



**SONOMA VALLEY HEALTH CARE DISTRICT  
CITIZENS BOND OVERSIGHT COMMITTEE  
REGULAR MEETING AGENDA  
Thursday, April 18, 2013  
5:00 p.m.**

**Location: Schantz Conference Room  
Sonoma Valley Hospital  
347 Andrieux Street, Sonoma, CA 95476**

AGENDA ITEM	RECOMMENDATION	
<b>MISSION STATEMENT</b> <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>		
<b>1. CALL TO ORDER/ANNOUNCEMENTS</b>	<i>Ciocca</i>	Inform/Action
<b>2. PUBLIC COMMENT SECTION</b> <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration. At all times please use the microphone.</i>	<i>Ciocca</i>	
<b>3. CONSENT CALENDAR:</b> B. Minutes 10.18.12 C. Minutes 11.09.12 D. Minutes 01.17.13	<i>Ciocca</i>	Action
<b>4. DESIGN-BUILD PROJECT UPDATE</b>	<i>Manning</i>	Inform
<b>5. CBOC REPORT ENDING MARCH 31, 2013</b>	<i>Tarver</i>	Inform/Action
<b>6. APPROVAL OF THE COMMITTEE ANNUAL REPORT 2013</b>	<i>Ciocca</i>	
<b>7. DISCUSSION OF TERMINATION OF CBO COMMITTEE UPON COMPLETION OF CONSTRUCTION</b>	<i>Ciocca</i>	Inform/Action
<b>9. ITEMS FOR NEXT AGENDA</b>	<i>Ciocca</i>	Inform
<b>10. COMMITTEE COMMENTS</b>	<i>Ciocca</i>	Inform
<b>11. ADJOURN</b>	<i>Ciocca</i>	

# 3. CONSENT CALENDAR

- A. CBOC Minutes, 10.18.12
- B. CBOC Minutes, 11.09.12
- C. CBOC Minutes, 01.17.13



**SONOMA VALLEY HEALTH CARE DISTRICT  
 CITIZENS BOND OVERSIGHT COMMITTEE  
 REGULAR MEETING MINUTES  
 Thursday, October 18, 2012  
 Schantz Meeting Room**

<b>Committee Members Present</b>	<b>Committee Members Absent</b>	<b>Administrative Staff Present</b>
David Oster, Chair Stephen Berezin Dennis Ciocca Pamela Gibson	Pamela Gibson	Jeannette Tarver, Director of Finance Peter Hohorst, Board Chairman

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW- UP
<b>MISSION AND VISION STATEMENTS</b>	<p><i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i></p> <p><i>The vision of the SVHCD is that: SVH will be a nationally recognized, compassionate place of healing and known for excellence in clinical quality. We serve as the guide and indispensable link for our community's health care journey.</i></p>		
<b>1. CALL TO ORDER</b>	<i>David Oster</i>		
	6:00 PM		
<b>2. PUBLIC COMMENT</b> <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration. At all times please use the microphone.</i>	There was no public comment.		
<b>3. CONSENT CALENDAR:</b>	<i>David Oster</i>		
A. Prior Meeting Minutes 7.19.12		<b>MOTION</b> by Berezin and second by Ciocca to approve Item A and carried. All in favor; none opposed.	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW- UP
<b>4. ELECTION OF OFFICERS</b>	<i>David Oster</i>		
	Mr. Ciocca was elected Chair and Mr. Berezin was elected Vice Chair.		
<b>5. BUILD PROJECT UPDATE</b>	<i>Jeannette Tarver/Peter Hohorst</i>		
	Report on current status of the building project was received.		
<b>6. REVIEW OF EXPENDITURES TO DETERMINE IF APPROPRIATE FOR BOND FUNDING</b>	<i>Jeannette Tarver</i>		
	<p>Ms. Tarver discussed certain extraordinary expenses that had not previously been on the list of approved Bond issue costs including skilled nursing, exterior stucco, clean/soiled utility room and other miscellaneous items for a total of \$1,500,000.</p> <p>After considerable discussion, the Committee deferred the approval of these expenses pending the receipt of: acknowledgement by Bond Counsel that these projects were eligible for funding under Federal Tax Law as well as meeting the purpose outlined in the original Bond proposition; and some degree of comfort that the expenditures had met the public bidding requirements as well as the prevailing wage requirements.</p>		
<b>7. ITEMS FOR NEXT AGENDA</b>	<i>David Oster</i>		
	Mr. Oster suggested discussing the unapproved expenditures at a Special Committee meeting to be called when staff have received the necessary information (requested above).		
<b>8. COMMITTEE COMMENTS</b>	<i>David Oster</i>		
<b>9. ADJOURN</b>	<i>David Oster</i>		
	6:47 PM		



**SONOMA VALLEY HEALTH CARE DISTRICT  
CITIZENS BOND OVERSIGHT COMMITTEE  
SPECIAL MEETING MINUTES  
Friday, November 9, 2012  
Schantz Meeting Room**

<b>Committee Members Present</b>	<b>Committee Members Absent</b>	<b>Administrative Staff Present</b>
Dennis Ciocca, Chair Stephen Berezin, Vice Chair Richard Conley Mary Smith Bert Nevins Edie Barrett David Oster	Pamela Gibson	Jeannette Tarver, Director of Finance

