July 10, 2026

MEETING NOTICE

The meeting of the Washington Township Hospital Development Corporation Board of Directors will be held on Monday, July 13, 2026 at 12:00 P.M. The meeting will take place in the Oncology Conference Room #243, 2nd Floor of Washington West, 2500 Mowry Avenue, Fremont, California. The meeting is also accessible by Zoom.

Join in-person: 2500 Mowry Avenue, Fremont, CA 94538, 2nd Floor, Oncology Conference Room #243

Join the Zoom Meeting:
https://zoom.us/j/97856996070?pwd=vhTzorFDdgQII9QqKibyPjDYdUkqlI.1
Password: 047277

Join by Telephone: US: +1 877 853 5257
Meeting ID: 978 5699 6070
Password: 047277

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

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

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

Diana Venegas

Diana Venegas
Recording Secretary

Washington Health

Certificate of Posting

I certify that on July 10, 2026, I posted a copy of the foregoing Meeting Notice near the regular meeting place of the Board of Directors of the Washington Township Hospital Development Corporation, said time being at least 72 hours in advance of the meeting of the Board of Directors (Government Code Section 54954.2)

Executed at Fremont, California, on July 10, 2026.

Diana Venegas

Diana Venegas, Recording Secretary

2000 Mowry Avenue
Fremont, CA 94538
510.797.1111

www.washingtonhealth.com

BOARD OF DIRECTORS' MEETING
WASHINGTON TOWNSHIP HOSPITAL DEVELOPMENT CORPORATION
Monday, July 13, 2026 – 12:00 P.M.
2500 Mowry Avenue, Fremont, CA 94538
2nd Floor, Oncology Conference Room #243 and via Zoom
https://zoom.us/j/97856996070?pwd=vhTzorFDdgQII9QqKibyPjDYdUkqlI.1
Dial: + 1 877 853 5257 (US Toll Free)
Meeting ID: 978 5699 6070 / Passcode: 047277
Board Meeting Agenda and Packet may be found at:
DEVCO | Washington Health

AGENDA

		PRESENTED BY:
I.	**CALL TO ORDER**	*Russell Blowers* *Board President*
II.	**ROLL CALL**	*Diana Venegas* *Recording Secretary*
III.	**CONSIDERATION OF MINUTES OF April 24, 2026**	*Motion Required*
IV.	**COMMUNICATIONS** A. Oral B. Written	*Russell Blowers* *Board President*
V.	**REPORTS**	
	A. Chief Executive Officer Report	*Kimberly Hartz* *Chief Executive Officer*
	B. Financial Report	*Ajay Sial* *SVP & Chief Financial Officer*

2000 Mowry Avenue
Fremont, CA 94538
510.797.1111

www.washingtonhealth.com

Washington Health

VI.	**ADJOURN TO CLOSED SESSION**	*Russell Blowers* *Board President*
	A. Consideration of Closed Session Minutes of April 24, 2026	*Motion Required*
	B. Conference involving Trade Secrets pursuant to Health & Safety Code section 32106 • Strategic Planning	
VII.	**RECONVENE TO OPEN SESSION** Report on *permissible actions* taken during Closed Session	*Russell Blowers* *Board President*
VIII.	**ACTION ITEMS**	
	A. Review and Ratification of the Washington Health Medical Group (WHMG) Budget Estimate for Fiscal Year 2026/2027	*Motion Required*
	B. Review and Ratification of the Washington Township Hospital Development Corporation (DEVCO) Budget Estimate for Fiscal Year 2026/2027	*Motion Required*
	C. Consideration of Approval of Guarantee of Peninsula Surgery Center, LLC Loan	*Motion Required*
	D. Consideration of Resolution No. 68: Approval of Repurchase of Class A Membership Units in Peninsula Surgery Center, LLC from Erik McDonald, M.D.	*Motion Required*
IX.	**ADJOURNMENT**	*Russell Blowers* *Board President*

NEXT MEETING: THURSDAY, NOVEMBER 12, 2026 – 9:30 AM PST

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

CALL TO ORDER

The meeting of the Board of Directors of the Washington Township Hospital Development Corporation was held on April 24, 2026, in-person and by Teleconference via Zoom. Director Blowers called the meeting to order at 9:03 a.m.

