

Mendocino Coast HCD 2023 Continuing Disclosure Information Request

Dave Davies <ddavies@willdan.com>

Tue 11/7/2023 3:27 PM

To: Lee Finney <lfinney@mcdh.org>; Sara Spring <sspring@mcdh.org>

📎 1 attachments (260 KB)

2023 MCHCD Continuing Disclosure Information Request.pdf;

Good Afternoon Lee and Sara,

Please find the attached request for information needed to prepare the 2022/23 Annual Continuing Disclosure Reports for the Mendocino Coast Health Care District. Please note that since we did not receive certain data for many of the prior years' disclosure reports, there are four and five years' worth of data to update for certain tables. The report for the 2016 Revenue Bonds is due this month so we will need the data **ASAP** to avoid filing failure notices and additional supplementation. Should you have any questions or need additional information, please do not hesitate to call me directly at (951) 587-3520. Thanks!

Best Regards,

Dave Davies

Assistant Director / Municipal Advisor



Willdan Financial Services

27368 Via Industria, Suite 200

Temecula, California 92590

T. 951.587.3520 800.755.6864

F. 951.587.3510 888.326.6864

ddavies@willdan.com

Willdan Financial Services is not advising or recommending any action be taken by the recipient of this information with respect to any prospective, new, or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms and other similar matters concerning such financial products or issues) unless formally engaged to provide such information.



November 7, 2023

Ms. Lee Finney
Mendocino Coast District Hospital
700 River Drive
Fort Bragg, CA 95437

Via email: lfinney@mcdh.org

RE: Annual Continuing Disclosure Information Statements for Fiscal Year 2022/23

FOR: 2016 Insured Refunding Revenue Bonds (Annual Report Due 11/27/23)
2001 General Obligation Bonds (Annual Report Due 3/27/24)
2016 General Obligation Refunding Bonds (Annual Report Due 3/27/24)

Dear Ms. Finney:

We are in the process of completing the Annual Continuing Disclosure Information Statements for your review prior to dissemination to the MSRB's Electronic Municipal Market Access website ("EMMA") for the above referenced bond issues. In order to finalize the drafts, we will need the following information from the Hospital:

- **Please confirm** that Mendocino County still operates on the Teeter Plan
- The District Hospital's Audited Financial Statements for fiscal year 2019/20, 2020/21, 2021/22 & 2022/23
- The District Hospital's General Fund Budget vs. Actual Results for fiscal year 2018/19, 2019/20, 2020/21, 2021/22 & 2022/23
- Adopted Budget for fiscal year 2020/21, 2021/22, 2022/23 & 2023/24
- Information on any private placement debt issued during the last 12 months or anticipated to be issued in the next 12 months
- Miscellaneous Updates (**see following pages**)

Given the due dates of the reports and in order to provide adequate time for analysis and review, please provide the information by **November 21, 2023**. Receipt of the requested information will be considered authorization to prepare the reports. Upon receipt of the above requested information, we will prepare drafts of the reports for your review.

If you should have any questions regarding this request, please do not hesitate to contact me at (951) 587-3520.

Sincerely,
Willdan Financial Services

A handwritten signature in black ink, appearing to read 'Dave Davies', with a long horizontal flourish extending to the right.

Dave Davies, Assistant Director
Federal Compliance Division
ddavies@willdan.com

Please provide updates to the following information, as necessary:

A. HOSPITAL STAFF / DISTRICT EMPLOYEES

Example

2019/20

As of June 30, 2020, the District employed 227 full-time and 79 part-time personnel (271.85 full-time equivalent employees (“FTE”)). There were an additional 35.62 FTEs in registry personnel due to labor shortages, mostly RNs. The District has a collective bargaining agreement with UFCW8 – Golden State of the United Food and Commercial Works Union representing mostly hourly employees. This contract expired June 30, 2020 but is extended during current negotiations.

To Update:

2020/21

As of June 30, 2021, the District employed [REDACTED] full-time and [REDACTED] part-time personnel ([REDACTED] full-time equivalent employees). There were an additional 34 FTEs in registry personnel due to labor shortages, mostly RNs. The District has a collective bargaining agreement with UFCW8 – Golden State of the United Food and Commercial Works Union representing mostly hourly employees. This contract expired June 30, 2018 but is extended during current negotiations.