<b>AGENDA ITEM</b>	<b>DISCUSSION</b>	<b>CONCLUSIONS/ ACTION</b>	<b>FOLLOW-UP/ RESPONSIBLE PARTY</b>
<b>MISSION AND VISION STATEMENTS</b>	<i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>  <i>The vision of the SVHCD is that: SVH will be a nationally recognized, compassionate place of healing and known for excellence in clinical quality. We serve as the guide and indispensable link for our community's health care journey.</i>		
<b>1. CALL TO ORDER AND ANNOUNCEMENTS</b>	<i>Dennis Ciocca</i>		
	3:00 PM New Committee Members and alternates were introduced and Mr. Ciocca gave a brief overview of the functions and duties of the Committee.		
<b>2. PUBLIC COMMENT</b> <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the</i>	There was no public comment.		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
<i>time the item comes up for Committee consideration. At all times please use the microphone.</i>			
<b>3. CONSENT CALENDAR:</b>	<i>Dennis Ciocca</i>		
	There were no items on the Consent Calendar.		
<b>4. DISCUSS CONSTRUCTION CATEGORIES TOTALING \$1.5 MILLION WHICH WERE DEFERRED AT THE OCTOBER 18, 2012 MEETING</b>	<i>Jeannette Tarver</i>		
	<ul style="list-style-type: none"> <li>• The Committee reviewed an exchange of emails between Rick Reid and Brian Quint (Bond Counsel) that satisfied the Committee’s questions on the legality of spending new funds under: 1) Federal and State laws regarding the expenditure of Bond proceeds; and 2) the terms of the Bond proposition approved by the voters. It was determined that the expenditures did meet the tests.</li> <li>• The Committee still had questions regarding the expenditure of these funds per the competitive bid statutes and prevailing wage requirements. Because Mr. Reid was not available to discuss these issues, the approval of these expenses was once again, deferred.</li> <li>• The Committee was informed that the original request of \$1.5 million from Bond funds included expenses that had not yet been incurred. The total request was now being reduced to \$938,000.</li> </ul>		
<b>5. ITEMS FOR NEXT AGENDA</b>	<i>Dennis Ciocca</i>		
<b>6. COMMITTEE COMMENTS</b>	<i>Dennis Ciocca</i>		
<b>7. ADJOURN</b>	<i>Dennis Ciocca</i>		
	4:02 PM		



**SONOMA VALLEY HEALTH CARE DISTRICT  
CITIZENS BOND OVERSIGHT COMMITTEE  
REGULAR MEETING MINUTES  
Thursday, January 17, 2013  
Schantz Meeting Room**

<b>Committee Members Present</b>	<b>Committee Members Absent</b>	<b>Administrative Staff Present</b>
Dennis Ciocca, Chair Stephen Berezin David Oster Pamela Gibson Bert Nevins Edie Barrett Mary Smith Richard Conley		Jeannette Tarver, Director of Finance Rick Reid, CFO Peter Hohorst, Board of Directors

<b>AGENDA ITEM</b>	<b>DISCUSSION</b>	<b>CONCLUSIONS/ ACTION</b>	<b>FOLLOW-UP/ RESPONSIBLE PARTY</b>
<b>MISSION AND VISION STATEMENTS</b>	<i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community. The vision of the SVHCD is that: SVH will be a nationally recognized, compassionate place of healing and known for excellence in clinical quality. We serve as the guide and indispensable link for our community's health care journey.</i>		
<b>1. CALL TO ORDER</b>	<i>Dennis Ciocca</i>		
	5:00 PM		
<b>2. PUBLIC COMMENT</b>	<i>Dennis Ciocca</i>		
<i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration. At all times please use the microphone.</i>	There was no public comment.		
<b>3. CONSENT CALENDAR:</b>	<i>Dennis Ciocca</i>		
	There were no items for the Consent Calendar.		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
4. BUILD PROJECT UPDATE	<i>Peter Hohorst/Jeannette Tarver</i>		
	Mr. Hohorst gave a brief description of the current project status and explained the new project completion date of January 2014.		
5. REVIEW OF EXPENDITURES TO DETERMINE IF APPROPRIATE FOR BOND FUNDING	<i>Rick Reid/Jeannette Tarver</i>		
	Mr. Reid assured Committee members that the requested additional expenditures from the Bond funds that had been deferred from the October and November 2012 meetings, had all met the public bidding and prevailing wage requirements. He further announced that the total amount of the additional funding being requested from the Bond proceeds was being reduced from \$938,000 to \$290,000. The Committee approved the expenditure.	<b>MOTION:</b> by David Oster to approve advised Sept. 2012 budget report moving bond funds, second by Dan Ciocca to approve the expenditures as appropriate and carried. All in favor; none opposed.	
6. ACKNOWLEDGEMENT OF CONFIDENTIALITY POLICY	<i>Dennis Ciocca</i>		
	The CBOC Committee was presented with the <i>Acknowledgement of Confidentiality</i> , originally signed two months ago because there was a proposed change in a phrase. Staff was unsure of the status of the current language of the Acknowledgement and after a brief discussion, the matter was deferred.		
7. ITEMS FOR NEXT AGENDA	<i>Dennis Ciocca</i>		
	The <i>Acknowledgement of Confidentiality</i> form will be considered at the next CBOC Committee meeting on April 18, 2013 as well as the approval of the <b>Annual Report</b> .		
8. COMMITTEE COMMENTS	<i>Dennis Ciocca</i>		
9. ADJOURN	<i>Dennis Ciocca</i>		
	5:59 PM		



5.  
CBOC REPORT  
ENDING  
MARCH 31, 2013

# CBOC Report: Date Ending March 31, 2013

## Summary Information

	Restated Balance -		
	Last Report	Current Activity	Current Balance
	12/31/2012		03/31/2013
Project Management & Planning to Allocate	610,091.71	88,537.30	698,629.01
South Lot Rental	626,791.70	69,662.10	696,453.80
South Lot Option	262,695.20	-	262,695.20
Master Plan			
Project Management	1,473,389.61	52,125.68	1,525,515.29
Master Plan	1,460,338.31	13,787.60	1,474,125.91
Design Build			
Equip & Construction	11,019,225.53	3,386,340.05	14,405,565.58
Central Utility Plant			
Planning & Project Management	322,608.50	-	322,608.50
Equip & Construction	7,888.65	-	7,888.65
HVAC			
Planning & Project Management	25,878.36	-	25,878.36
Equip & Construction	204,822.82	-	204,822.82
West Wing			
Planning & Project Management	46,297.38	3,304.37	49,601.75
Equip & Construction	65,262.48	-	65,262.48
Central Core			
Planning & Project Management	66,579.35	-	66,579.35
Equip & Construction	87,935.45	-	87,935.45
East Wing			
Planning & Project Management	38,525.80	-	38,525.80
Equip & Construction	66,673.89	-	66,673.89
Electrical Panels	150,045.46	-	150,045.46
Major Medical Equipment	617,299.83	-	617,299.83
Information Technology			
Planning & Project Management	218,293.68	-	218,293.68
Equip & Construction	595,231.54	-	595,231.54
Existing Facility Improvements	290,059.74	2,750.00	292,809.74
Sub Total	18,255,934.99	3,616,507.10	21,872,442.09
Retire Revenue Bonds	4,000,000.00		4,000,000.00
Issue Costs	152,068.93		152,068.93
Unallocated	-		-
Sub Total	4,152,068.93	-	4,152,068.93
<b>Total</b>	<b>22,408,003.92</b>	<b>3,616,507.10</b>	<b>26,024,511.02</b>