ROLL CALL

Roll call was taken. Directors present: Russ Blowers; Carol Dutra-Vernaci; Sue Querner.

Director's absent: Steven Chan, D.D.S.

Also present: Kimberly Hartz, Chief Executive Officer; Tina Nunez, Senior Vice President & Chief Administrative Officer; Ajay Sial, Senior Vice President & Chief Financial Officer; Paul Kozachenko, Attorney; Farhan Fadoo, MD, Executive Director & Chief Medical Officer of Washington Health Medical Group and Marcus Watkins, Vice President & Chief Revenue Cycle Officer, Washington Health.

CONSIDERATION OF MINUTES OF February 12, 2026

A motion was made by Director Weaver, seconded by Director Querner, to approve the minutes of the meeting of February 12, 2026.

Roll call was taken:

- Russ Blowers – aye
- Pauline Weaver – aye
- Carol Dutra-Vernaci – aye
- Sue Querner – aye
- Steven Chan, D.D.S. – abstain

The motion passed.

COMMUNICATIONS

Ms. Tina Nunez noted that there were no written or oral public communications.

CHIEF EXECUTIVE OFFICER REPORT

Kimberly Hartz, Chief Executive Officer, provided a number of updates on the Health System:

<u>Trauma</u>

Trauma volume at Washington Health continues to grow. Trauma volume is continuing to grow across the county and nationally. In March, Washington Health saw its highest number of trauma activations in a month. Falls continue to be the highest category of trauma. The trauma team continues to provide education in the community on prevention. This includes falls prevention and stop the bleed.

<u>Season of Surveys</u>

The Health System is currently in it season of surveys. Recently, the Health System completed a two-day spine certification survey and two-day stroke certification survey with The Joint Commission and are awaiting official results notification. Both surveys went very well.

Yesterday we received word that Washington Health received its 4th consecutive Magnet re-designation. Magnet is focused on nursing excellence and the professionalism of nursing and research innovation but also focuses on the team effort it takes to take care of our patients. Washington Health is one of 2% of hospitals across the nation to get this fourth designation.

Washington Health received the patient safety award from Healthgrades which puts us at the top 10% of hospitals in the nation.

Washington Health is currently in the window for our hospital and laboratory 5 day Joint Commission surveys. The window is now open until the end of June so we are anticipating they will arrive soon. The hospital survey is every three years and the laboratory survey is every two years.

Construction Updates

Urgent Care opened in December 2025.

The Cancer Center opened in February 2026.

In order to meet seismic regulations, the Innovation Completion Project (Infill Project) in the Morris Hyman Critical Care Pavilion is underway which is anticipated to be completed in the Fall of this year. This includes operating rooms, medical imaging including an inhouse MRI, pharmacy, and some of the support services departments.

Work is underway on the design for the Expansion Building which will be adjacent to the Morris Hyman Critical Care Pavilion. This is to move the remaining departments in the original hospital into a seismic compliant building. Leadership is working on the design pieces of this and ways to work with the contractor given that construction costs have risen exponentially.

Growth of Services

We continue to see increases in our robotic case volume. Recently, Dr Alexander Sah, orthopedic surgeon, completed his 1,000th case with the TMini robot. Also, the ION robot has been added to the suite of robotics for early detection of lung cancer.

Ajay Sial, Senior Vice President & Chief Financial Officer presented the DEVCO Financial Report for February 2026.	***FINANCIAL REPORT***
Director Blowers adjourned the meeting to a closed session at 10:23 a.m. in accordance with the published agenda.	***ADJOURN TO CLOSED SESSION***
Director Blowers reconvened the meeting to open session at 11:20 a.m. During the closed session, Ms. Nunez reported that the Board of Directors approved the closed session minutes of February 12, 2026.	***RECONVENE TO OPEN SESSION***
There being no further business, Director Blowers adjourned the meeting at 11:21 a.m.	***ADJOURNMENT***

The next regularly scheduled meeting is Monday, July 13, 2026 at 12:00 p.m.