2021/22

As of June 30, 2022, the District employed [REDACTED] full-time and [REDACTED] part-time personnel ([REDACTED] full-time equivalent employees). There were an additional 34 FTEs in registry personnel due to labor shortages, mostly RNs. The District has a collective bargaining agreement with UFCW8 – Golden State of the United Food and Commercial Works Union representing mostly hourly employees. This contract expired June 30, 2018 but is extended during current negotiations.

2022/23

As of June 30, 2023, the District employed [REDACTED] full-time and [REDACTED] part-time personnel ([REDACTED] full-time equivalent employees). There were an additional 34 FTEs in registry personnel due to labor shortages, mostly RNs. The District has a collective bargaining agreement with UFCW8 – Golden State of the United Food and Commercial Works Union representing mostly hourly employees. This contract expired June 30, 2018 but is extended during current negotiations.

B. MEDICAL STAFF

Example

2018/19

As of June 30, 2019, the medical staff of the District consisted of 72 physicians, including 63 active staff, 4 affiliate staff and 5 provisional staff. The average age and tenure of the active medical staff at the District is 55.4 years and 14 years, respectively. Approximately 100% of the active medical staff is board certified.

The following table summarizes the age distribution of active medical staff physicians who provided patient care for the District during the fiscal year ended 2019.

<u>Active Medical Staff</u>		
<u>Age Distribution</u>	<u>Number</u>	<u>Percent</u>
34 and under	2	2.78%
35-44 years	15	20.83%
45-54 years	16	22.22%
55-64 years	21	29.17%
65 and older	18	25.00%
Total	72	100.00%

To Update (4 Years to Update):

2019/20

As of June 30, 2020, the medical staff of the District consisted of [redacted] physicians, including [redacted] active staff, [redacted] affiliate staff and [redacted] provisional staff. The average age and tenure of the active medical staff at the District is [redacted] years and [redacted] years, respectively. Approximately [redacted] % of the active medical staff is board certified.

The following table summarizes the age distribution of active medical staff physicians who provided patient care for the District during the fiscal year ended **2020**:

Active Medical Staff

Age Distribution	Number	Percent
34 and under		
35-44 years		
45-54 years		
55-64 years		
65 and older		
Total		

2020/21

As of June 30, 2021, the medical staff of the District consisted of [redacted] physicians, including [redacted] active staff, [redacted] affiliate staff and [redacted] provisional staff. The average age and tenure of the active medical staff at the District is [redacted] years and [redacted] years, respectively. Approximately [redacted] % of the active medical staff is board certified.

The following table summarizes the age distribution of active medical staff physicians who provided patient care for the District during the fiscal year ended **2021**:

Active Medical Staff

Age Distribution	Number	Percent
34 and under		
35-44 years		
45-54 years		
55-64 years		
65 and older		
Total		

2021/22

As of June 30, 2022, the medical staff of the District consisted of [redacted] physicians, including [redacted] active staff, [redacted] affiliate staff and [redacted] provisional staff. The average age and tenure of the active medical staff at the District is [redacted] years and [redacted] years, respectively. Approximately [redacted] % of the active medical staff is board certified.

The following table summarizes the age distribution of active medical staff physicians who provided patient care for the District during the fiscal year ended **2022**:

Active Medical Staff

Age Distribution	Number	Percent
34 and under		
35-44 years		
45-54 years		
55-64 years		
65 and older		
Total		

2022/23

As of June 30, 2022, the medical staff of the District consisted of [redacted] physicians, including [redacted] active staff, [redacted] affiliate staff and [redacted] provisional staff. The average age and tenure of the active medical staff at the District is [redacted] years and [redacted] years, respectively. Approximately [redacted] % of the active medical staff is board certified.