Cash Balances	LAIF	WestAmerica	Total
<b>Beginning Balance at - 12/31/2012</b>	12,618,094	1,275,395	13,893,488
Deposits		648,056	648,056
Interest Income Received	10,236	988	11,223
Bank Service Charges			0
Transfers Between Accounts	(7,000,000)	7,000,000	0
Withdrawal for Prior Qtr Expenditures		(1,918,208)	(1,918,208)
Withdrawal for Current Qtr Expenditures		(2,225,305)	(2,225,305)
<b>Ending Balance at - 03/31/2012</b>	<b>5,628,329</b>	<b>4,780,925</b>	<b>10,409,254</b>

# CBOC Report: Date Ending March 31, 2013

## Current Activity

		<b>GO Bond Expenditures - Source of Funds</b>			
<b>Category</b>	<b>Vendor</b>	<b>Non Capital Expenditure</b>	<b>Operations</b>	<b>Capital Expenditure</b>	<b>Total</b>
	North Valley Bank	39,459.84	-	-	39,459.84
	Sonoma County Tax Collector	30,202.26			30,202.26
<b>South Lot Rental</b>		<b>69,662.10</b>	<b>-</b>	<b>-</b>	<b>69,662.10</b>
	Jtec HCM			52,125.68	52,125.68
<b>Prjct Mgmt - Master Plan</b>		<b>-</b>	<b>-</b>	<b>52,125.68</b>	<b>52,125.68</b>
	Fugro West, Inc			13,787.60	13,787.60
<b>Master Plan</b>		<b>-</b>	<b>-</b>	<b>13,787.60</b>	<b>13,787.60</b>
	ITS Enterprises			32,000.00	32,000.00
	Matriscope Engineering			31,264.30	31,264.30
	Kevin Coss			25,273.00	25,273.00
<b>Planning - to allocate</b>		<b>-</b>	<b>-</b>	<b>88,537.30</b>	<b>88,537.30</b>
	Labor Compliance Specialists			3,054.37	3,054.37
	OSHPD			250.00	250.00
<b>Planning &amp; Proj Mgmt - East Wing</b>		<b>-</b>	<b>-</b>	<b>3,304.37</b>	<b>3,304.37</b>
	Otto Construction			3,386,340.05	3,386,340.05
<b>Design Build - Equip &amp; Const</b>		<b>-</b>	<b>-</b>	<b>3,386,340.05</b>	<b>3,386,340.05</b>
	OSHPD			2,750.00	2,750.00
<b>Existing Facility Improvements</b>		<b>-</b>	<b>-</b>	<b>2,750.00</b>	<b>2,750.00</b>
<b>Grand Total</b>		<b>69,662.10</b>	<b>-</b>	<b>3,546,845.00</b>	<b>3,616,507.10</b>

6.  
CBOC  
ANNUAL REPORT  
2013

**CITIZENS BOND  
OVERSIGHT COMMITTEE**

**ANNUAL REPORT**

April 18, 2013

## **BACKGROUND**

On November 3, 2008, the voters in the Sonoma Valley Health Care District approved the issuance and sale of \$35 million in general obligation bonds to pay for improvements to Sonoma Valley Hospital. In order to ensure that bond proceeds were spent in accordance with purposes described in the bond measure (the Project), a Citizens Bond Oversight Committee was appointed. The Committee was specifically called for in the Bond Measure and was appointed by the Board of Directors of the District in January of 2009.

The bonds were subsequently issued in two series: \$12,000,000 in April 2009 and \$23,000,000 in August 2010 (the Bonds). The proceeds of the Bonds have been on deposit and available to fund the Project since those times, and through March 31, 2013 \$\_\_\_\_\_ had been expended. Although there have been some delays in the Project schedule due primarily to delays in governmental approvals, it is currently anticipated that the Project will be completed and all bond proceeds expended in 2014.

## **MEMBERS OF THE COMMITTEE**

The current members of the Committee are as follows:

***Dennis G. Ciocca, Chairman***, is a Senior Vice President in Public Finance at Stern Brothers & Co. a nationwide municipal securities firm with an office in Sonoma. Dennis has spent his 45-year career in public finance providing financial services to public agencies in the Western United States. His public financing activities have been principally directed to economic development/public-private partnership transactions. He has been involved in two successful military base closure/redevelopment issues. Between 2001 and 2007 he raised more than \$50 million for the Port of Stockton for the renovation of maritime infrastructure at Rough and Ready Island, a former U.S. Navy Base. In 2006 he completed a three phase Tax Increment – Mello Roos Bond series for the Hawthorne Redevelopment Agency that funded the public elements of funding a new Los Angeles Air Force Base (LAAFB) national headquarters for the U.S. Air Force Space and Missile Systems. LAAFB provides for the direct and indirect employment of 65,000 persons in Southwest Los Angeles County. Mr. Ciocca was recently also appointed to the Citizens Bond Oversight Committee by the Sonoma Valley Unified School District.

***Stephen Berezin, Vice Chairman***, is a Ph.D. Physicist (Stanford University, 1966), for the majority of the last 40 years he has been a real estate developer specializing in residential development mainly in the San Francisco Bay Area and has created over 4,000 residential units in that time period. During his career as a developer, he has developed expertise in construction management as well as financial analysis. Since moving to Sonoma in 2007, he has become active in various civic projects.

***Pamela Gibson*** has had a 30-year career in local government during which she served as City Manager of Sonoma, La Palma and San Juan Capistrano, and is currently a consultant to public agencies in the area of economic development and historic preservation. She received her B.A. in History from the University of California, Riverside, and her M.P.A in Public Administration from Cal State Long Beach. She has provided oversight for the expenditure of bonds in several municipalities. She has served as a member of the steering committee for three successful parcel tax campaigns and the 2008 bond campaign. Previous service included stints on the Strategic

Planning Committee. She is past president of the Sonoma Community Center and the Sonoma Plaza Kiwanis Club and is a member of the Oversight Board for the former Sonoma Community Development Agency.