Russell Blowers	Steven Chan, D.D.S.
President, Board of Directors	Secretary, Board of Directors
Washington Township Hospital	Washington Township Hospital
Development Corporation	Development Corporation

Washington Township Hospital
Development Corporation
Summary Income Statement
May 2026

Current Month					Year-To-Date			
		Favorable/(Unfavorable)					Favorable/(Unfavorable)	
Actual	Budget	Variance	% Variance		Actual	Budget	Variance	% Variance
2,126	2,129	(3)	(0.1%)	(1) Visits	24,531	24,515	16	0.1%
111	106	5	4.7%	(2) Treatments & Procedures	1,337	1,218	119	9.8%
2,237	2,235	2	0.1%	(3) Total	25,868	25,733	135	0.5%
				Gross Revenue				
9,761,764	10,020,206	(258,442)	(2.6%)	(4) Patient Revenue	105,115,598	115,130,907	(10,015,309)	(8.7%)
905,873	971,766	(65,893)	(6.8%)	(5) Other Revenue	10,548,030	10,669,800	(121,770)	(1.1%)
10,667,637	**10,991,972**	**(324,335)**	**(3.0%)**	**(6) Total Gross Revenue**	**115,663,628**	**125,800,707**	**(10,137,079)**	**(8.1%)**
				Deductions				
4,040,486	3,047,581	(992,905)	(32.6%)	(7) Government	41,075,702	35,016,795	(6,058,907)	(17.3%)
1,954,800	3,154,368	1,199,568	38.0%	(8) Other Contractuals	23,329,505	36,252,439	12,922,934	35.6%
(32,786)	0	32,786	0.0%	Provision for Doubtful Account	(133,103)	0	133,103	0.0%
5,962,500	**6,201,949**	**239,449**	**3.9%**	**(7) Total Deductions**	**64,272,104**	**71,269,234**	**6,997,130**	**9.8%**
61.1%	61.9%	0.8%		Contractual & Allowance Percentage	61.1%	61.9%	0.8%	
4,705,137	**4,790,023**	**(84,886)**	**(1.8%)**	**(8) Net Revenue**	**51,391,524**	**54,531,473**	**(3,139,949)**	**(5.8%)**
				Expenses				
1,286,451	1,236,571	(49,880)	(4.0%)	(9) Salaries	13,664,768	13,940,754	275,986	2.0%
290,179	371,875	81,696	22.0%	(10) Benefits	3,596,017	4,197,045	601,028	14.3%
881,732	1,128,572	246,840	21.9%	(11) Supplies	11,440,320	12,976,347	1,536,027	11.8%
200,498	198,889	(1,609)	(0.8%)	(12) Professional Fees	1,776,492	1,891,416	114,924	6.1%
371,914	483,513	111,599	23.1%	(13) Purchased Services	4,354,883	5,389,399	1,034,516	19.2%
607,546	619,737	12,191	2.0%	(14) Depreciation and Amort	6,562,869	6,689,621	126,752	1.9%
22,004	33,391	11,387	34.1%	(15) Utilities	306,935	367,300	60,365	16.4%
149,155	140,825	(8,330)	(5.9%)	(16) Building Lease	1,628,545	1,621,653	(6,892)	(0.4%)
333,802	215,426	(118,376)	(54.9%)	(17) Other Expenses	3,132,934	2,417,342	(715,592)	(29.6%)
4,143,281	**4,428,799**	**285,518**	**6.4%**	**(18) Total Expenses**	**46,463,763**	**49,490,877**	**3,027,114**	**6.1%**
1,302,230	**1,106,027**	**196,203**	**17.7%**	**(19) EBITDA**	**13,081,043**	**13,144,707**	**(63,664)**	**(0.5%)**
561,856	**361,224**	**200,632**	**55.5%**	**(20) Net Operating Income/Loss**	**4,927,761**	**5,040,596**	**(112,835)**	**(2.2%)**
0	**0**	**0**	**0.0%**	Non-op Equity Earnings Revenue	**180,000**	**0**	**180,000**	**0.0%**
561,856	**361,224**	**200,632**	**55.5%**	**(21) Net Income (Loss) Before Minority Interes**	**5,107,761**	**5,040,596**	**67,165**	**1.3%**
(336,077)	**(332,760)**	**(3,317)**	**(1.0%)**	**(22) Minority Interest**	**(2,823,545)**	**(3,598,006)**	**774,461**	**21.5%**
225,779	**28,464**	**197,315**	**693.2%**	**(23) Net Income/Loss**	**2,284,216**	**1,442,590**	**841,626**	**58.3%**