The following table summarizes the age distribution of active medical staff physicians who provided patient care for the District during the fiscal year ended **2022**:

Active Medical Staff

Age Distribution	Number	Percent
34 and under		
35-44 years		
45-54 years		
55-64 years		
65 and older		
Total		

C. SOURCES OF REVENUES / THIRD PARTY PAYMENTS

To Update:

The following table shows the District's percentage of gross patient revenues by source of payment for the last five fiscal years:

	Fiscal Year Ended June 30,				
	2019	2020	2021	2022	2023
Medicare	\$72,470,219	\$68,093,603			
Medi-Cal	24,277,947	20,584,293			
Commercial Insurance	20,178,653	17,793,322			
Private Pay	1,411,208	1,269,373			
Totals	\$118,338,027	\$107,740,591			

	Fiscal Year Ended June 30,				
	2019	2020	2021	2022	2023
Medicare	61.2%	63.2%			
Medi-Cal	20.5%	19.1%			
Commercial Insurance	17.1%	16.5%			
Private Pay	1.2%	1.2%			
Totals	100.0%	100.0%			

D. HOSPITAL UTILIZATION

To Update:

The District's inpatient and outpatient activity for the last five fiscal years is as follows:

	Fiscal Year Ended June 30,				
	2019	2020	2021	2022	2023
Licensed Beds ⁽¹⁾	49	49			
Critical Access Licensed Beds	25	25			
Admissions	799	689			
Total Deliveries	81	43			
Inpatient Days	4,041	4,140			
Total Newborn Days	159	89			
Average Length of Stay in Days	3.32	3.61			
Occupancy Rate (percentage)	44.28	45.52			
Emergency Visits	9,744	8,853			
Outpatient Visits	58,236	49,716			
Clinic Visits	31,546	27,473			
Home Health Visits	6,058	5,568			

(1) The District is currently licensed for 49 beds but as a CM-1, uses only 25 licensed beds with 24 beds in suspense.

E. CONCENTRATION OF CREDIT RISK

To Update:

The District grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patient and third-party payors for the last five fiscal years was as follows:

	Fiscal Year Ended June 30,				
	2019	2020	2021	2022	2023
Medicare	\$5,686,638	\$4,672,015			
Medi-Cal	3,554,149	2,260,163			
Commercial and other third-party payors	4,902,903	5,506,304			
Private pay and other	4,082,715	2,730,398			
Total gross patient accounts receivable	\$18,226,405	\$15,168,880			
Allowances for contractual agreements and bad debt	(12,555,953)	(11,423,300)			
Net patient accounts receivable	\$5,670,452	\$3,745,580			

F. PRO FORMA DEBT SERVICE COVERAGE

To Update:

The following table sets forth debt service coverage (utilizing maximum annual debt service) for the 2016 Bonds.

		Fiscal Year Ended June 30,			
		2020	2021	2022	2023
Excess Revenues over Expenditures	\$338,432				
Plus: Depreciation and Amortization	1,360,849				
Plus: Interest Expense	474,093				
Net Revenues Available for Debt Service	\$2,173,374				
Total Pro Forma Maximum Annual Debt Service ⁽¹⁾	\$811,250				
Pro Forma Debt Service Coverage	2.68				

(1) Equals Maximum Annual Debt Service in fiscal year 2019/20.
Note: The calculations above are consistent with the Regulatory Agreement.

G. DAYS CASH ON HAND

To Update:

Below is a chart showing the Days Cash on Hand for the last five fiscal years, calculated in compliance with the provisions of the Regulatory Agreement:

	Fiscal Years Ended June 30,				
	2019	2020	2021	2022	2023
Cash and Cash Equivalents					
Cash	\$2,032,752	\$8,315,845			
Board-Designated Funds ⁽¹⁾	4,376,979	3,456,956			
Total Cash and Cash Equivalents	\$6,409,731	\$11,772,801			
Operating Expenses					
Operating Expenses	\$59,128,592	\$60,050,833			
Interest Expense	(561,451)	(474,093)			
Depreciation and Amortization	(1,481,931)	(1,360,849)			
Total Operating Expense	\$57,085,210	\$58,215,891			
Number of Days in Fiscal Year	365	366			
Number of Days Cash on Hand	41	74			

(1) These funds are assets limited as to use include contributor restricted funds, amounts designated by the Board of Directors for replacement or purchases of capital assets, and other specific purposes, and amounts held by trustees under specified agreements. Assets limited as to use consist primarily of deposits on hand with local banking and investment institutions, and bond trustees. The Hospital does not have an official funded depreciation account and no such account will be presented in this table.