**David Oster** is a retired attorney. He and a partner operated their own firm from 1972 to 1977. He then became Assistant General Counsel for the Redevelopment Agency of the City and County of San Francisco from 1977 to 1989. From 1989 to 2004 he was a Partner in the law firm of Jones Hall, a firm practicing exclusively in the area of public finance. He received his B.A. from Santa Clara University, spending one year abroad at the University of Vienna in Austria. He received his law degree from Bolt Hall School of Law, University of California, Berkeley, in 1972. He has served in various volunteer positions in the community including the Sonoma County Civil Grand Jury and is currently a member of the SMART train Citizen's Oversight Committee.

**Richard Conley**

Richard Conley has served as a Director, Oculus Innovative Sciences since 1999. He is the Chair of the Audit Committee, serves on the Compensation Committee and on the Nominating and Corporate Governance Committee.

Previously, Mr. Conley has engaged in several opportunities as a wine industry consultant, specializing in general management, financial operations, and logistics including Chief Operating Officer at Kautz Family Vineyards/Ironstone Winery, Executive Vice President and Chief Operating Officer at Don Sebastiani & Sons International Wine Negotiants, Senior Vice President and Chief Operating Officer at Sebastiani Vineyards, Inc. and Controller for Benziger Family Vineyards.

Prior to the wine industry, Mr. Conley served in a variety of accounting and financial positions for Pepsi Cola Bottling Group for over eleven years.

He received a B.S. in Finance and Accounting from Western Carolina University and an M.B.A. from St. Mary's College, California.

The current alternate members of the Committee are as follows:

**Mary Dieter Smith**

Is a native of Dallas, Texas and received her Bachelor of Science in Elementary Education in 1969 from the University of Tulsa. She entered the banking industry in the 1970s and was promoted through a variety of positions until she was hired as the Chief Financial Officer of Sonoma Valley Bank in 1988. While with Sonoma Valley Bank, she attended the Graduate School of Banking in Boulder, Colorado from 1991 to 1993.

Ms. Smith has served on several Boards including Western Independent Bankers Self Insurance Company as Board Chairman, WillMar Center for Bereaved Children as Board President, and Western Independent Bankers Service Corporation.

Currently, Ms Smith serves as Treasurer on the Board of Park Villas Association, is a Community Member on the Sonoma Valley Hospital Finance Committee and is an alternate Committee Member on the Sonoma Valley Hospital Citizens Bond Oversight Committee.

### ***Edie Barrett***

Edie Barrett, a new member of the Sonoma Valley Hospital Citizens Bond Oversight Committee, earned her MBA from San Jose State University while serving as marketing manager for a large firm. She also worked with volunteer organizations through the United States and Canada, serving as a Professional Registered Parliamentarian. Ms. Barrett has also served as President of the California State Association of Parliamentarians.

### **DUTIES OF THE CITIZENS BOND OVERSIGHT COMMITTEE**

The duties of the Committee are defined in the Citizen's Bond Oversight Committee Bylaws adopted January 15, 2009, by the Board of Directors. A copy of the complete document is appended as Attachment A.

Briefly, the duties of the Committee include the following:

- To inform the public concerning the District's expenditures.
- To review expenditure reports, project management reports, and project budgets produced by the Healthcare District to ensure that bond proceeds are expended only for the purposes set forth in the Bond Measure and to see that no bond proceeds are used for administrative salaries or other operating expenses.
- To produce an annual report which shall be presented to the Board in a public session which includes a statement indicating whether or not the District is in compliance with the objectives of the Bond Measure and a summary of the Committee's proceedings and activities for the preceding year.

In order to carry out these activities the Committee is authorized to do the following: receive and review copies of the District's annual independent financial audit; inspect facilities and grounds for which bond proceeds have been or will be expended; review copies of deferred maintenance proposals or plans; review efforts by the District to maximize bond proceeds by implementing cost saving measures; and, review copies of project management plans, budgets and expenditures.

There are also rules about membership, ethics, terms of service, and authority in addition to a list of ways in which the District shall provide technical support to the Committee.

### **ACTIVITIES OF THE COMMITTEE**

In accordance with its established practice, the Committee held quarterly meetings on the third Thursday of April, July, October and January. In addition the Committee met on November 9 for the purpose of reviewing certain extraordinary expenses that the Board had submitted to be paid out of Bond proceeds. This subject is discussed in more detail below.

For the purposes of the Committee's annual report, and in keeping with historical practice, the year to be reported shall be the twelve months from April through March of any given year. The Bylaws state that the annual reorganization shall be done in the month of April, hence the selection of that month as the first month of the Committee's year.

Detailed minutes of each Committee meeting are available to the public upon request.



**Actions taken at the April 19, 2012 meeting includes the following:**

- The meeting was attended by Chairman David Oster, Vice Chair Dennis Ciocca, Stephen Berezin and Pam Gibson. Non-committee members at the meeting included Jeannette Tarver, Director of Finance, Shannon La Franchi and Steve Smith.
- The following expenditures from Bond funds were approved:
  1. Lease on the South Lot
  2. City of Sonoma permits
  3. PG&E Gas Line modifications
  4. Rosa Construction – Modifications to the mock surgery room
  5. SVUSD – Impact fee
  6. Otto Construction – Generators
- Other approvals included the 2012 Annual Report

**Actions taken at the July 19, 2012, meeting includes the following:**

- The meeting was attended by Chairman David Oster, Vice Chair Dennis Ciocca, Stephen Berezin and Pam Gibson. Non-committee members at the meeting included Jeannette Tarver, Director of Finance, and Steve Smith.
- Steve Smith provided a design build update on the project to the Committee.
- The following expenditures from Bond funds were approved:
  1. Jtec fee
  2. OSHPOD fees

**Actions taken at the October 18, 2012, meeting includes the following:**

- The meeting was attended by Chairman David Oster, Vice Chair Dennis Ciocca and Stephen Berezin. Non-committee members at the meeting included Board Chairman Peter Hohorst and Jeannette Tarver.
- The first order of business was the election of new officers. Dennis Ciocca was elected Chairman and Stephen Berezin was elected Vice Chair.
- The next order of business was the submission of certain extraordinary expenses that had not previously been on the list of approved Bond issue costs including the following:

1. Skilled Nursing	\$500,000
2. Exterior Stucco	\$450,000
3. Clean/Soiled Utility Room	\$185,000
4. Miscellaneous	<u>\$365,000</u>
<b>Total</b>	<u><b>\$1,500,000</b></u>

After considerable discussion, the Committee deferred approval of these expenses pending the receipt of the following information:

1. Acknowledgement by Bond Counsel that these projects were eligible for funding under Federal Tax Law as well as the fact they could meet the purpose outlined in the original Bond proposition.
2. Some comfort that the expenditures had met the public bidding requirements as well as the prevailing wage requirements.