MEMORANDUM

Date: July 13, 2026

To: Board of Directors
Washington Township Hospital Development Corporation

From: Kimberly Hartz
Chief Executive Officer

Subject: **Washington Health Medical Group Budget Estimate FY2027**

The Budget estimate for FY2027 for the Washington Health Medical Group is being presented to the Board of Directors of the Development Corporation for the Board's review and ratification. The Budget estimate for WHMG was included in the District's Consolidated Budget which was approved by the District Board of Director's on June 10, 2026.

WHMG continued to navigate a challenging operating environment during the past year, including significant competition for physicians, advanced practice providers, and staff. Key strategic initiatives focused on strengthening physician leadership, enhancing service excellence, and improving patient access to care. In FY2027, WHMG will continue to advance its ambulatory strategy, emphasizing access, growth, and operational effectiveness. By offering a comprehensive range of primary and specialty care services, WHMG remains committed to meeting the healthcare needs of the community and providing care close to home.

The FY2027 Budget takes into account inflation, increases in compensation tied to staffing and physician contract updates, as well as market and strategic growth for WHMG. In FY2027, WHMG will continue to support its primary care, specialty, and hospital programs. A notable focus for FY2027 will be additional volume growth for primary care APPs and urgent care visits. Our continued commitment to Washington Health Medical Group represents a key strategic initiative that supports our mission of providing local access to high-quality healthcare services while improving and maintaining the health and well-being of residents throughout our District.

For FY2027, Washington Health Medical Group is budgeted as follows:

Visits are budgeted at **246,106**
Total Operating Revenue is budgeted at **$67,417,963**
Total Expenses are budgeted at **$104,679,681**
Net Loss is budgeted at **$(37,261,718)**
Total Capital Budget of **$613,172**

This budget reflects the continued growth of Washington Health Medical Group and its strategic commitment to ensuring access to high-quality, cost-effective healthcare services within the community. WHMG maintains contractual relationships with third-party payers for the delivery of healthcare services and supports research and educational activities that strengthen clinical capabilities, foster innovation, and enhance the long-term success of the organization.

The District's investment in the Washington Health Medical Group is a strategic component of Washington Health's long-term vision, enhancing alignment with local physicians while positioning the organization to adapt to a rapidly changing healthcare environment. Through integrated care delivery, physician collaboration, and coordinated patient care, the Medical Group supports quality outcomes and organizational sustainability. It also strengthens physician recruitment and retention efforts by offering flexible practice models that attract both primary care and specialty providers, helping to ensure continued access to high-quality healthcare services for the community now and in the future.

It is recommended that the Washington Township Hospital Development Corporation Board of Directors ratify the Washington Health Medical Group FY2027 Budget estimate.

Washington Health Medical Group

WASHINGTON HEALTH MEDICAL GROUP FY 2027 BUDGET Income Statement - WHMG Consolidated				
	FY2027 Budget	FY2026 Projected	Change	% Change
Total Visits	**246,106**	**227,416**	**18,690**	**8.2%**
Flu Vaccine Visits	859	859	-	0.0%
OPERATING REVENUE				
Gross Patient Revenue	$ 103,028,188	$ 96,357,304	$ 6,670,884	6.9%
Contractual Allowances	(52,606,812)	(52,400,266)	(206,546)	(0.4%)
Net Patient Revenue	**$ 50,421,376**	**$ 43,957,038**	**$ 6,464,338**	**14.7%**
Contractual %	51.1%	54.4%	3.3%	
Other Non-Patient Revenue	$16,996,587	$17,404,863	(408,276)	(2.3%)
Total Operating Revenue	**$ 67,417,963**	**$ 61,361,901**	**$ 6,056,062**	**9.9%**
OPERATING EXPENSES				
PSA Costs	$ 58,741,508	$ 55,442,854	$ (3,298,654)	(5.9%)
Salaries & Wages	19,599,674	18,743,624	(856,050)	(4.6%)
Benefits	6,473,923	5,159,543	(1,314,380)	(25.5%)
Professional Services	1,028,940	993,027	(35,913)	(3.6%)
Supplies	5,960,277	5,134,178	(826,099)	(16.1%)
Purchased Services	3,938,206	3,275,544	(662,662)	(20.2%)
Utilities	492,552	497,365	4,813	1.0%
Insurance Other	53,337	49,847	(3,490)	(7.0%)
Marketing & Advertising	407,856	285,156	(122,700)	(43.0%)
Software Maint/Lic	66,060	62,575	(3,485)	(5.6%)
Other Expense *	4,493,648	4,337,140	(156,508)	(3.6%)
Interest, Taxes, & Goodwill Amortization	374,177	358,980	(15,197)	(4.2%)
Depreciation & Amortization	3,049,523	3,036,179	(13,344)	(0.4%)
Total Operating Expense	**$ 104,679,681**	**$ 97,376,012**	**$ (7,303,669)**	**(7.5%)**
Other Non Operating Revenue	-	(1,638)	(1,638)	100.0%
NET PROFIT / (LOSS)	**$ (37,261,718)**	**$ (36,015,749)**	**$ (1,245,969)**	**(3.5%)**

