay Lang distributed a revised description of the items being presented for approval. She noted that the only change from the original document included in the packet was the cost - less than originally presented. Kay reviewed the requested FF&amp;E purchases as shown in the handout:  - Patient lifts in nine ICU rooms = $103,685.96  - Headwalls in two locked, psych rooms - $4,960.58  - Total Amount = $108,646.54 She noted that this equipment is part of the Measure A funding and needs to be purchased now so that we can continue with the rough-ins.</td>
<td>M.S.C. (Dotan/Reeves), the SGMHD Board of Directors unanimously approved patient lifts and headwalls (2 rooms) for a total of $108,646.54.</td>
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<td>Adjournment</td>
<td>The meeting was adjourned at 5:29 pm.</td>
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Healthcare District Board of Directors
Special Board meeting
September 20, 2011

ATTEST: [Signature]
Dorothy Ellis, Chair
San Gorgonio Memorial Healthcare District Board of Directors

Minutes respectfully submitted by Bobbi Duffy, Executive Assistant