A special meeting to further discuss these matters was scheduled for November 9, 2012.

**Actions taken at the November 9, 2012 special meeting of the Committee include the following:**

- The meeting was attended by Chairman Dennis Ciocca, Vice-Chair Steve Berezin and David Oster. New members of the Committee (appointed by the Board) attending were Richard Conley, Mary Smith, Bert Nevins and Edie Barrett.
- The first part of the meeting was devoted to a description of the functions of the CBOC for the benefit of the new members. This was not a scheduled item on the agenda.
- We reviewed an exchange of e-mails between Rick Reid and Brian Quint (Bond Counsel) that satisfied our question of the legality of spending the new funds under 1) the Federal and State laws regarding the expenditure of bond proceeds; and 2) the terms of the Bond proposition approved by the voters. It was determined the expenditures did meet these tests.
- The Committee still had questions regarding the expenditure of these funds per the competitive bid statues and prevailing wage requirements. Because Rick Reid was not available to discuss these issues the approval of these expenses was once again deferred.
- The Committee was informed that the original request of \$1,500,000 from Bond funds included expenses that had not yet been incurred. The total request was now being reduced to \$938,116.

**Actions taken at the January 17, 2013 regular meeting include the following:**

- The meeting was attended by Committee members Dennis Ciocca, Chairman, Steve Berezin, Vice Chair, David Oster, Pam Gibson, Richard Conley, Mary Smith, Bert Nevins and Edie Barrett. Other persons in attendance included Jeannette Tarver and Rick Reid.
- It was announced that Project Manager Steve Smith will be moving to a new position and that we will meet with the new Project Manager at a future meeting.
- A new estimated Project Completion date of January, 2014 was announced.
- Rick Reid assured the Committee members that the requested additional expenditures from Bond funds had all met the public bidding and prevailing wage requirements. He further announced that the total amount of additional funding being requested from the Bond proceeds was being reduced from \$938,116 to \$290,000. The Committee approved the expenditure.

Subsequent to the January 17, 2013 meeting the Chairman was advised that Bert Nevins had resigned his membership on the Committee.

**FINANCIAL REVIEW**

In the Bond documents there are several clearly defined expenditure categories. These categories appear in each of the Financial Reports presented to the Committee and expenditures are allocated to the appropriate category by the CFO. The expenditures are cumulative and will increase in respective categories until all Bond money is spent. The current Report, which lists all Bond money spent through March 31, 2013, is attached for review as Attachment B, as are all of the quarterly Reports provided to the Committee since the date of the last Annual Report.

The categories and cumulative amounts allocated from the Bonds through March 31, 2013, are as follows:

Master Plan – \$\_\_\_\_\_ ; Central Utility Plant – \$\_\_\_\_\_ ; HVAC Upgrades – \$\_\_\_\_\_ ; West Wing Seismic Upgrades – \$\_\_\_\_\_ ; Electrical Panels – \$\_\_\_\_\_ ; Information Technology – \$\_\_\_\_\_ ; Major Medical Equipment – \$\_\_\_\_\_ ; South Lot Rental and Option Payments - \$\_\_\_\_\_ ; Design Build - \$\_\_\_\_\_ ; Central Core - \$\_\_\_\_\_ ; East Wing - \$\_\_\_\_\_ ; Issuance cost of Bonds - \$152,068.93; Retire Revenue Bonds – \$4,000,000.

While the Committee is not charged with approving expenditures, it does take its job seriously in reviewing the money spent. A memo entitled Criteria for Using General Obligation Bond Funds spells out how criteria are applied to expenditures and is listed as Attachment C.

Occasionally something appears not to fit a specific category, but if it is needed to facilitate the hospital improvements listed above, and does not fall into the category of administrative salaries, it has been deemed as appropriate by the Committee. One such expenditure was the rental of the Carinalli property which is needed for replacement parking and the staging of construction materials and equipment. It was rented early because it had to be locked down sooner than was technically needed for the purpose stated above. The Committee has continued to monitor this expense and to discuss the difference in its treatment in various reports and audits of the District.

Since November of 2010, District staff has provided Committee members with copies of a Weekly Review sheet that it updates and distributes. This can serve to give Committee members an early alert about the issues that may come before it, and to answer questions that they may have between meetings.

To date, all expenditures of bond funds as of March 31, 2013, have been deemed appropriate by the Committee.

### **CONCLUSION**

The Committee's activities and actions have been in accordance with the Bylaws adopted by the Board of Directors. Financial reviews have taken place at each of the Committee's meetings. The Committee has been apprised of the plans for the hospital as they relate to expenditure of bond funds, and all expenditures have been found to be in order.

# EXHIBIT A

**CITIZENS' BOND OVERSIGHT COMMITTEE  
BYLAWS  
1/15/09**

Section 1. **Committee Established.** The Sonoma Valley Health Care District (“the District”) was successful at the election conducted on November 4, 2008 (the “Election”), in obtaining authorization from the District’s voters to issue up to \$35,000,000 aggregate principal amount of the District’s general obligation bonds (the “bond measure”). Pursuant to the terms of the Bond Measure, the District is now obligated to establish the Committee in order to satisfy the accountability requirements of the Bond Measure. The Board of Directors of the Sonoma Valley Health Care District Board (the “Board”) hereby establishes the Citizens’ Bond Oversight Committee (the “Committee”) which shall have the duties and rights set forth in these Bylaws. The Committee does not have independent legal capacity from the District.

Section 2. **Purposes.** The purposes of the Committee are to ensure that bond funds are expended only for the purposes described in the bond measure and in a fiscally responsible manner. The Committee shall be deemed to be subject to the *Ralph M. Brown Public Meetings Act* of the State of California and shall conduct its meetings in accordance with the provisions thereof. The District shall provide necessary administrative support to the Committee as shall be consistent with the Committee’s purposes.