**Other Expense includes Occupancy, Meals & Ent, Hospitalist Admin fees, Bank charges, Recruiting, Uniforms, & Payroll processing fees*

WHMG FY 2027 Budget

Washington Health Medical Group

WHMG FY2027 BUDGET Capital Requests		
Site	**Item Description**	**Cost**
Tenant Improvements		
Danielson	Vinyl Flooring	$ 31,915
Warm Springs	Carpet replacement	$ 19,838
Women's Health	Carpet replacement	$ 16,071
Warm Springs	Paint	$ 13,692
3rd Floor Civic Ctr	Flooring & Paint	$ 14,608
Total Tenant Improvements		**$ 96,124**
Equipment		
Vascular Surgery	Diagnostic Ultrasound System	$138,605 *
Urology	Olympus Cystoscopy Tower	$112,925 *
Urology	NXT Go Cart Urodynamics System w/serv agmt	$ 54,032 *
ENT	Audiometer	$ 22,586 *
Multiple Clinics	Adjustable Exam Tables & Chair (13 & 1)	$ 90,926 *
Multiple Clinics	Pharmaceutical grade refrigerators (4)	$ 33,009
Women's Health	Ultrasound Transducers	$ 11,113 *
Urology	3D Bladder Scanner	$ 10,115
Civic Center and Mowry FP	Combination Ophthalmoscope & Otoscope Units	$ 9,845 *
Danielson	Autoclave	$ 6,422 *
Nakamura	Electrocardiograph (EKG) with Spirometry	$ 5,146 *
Nakamura & Mowry FP	Exam Lights x6	$ 6,458
Warm Springs	Integrated wall mount vital system	$ 3,952 *
Mowry Family Practice	Electrocardiograph (EKG machine)	$ 3,763
Danielson	Wheelchair Scale	$ 3,462
Total Equipment		**$512,359**
Other		
PCC	Additional Cubicles	$ 4,689
Total Other		**$ 4,689**
	Total Capital Budget	**$613,172**

***Replacements**

MEMORANDUM

Date: July 13, 2026

To: Board of Directors
Washington Township Hospital Development Corporation

From: Kimberly Hartz
Chief Executive Officer

Subject: **Washington Township Hospital Development Corporation Budget Estimate FY 27**

The Budget Estimate for FY27 for the Washington Township Hospital Development Corporation (DEVCO) is being presented to the Board of Directors of the Development Corporation for the Board's review and ratification. The Budget Estimate for DEVCO was included in the District's Consolidated Budget which was approved by the District Board of Directors on June 24, 2026.

There continues to be a strong focus on expanding the joint replacement programs at both WOSC and PSC. The FY27 budget reflects the anticipated growth in surgical volume and the corresponding increase in revenue generated by these procedures. Physician recruitment has remained a challenge for PSC during the past year; however, we have partnered with the Strategy team to strengthen recruitment efforts and attract additional providers. In the upcoming fiscal year, all entities will collaborate with Berkeley Research Group to implement revenue cycle initiatives focused on optimizing coding accuracy, workflow efficiency, and charge capture to improve overall financial performance. Additionally, we will welcome a new Director of the Ohlone Student Health Center, who will be onboarded at the start of the new fiscal year.