H. GENERAL FUND BUDGET

To Update (5 Years to Update):

The following table sets forth the General Fund Revenue and Expenses reflecting the adopted budget for the six most recent fiscal years.

	Fiscal Year					
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Operating Revenues						
Inpatient	\$23,688,000					
Swing Bed	2,500,000					
Outpatient	85,456,000					
North Coast Family Health Ctr	5,594,000					
Home Health	2,060,000					
Total Patient Service Revenues	\$119,298,000					
Revenue Deductions						
Current Year Contractuals	\$64,106,000					
Policy Discounts	0					
Bad Debt	1,770,000					
Charity	120,000					
Total Deductions	\$65,996,000					
Net Patient Service Revenue	\$53,302,000					
Tax Revenues	\$2,396,000					
Other Operating Revenues	1,131,000					
Total Operating Revenues	\$56,829,000					
Operating Expenses						
Salaries & Wages - Staff	\$17,999,000					
Employee Benefits	8,856,000					
Professional Fees - Physician	6,527,000					
Other Professional Fees (Regi, Cont, Other)	5,981,000					
Supplies (Implants, Drugs, Medical, Other)	8,873,000					
Purchased Services	1,567,000					
Repairs & Maintenance	974,000					
Utilities	843,000					
Insurance	562,000					
Interest	608,000					
Depreciation and Amortization	1,536,000					
Rental/Lease	550,000					
Other Expense	1,508,000					
Total Operating Expenses	\$56,384,000					
Net Revenue (Loss) From Operating Expenses	\$445,000					
Non-Operating Revenues (Expenses)						
Funded Depreciation Income	\$30,000					
Contributions	325,000					
Other Non-Operating Revenues (Expenses)	0					
Net Non-Operating Revenues (Expenses)	\$355,000					
Excess for Growth & Dev. After Debt Service	(\$800,000)					

Note: Beginning and ending fund balances are not a component of the adopted General Fund budget and have therefore been excluded from the table above.

Health Care District / AHMC Follow Up

Mock,Jeff <MockJR@ah.org>

Fri 11/17/2023 2:04 PM

To:Lee Finney <lfinney@mcdh.org>;Leach,Judy <leachjl@ah.org>;Howe,Judson <HoweJH@ah.org>;Jacobson,Carlton <JacobsCE@ah.org>;Hougland,Judith <houglaj@ah.org>

Hi Lee and Team, sending a follow up from our meeting two weeks ago after Carlton and Judy H have completed discovery. In summary, our local team worked with system accounting teams and have identified the Net Patient Revenue received recently by Adventist Health, as of September 7 of this year. With the facts that have come to light, I recommend two steps forward; (1) on the Adventist Health side, we'll obtain the internal approval as the amount is significant and (2) deliver the check to Lee and Sarah for full funds transfer. With the Thanksgiving holiday next week, our targeted timeline is Nov 27 – Dec 8.

I'd like to thank the district for bringing this to our attention as well as Carlton and Judy for diligently address the concern and the work that went into discovery.

Lee, I was unable to find an email address for Sarah, could you please include her in the communication for transparency. We can provide the details to support the amount at Sarah's choosing.

If you have any questions or concerns, don't hesitate to reach out to our team.

Have a great weekend,
Jeff


Past due Invoice_ MENDOCINO COAST HEALTH CARE DISTRICT ELECTION OF 2000 GENERAL OBLIGATION BONDS (CAPITAL APPRECIATION BONDS)

Boustani, Atra <Atra.Boustani@bnymellon.com>

Sun 11/19/2023 5:49 PM

To:Sara Spring <sspring@mcdh.org>

Cc:Lee Finney <lfinney@mcdh.org>

 1 attachments (442 KB)

MENDOCINO22_Invoices..pdf;

Hi,

The \$825.00 ACH sent mistakenly into account 8900300094 on September 11th applied for 480 days past due invoice no. 252-2528501. There is another outstanding invoice no. 252-2575831 with same amount \$825.00 that has not been paid yet. Please follow payment instruction on the invoice to make the payment.

Thanks,

Atra Boustani

Client Service Manager, Vice President

The Bank of New York Mellon Trust Company, N.A.