The proceeds of the general obligation bonds issued pursuant to the Election are hereinafter referred to as “bond proceeds.” The Committee shall confine itself specifically to bond proceeds generated under the Bond Measure. Regular and deferred maintenance projects and all monies generated under other sources shall fall outside the scope of the Committee’s review.

Section 3. **Duties.** To carry out its stated purposes, the Committee shall perform the duties set forth in Sections 3.1, 3.2, and 3.3 below and shall refrain from those activities set forth in Sections 3.4 and 3.5 below:

- 3.1 **Inform the Public.** The Committee shall inform the public concerning the District’s expenditure of bond proceeds.
- 3.2 **Review Expenditures.** The Committee shall review expenditure reports, project management reports, and project budgets produced by the District to ensure that (a) bond proceeds are expended only for the purposes set forth in the Bond Measure; (b) no bond proceeds are used for any administrative salaries or other operating expenses.
- 3.3 **Annual Report.** The Committee shall present to the Board, in public session, an annual written report which shall include the following:
  - (a) A statement indicating whether or not the District is in compliance with the objectives of the Bond Measure.
  - (b) A summary of the Committee’s proceedings and activities for the preceding year.

3.4 Duties of the Board/President & CEO. Either the Board or the President & CEO as the Board shall determine, shall have the following powers reserved to it, and the Committee shall have no jurisdiction over the following types of activities:

- (i) Approval of construction contracts,
- (ii) Approval of construction change orders,
- (iii) Appropriation of construction funds,
- (iv) Handling of all legal matters,
- (v) Approval of construction plans and schedules, and
- (vi) Approval of the sale of bonds.

3.5 Voter-Approved Projects Only. In recognition of the fact that the Committee is charged with overseeing the expenditure of bond proceeds, the Board has not charged the Committee with responsibility for:

- (a) Projects financed through the other funding sources.
- (b) The establishment of priorities and order of construction for the bond projects shall be made by the President & CEO in his sole discretion.
- (c) The selection of architects, engineers, soils engineers, construction managers, project managers, California Environmental Quality Act consultants and such other professional service firms as are required to complete the project based on District criteria established by the Board in its sole discretion.
- (d) The approval of the design for each project including exterior materials, paint color, interior finishes, site plan and construction methods (modular vs. permanent) by the Board in its sole discretion and shall report to the Committee on any cost saving techniques considered or adopted by the Board.
- (e) The selection of independent audit firm(s), performance audit consultants and such other consultants as are necessary to support the activities of the Committee.
- (f) The approval of an annual budget for the Committee that is sufficient to carry out the activities included herein.
- (g) The adoption of a plan for publicizing the activities of the Committee and the determination as to whether a mailer, a newspaper notice or website materials would best suit the distribution of the Committee's findings and recommendations.
- (h) The amendment or modification of the Bylaws for the Committee as provided herein.
- (i) The appointment or reappointment of qualified applicants to serve on the Committee, subject to legal limitations, and based on criteria adopted in the Board's sole discretion.

#### Section 4. Authorized Activities.

4.1 In order to perform the duties set forth in Section 3.0, the Committee may engage in the following authorized activities:

- (a) Receive and review copies of the District’s annual independent financial audit.
- (b) Inspect facilities and grounds for which bond proceeds have been or will be expended, in accordance with any access procedure established by the District’s President & CEO, or his/her designee.
- (c) Review copies of deferred maintenance proposal or plans developed by the District.
- (d) Review efforts by the District to maximize bond proceeds by implementing various cost-saving measures.
- (e) Review copies of project management plans and budgets and expenditure reports.

Section 5. **Membership.**

5.1 Number.

The committee shall consist of five (5) active and three (3) alternate members appointed by the Board of Directors from a list of candidates submitting written applications, and based on the following criteria:

- Residence in the District.
- Cannot be an employee, District official or any vendor of the District.
- Demonstrated interest in supporting community enterprises in Sonoma Valley.
- Demonstrated trustworthiness.
- Experience with overseeing the expenditure of funds for major capital projects similar to those being undertaken by SVH.
- Financial expertise—accounting, financing, project budgeting and cost accounting.

5.2 Ethics: Conflicts of Interest. By accepting appointment to the Committee, each member agrees to comply with Articles 4 (commencing with Section 1090 and 4.7 (commencing with Section 1125) of Division 4 of Title 1 of the Government Code and the Political Reform Act (Gov. Code §§ 81000 *et seq.*). Additionally, each member shall comply with the Committee Ethics Policy attached as “Attachment A” to these Bylaws.

5.3 Term. Except as otherwise provided herein, each member shall serve a term wherein (a) all bond proceeds are spent, or (b) all projects funded by bond proceeds are completed.

5.4 Appointment. Members of the Committee shall be appointed by the Board of Directors through the following process: (a) advertise for applications in local newspapers; (b) interview qualified candidates; (c) or by another process that the Board of Directors may establish.

- 5.5 Removal/Vacancy. The Board may remove any Committee member for any reason including failure to attend two consecutive meetings without reasonable excuse or for failure to comply with the Committee Ethics Policy. Upon a member's removal, his or her seat shall be declared vacant. The Board, in accordance with the established appointment process shall fill any vacancies on the Committee.
- 5.6 Compensation. The Committee members shall not be compensated for their services.
- 5.7 Authority of Members. (a) Committee members shall not have the authority to direct staff of the District unless a majority of the members of the District Board have voted express authority to do so. (b) Individual members of the Committee retain the right to address the Board, either on behalf of the Committee or as an individual.

Section 6. **Meetings of the Committee.**

- 6.1 Regular Meetings. The Committee is required to meet at least once a year including an annual organizational meeting to be held in April.
- 6.2 Location. All meetings shall be held within the Sonoma Valley Health Care District, located in Sonoma County, California.
- 6.3 Procedures. All meetings shall be open to the public in accordance with the *Ralph M. Brown Act*, Government Code Section 54950 *et seq.* Meetings shall be conducted according to such additional procedural rules as the Committee may adopt. A majority of the number of Committee members shall constitute a quorum for the transaction of any business except adjournment.

Section 7. **District Support.**

- 7.1 The District shall provide to the Committee necessary technical and administrative assistance as follows:
- (a) preparation of and posting of public notices as required by the Brown Act, ensuring that all notices to the public are provided in the same manner as notices regarding meetings of the District Board;
  - (b) provision of a meeting room, including any necessary audio/visual equipment;
  - (c) preparation and copies of any documentary meeting materials, such as agendas and reports; and
  - (d) retention of all Committee records, and providing public access to such records on an internet website maintained by the District.
- 7.2 District staff and/or District consultants shall attend all Committee proceedings in order to report on the status of projects and the expenditures of bond proceeds.
- 7.3 No bond proceeds shall be used to provide District support to the Committee.

Section 8. **Reports.** In addition to the Annual Report required in Section 3.2, the Committee may report to the Board at least semiannually in order to advise the Board on



the activities of the Committee. Such report shall be in writing and shall summarize the proceedings and activities conducted by the Committee.

Section 9. **Officers.** The Chairman of the SVHCD Board of Directors shall select a ProTem Chair. Thereafter, the Committee shall elect a Chair and a Vice Chair. The Vice Chair shall act as chair only when the chair is absent. Either position may be for a term of one year or two years.

Section 10. **Amendment of Bylaws.** Any amendment to these Bylaws shall be approved by a two-thirds vote of the entire Board.

Section 11. **Termination.** The Committee shall terminate and disband after (a) all bond proceeds are spent, or (b) all projects funded by bond proceeds are completed, and after it has completed its final report to the Board.

**CITIZENS' BOND OVERSIGHT COMMITTEE  
ETHICS POLICY STATEMENT**

This Ethics Policy Statement provides general guidelines for Committee members to follow carrying out their roles. Not all ethical issues that Committee members face are covered in this Statement. However, this Statement captures some of the critical areas that help define ethical and professional conduct for Committee members. The provisions of this Statement were developed from existing laws, rules, policies and procedures as well as from concepts that define generally accepted good business practices. Committee members are expected to strictly adhere to the Provisions of this Ethics Policy.

**POLICY**

**CONFLICT OF INTEREST.** A Committee member shall not make or influence a District decision related to: (1) any contract funded by bond proceeds or (2) any construction project which will benefit the committee member's outside employment, business or a personal finance or benefit an immediate family member, such as a spouse, child or parent.

**OUTSIDE EMPLOYMENT.** A Committee member shall not use his or her authority over a particular matter to negotiate future employment with any person or organization that relates to: (1) any contract funded by bond proceeds, or (2) any construction project. A Committee member shall not make or influence a District decision related to any construction project involving the interest of a person with whom the member has an agreement concerning current or future employment, or remuneration of any kind. For a period of two (2) years after leaving the Committee, a former Committee member may not represent any person or organization for compensation in connection with any matter pending before the District that, as a Committee member, he or she participated in personally and substantially. Specifically, for a period of two (2) years after leaving the Committee, a former Committee member and the companies and businesses for which the member works shall be prohibited from contracting with the District with respect to: (1) bidding on projects funded by the bond proceeds; and (2) any construction project.

**COMMITMENT TO UPHOLD LAW.** A Committee member shall uphold the federal and California Constitutions, the laws and regulations of the United States and the State of California and all other applicable government entities, and the policies, procedures, rules and regulations of the Sonoma Valley Health Care District.

**COMMITMENT TO DISTRICT.** A Committee member shall place the interests of the District above any personal or business interest of the member.

# EXHIBIT B

# CBOC Report: Date Ending March 31, 2013

## Summary Information

	Restated Balance -		
	Last Report	Current Activity	Current Balance
	12/31/2012		03/31/2013
Project Management & Planning to Allocate	610,091.71	88,537.30	698,629.01
South Lot Rental	626,791.70	69,662.10	696,453.80
South Lot Option	262,695.20	-	262,695.20
Master Plan			
Project Management	1,473,389.61	52,125.68	1,525,515.29
Master Plan	1,460,338.31	13,787.60	1,474,125.91
Design Build			
Equip & Construction	11,019,225.53	3,386,340.05	14,405,565.58
Central Utility Plant			
Planning & Project Management	322,608.50	-	322,608.50
Equip & Construction	7,888.65	-	7,888.65
HVAC			
Planning & Project Management	25,878.36	-	25,878.36
Equip & Construction	204,822.82	-	204,822.82
West Wing			
Planning & Project Management	46,297.38	3,304.37	49,601.75
Equip & Construction	65,262.48	-	65,262.48
Central Core			
Planning & Project Management	66,579.35	-	66,579.35
Equip & Construction	87,935.45	-	87,935.45
East Wing			
Planning & Project Management	38,525.80	-	38,525.80
Equip & Construction	66,673.89	-	66,673.89
Electrical Panels	150,045.46	-	150,045.46
Major Medical Equipment	617,299.83	-	617,299.83
Information Technology			
Planning & Project Management	218,293.68	-	218,293.68
Equip & Construction	595,231.54	-	595,231.54
Existing Facility Improvements	290,059.74	2,750.00	292,809.74
Sub Total	18,255,934.99	3,616,507.10	21,872,442.09
Retire Revenue Bonds	4,000,000.00		4,000,000.00
Issue Costs	152,068.93		152,068.93
Unallocated	-		-
Sub Total	4,152,068.93	-	4,152,068.93
<b>Total</b>	<b>22,408,003.92</b>	<b>3,616,507.10</b>	<b>26,024,511.02</b>

Cash Balances	LAIF	WestAmerica	Total
<b>Beginning Balance at - 12/31/2012</b>	12,618,094	1,275,395	13,893,488
Deposits		648,056	648,056
Interest Income Received	10,236	988	11,223
Bank Service Charges			0
Transfers Between Accounts	(7,000,000)	7,000,000	0
Withdrawal for Prior Qtr Expenditures		(1,918,208)	(1,918,208)
Withdrawal for Current Qtr Expenditures		(2,225,305)	(2,225,305)
<b>Ending Balance at - 03/31/2012</b>	<b>5,628,329</b>	<b>4,780,925</b>	<b>10,409,254</b>