101 2nd Street, Suite 2400, San Francisco, CA 94105

Phone: (415) 263-2416

Fax: (415) 399-1647

Email: Atra.boustani@bnymellon.com

Notice: The information contained in this e-mail, and any attachment, is confidential and is intended solely for the use of the intended recipient. Access, copying, or re-use of the e-mail or any attachment, or any information contained therein, by any other person is not authorized. If you are not the intended recipient, please return the e-mail to the sender and delete it from your computer. Emails may be interfered with and may contain viruses or other defects. We provide no warranties in relation to these matters. For information on how to help protect yourself from fraud, including cyberfraud and other fraudulent activity, please visit our [Information Security and Protection Page](#). Please refer to <https://disclaimer.bnymellon.com/eu.htm> for certain disclosures relating to European legal entities. Please note that we may use tracking pixels to monitor your interaction with reports and data delivered via this email. To learn how BNY Mellon uses personal information, please read our [Data Privacy Notice](#).

RE: Introductions

Dudley Campbell <dcampbell@devenneygroup.com>

Tue 11/21/2023 12:58 PM

To: Lee Finney <lfinney@mcdh.org>; Andrew Flanigan <aflanigan@devenneygroup.com>

Cc: Eastshore Consulting <shin@eastshoreconsulting.com>

Lee,

Thank you for the introduction to Shin and Eastshore Consulting. Please send me the invites for your meetings on Wednesday with your team and if able we will join in.

Regarding the status of the seismic compliance, we had a meeting with Degenkolb last week and they are still working through the inventory and scans from their visit a couple of weeks ago. There were a couple of places that they could not gain access to and have reached out to Peter on getting some photos for them to review (Emergency Generator to confirm if fire sprinklers have been installed, mezzanine space and mechanical and electrical rooms).

Regardless they are on track to make the submittal for NPC-4 evaluation by the end of year.

The NPC-5 submittal draft is complete, we have asked Gayner to make a couple of updates. Once that is done we can email that and check that off the list.

Lastly, the "Seismic Compliance Plan" is being updated to show the proposed schedule and building list with the services provided in each of the HCAI buildings.

In summary, I will ask for a draft/final copy of the materials from the team to get to by EOD December 7th.

Let me know if I have missed anything.

Thank you,



DUDLEY CAMPBELL, AIA, NCARB, LEED AP
CHIEF OPERATIONS OFFICER

6900 East Camelback Road, Suite 500, Scottsdale, AZ 85251

[602.343.4077](tel:602.343.4077) o, [312.259.8069](tel:312.259.8069) m

dcampbell@devenneygroup.com

www.devenneygroup.com

Transforming healthcare delivery through design

From: Lee Finney <lfinney@mcdh.org>

Sent: Tuesday, November 21, 2023 12:49 PM

To: Dudley Campbell <dcampbell@devenneygroup.com>; Andrew Flanigan <aflanigan@devenneygroup.com>

Cc: Eastshore Consulting <shin@eastshoreconsulting.com>

Subject: Introductions

Hello Dudley and Andrew,

By copy of this email, I am connecting you with one of our seismic compliance bond consultants. Shin Green, from Eastshore Consulting will be in touch with Dudley Campbell, Project Manager, to coordinate with the work you are doing to keep us HCAI compliant as well

as how the plans and costs for getting to seismic compliance have evolved. You may recognize Shin's name as Eastshore Consulting has worked with the MCHCD in the past.

Our consultants have seen all of the designs you have provided us as well as all of the cost estimates, but please share any documents that you think will enhance the free flow of ideas. The consulting group with are working with will be meeting weekly with the Ad Hoc Committee on Seismic Compliance, Paul Garza and myself, and you may want to join these meetings on an as-needed basis. They are every Wednesday at 11:00 AM PT. And, please contact me with any questions or concerns.

The last meeting of the year for the MCHCD will be on December 14, at 6:00 PM. Are you likely to have a final report you can provide at this meeting on our HCAI compliance for the end of 2023? I would need to see the report for the agenda by COB on Friday, December 7, 2023. We should talk about whether you need to appear at our board meeting via zoom or not.

Wishing you all a warm and wonderful Thanksgiving holiday!

Lee

Lee Finney
Chair of the Board of Directors
Mendocino Coast Health Care District