# CBOC Report: Date Ending March 31, 2013

## Current Activity

		<b>GO Bond Expenditures - Source of Funds</b>			
<b>Category</b>	<b>Vendor</b>	<b>Non Capital Expenditure</b>	<b>Operations</b>	<b>Capital Expenditure</b>	<b>Total</b>
	North Valley Bank	39,459.84	-	-	39,459.84
	Sonoma County Tax Collector	30,202.26			30,202.26
<b>South Lot Rental</b>		<b>69,662.10</b>	<b>-</b>	<b>-</b>	<b>69,662.10</b>
	Jtec HCM			52,125.68	52,125.68
<b>Prjct Mgmt - Master Plan</b>		<b>-</b>	<b>-</b>	<b>52,125.68</b>	<b>52,125.68</b>
	Fugro West, Inc			13,787.60	13,787.60
<b>Master Plan</b>		<b>-</b>	<b>-</b>	<b>13,787.60</b>	<b>13,787.60</b>
	ITS Enterprises			32,000.00	32,000.00
	Matriscope Engineering			31,264.30	31,264.30
	Kevin Coss			25,273.00	25,273.00
<b>Planning - to allocate</b>		<b>-</b>	<b>-</b>	<b>88,537.30</b>	<b>88,537.30</b>
	Labor Compliance Specialists			3,054.37	3,054.37
	OSHPD			250.00	250.00
<b>Planning &amp; Proj Mgmt - East Wing</b>		<b>-</b>	<b>-</b>	<b>3,304.37</b>	<b>3,304.37</b>
	Otto Construction			3,386,340.05	3,386,340.05
<b>Design Build - Equip &amp; Const</b>		<b>-</b>	<b>-</b>	<b>3,386,340.05</b>	<b>3,386,340.05</b>
	OSHPD			2,750.00	2,750.00
<b>Existing Facility Improvements</b>		<b>-</b>	<b>-</b>	<b>2,750.00</b>	<b>2,750.00</b>
<b>Grand Total</b>		<b>69,662.10</b>	<b>-</b>	<b>3,546,845.00</b>	<b>3,616,507.10</b>

# EXHIBIT C



# Sonoma Valley Hospital

SONOMA VALLEY HEALTH CARE DISTRICT

To: CBOC Members, Carl Gerlach, David Hill & Gina Moll

From: Jim McSweeney

Date: April 8, 2009

Subject: Criteria for Using General Obligation Bond Funds

Last week we sent a memorandum to Brian Quint, bond counsel, outlining our understanding of the criteria we must follow in using these funds. On April 6, David Hill, Gina Moll and I held a phone conference with Brian, during which he confirmed that the understanding we outlined was correct and answered several questions that we had. For you information I have documented the substance of the memo and our questions below.

In general, if the expenditure is necessary to accomplish the Project (as defined in the ballot measure), then we may spend bond funds on it. Looked at another way, any expenditure that we would not make absent the Project qualifies. This includes 'soft' costs such as fees for master planning, architectural work, project management and the like, as well as the 'hard' costs such equipment purchases and construction costs. All of these costs will either be directly for an asset with a useful life greater than one year or (as is the case with the 'soft' costs) necessary to acquire such an asset. Such eligible soft costs can include consulting and legal fees expended in formulating requests for proposals for qualifying soft costs such as the project management costs. From an accounting perspective, the majority of the 'soft' costs will be capitalized, allocated to the 'hard' asset or assets that required their expenditure and depreciated over the useful life of those assets. However, should our auditor determine that some portion of the required 'soft' costs cannot be capitalized, that will not disqualify them from being funded with bond proceeds.

There are also some specific requirements related to the equipment component of the Project that must be met as well. We cannot use bond proceeds for application software or for equipment that is not effectively part of the facility. Generally, equipment such as fixed imaging units, operating tables and lights, and major lab analyzers would qualify, while items such as beds, and personal computers, and furniture would not.

Finally, because our ballot language expressly prohibits it, we cannot use bond proceeds for an expenditure that would otherwise qualify if it is for an employee's salary.

We sent the attorney the following recap of the budget that the Board reviewed in determining that a \$35 million bond issue was the appropriate amount:

	Debt	Master Plan	Project Mgmt	Const/Equip	Total
Master Plan		600,000			600,000
Central Utility Plant			900,000	19,500,000	20,400,000
HVAC Upgrades			100,000	2,200,000	2,300,000
West Wing Seismic Upgrades			300,000	1,700,000	2,000,000
Electrical Panels				700,000	700,000
Information Technology			100,000	900,000	1,000,000
Major Medical Equipment				4,000,000	4,000,000
Retire Revenue Bonds	4,000,000				4,000,000
Total	4,000,000	600,000	1,400,000	29,000,000	35,000,000

We then noted that these estimates were based on preliminary assumptions that were made without the benefit of a master plan and that these components *were not* outlined in the ballot language. Based on this information, Brian concurred that we were not constrained by these spending constraints on an individual basis. In other words, as long as we kept *total* spending below \$35 million (plus funds provided by the bond premium and interest earned on unexpended bond funds) we could spend more on one component and less on another.

We also reviewed with Brian the possibility that we may need to purchase land to accommodate parking that is displaced from our current site and lease land temporarily for construction staging. He said there were no legal impediments to either type of expenditure.

We should also note that Brian confirmed that the interest earnings on unexpended bond proceeds are subject to precisely the same rules as the funds generated from the principal.

As the project goes forward, we will consult with Brian about the appropriateness of using bond proceeds for any specific purpose where we have any question at all that it meets the criteria outlined above.

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For reference, here are those portions of the full ballot measure that relate to the spending criteria.

To preserve essential emergency services by upgrading existing outdated buildings and equipment, meet state-mandated earthquake safety standards, upgrade energy, electrical, surgical and information technology systems, rebuild the hospital's central utility plant and refinance debt incurred to retrofit the west wing of the main hospital building, shall the Sonoma Valley Health Care District issue \$35 million in bonds, none of which will pay staff salaries ?

**Purpose of the Bonds.** Facility improvements resulting from this bond will preserve or enhance the quality of healthcare available to the residents of the Sonoma Valley Health Care District and patients requiring medical care in the region. Proceeds from this bond may be used to upgrade, improve, equip and renovate the existing health facilities of the District, and to provide for retirement of up to \$4 million of existing debt incurred to retrofit the west wing of the main hospital building.