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

This budget takes into account inflation, contracted changes, and operation changes. For the FY27, the Washington Township Hospital Development Corporation is budgeted as follows:

Visits are budgeted at **29,340**
Total Operating Revenue is budgeted at **$57,221,135**
Total Expenses are budgeted at **$52,688,961**
Net income is budgeted at **$1,781,055**
Capital request is **$385,279**

It is recommended that the Washington Township Hospital Development Corporation Board of Directors ratify the Washington Township Hospital Development Corporation FY27 Budget Estimate.

2000 Mowry Avenue
Fremont, CA 94538
510.797.1111

www.washingtonhealth.com

FY27 Consolidated DEVCO Income Statement

	FY26 Projected	FY 27 Budget	Var ($)	Var (%)
Total Visits	27,935	29,340	1,405	5.0%
Revenue				
Gross Patient Revenue	111,928,985	113,319,526	1,390,541	1.2%
Other Revenue	11,314,740	12,230,889	916,149	8.1%
Contractual Allowances	(68,064,695)	(68,329,280)	(264,584)	-0.4%
Total Operating Revenue	55,179,029	57,221,135	2,042,106	3.7%
Expenses				
Salaries and Benefits	18,835,390	19,447,131	(611,742)	-3.2%
Supplies	12,797,321	13,683,423	(886,103)	-6.9%
Purchased Services	4,974,290	5,596,787	(622,498)	-12.5%
Building Lease	1,825,878	2,040,847	(214,970)	-11.8%
All Other Expenses	12,833,587	11,920,772	912,815	7.1%
Total Expense	51,266,464	52,688,961	(1,422,497)	-2.8%
EBIDA	12,671,804	13,085,953	414,149	3.3%
Net Operating Income (Loss)	3,912,565	4,532,174	619,609	15.8%
Minority Interest	(2,672,951)	(2,751,118)	78,167	2.9%
Net Income	1,239,613	1,781,055	541,442	43.7%

**Projected FY 2026 equals FYTD26 Feb Annualized*

DEVCO FY 2027 Budget

Capital Request

Washington Township Hospital Development Corporation

Site Description	Item Description	Cost
Washington Outpatient Surgery Center	Flooring	$ 111,000
	OR Overhead Spot Lights OR 1 & OR 3	$ 110,000
	New Patient/Emergency Call Button System	$ 76,665
	Colonoscope	$ 43,461
	Large Power Stryker System 8	$ 29,189
	2nd Vacuum Pump Motor	$ 14,963
Total Capital Request		$ 385,279

Washington Health

MEMORANDUM

Date: July 13, 2026

To: Board of Directors

From: Kimberly Hartz, Chief Executive Officer

Subject: Approval of Guarantee in Connection with Refinancing Previously Approved Loan to Peninsula Surgery Center, Inc.

In November 2019, the Washington Township Hospital Development Corporation ("DEVCO") agreed to participate in the ownership and operation of an ambulatory surgery center ("ASC") at 350 Marine Parkway in Redwood City, California. The ASC is referred to as the "Peninsula Surgery Center." The purpose of opening the ASC in Redwood City was to expand the operation of the Institute for Joint Restoration and Research and provide easier access for outpatients.

Previously, in late 2020/early 2021, this Board approved a corporate resolution authorizing Kimberly Hartz, Chief Executive Officer, to execute a guarantee and to take other actions related to a loan from Fremont Bank to Peninsula Surgery Center, LLC, used to finance tenant improvements. Fremont Bank required DEVCO's guarantee as DEVCO is the majority owner of the Peninsula Surgery Center.

The Washington Health Treasury Department recently re-negotiated the loan that PSC had with Fremont Bank. The renegotiation was triggered by the automatic re-setting of the interest rate up to 8%, as the initial five-year term recently expired. The current loan balance is about $5.2 million, paid down from the original loan amount of approximately $9.4 million.

The Treasury Department learned that a key objective of the Peninsula Surgery Center was to minimize the monthly loan payment. As such, the Treasury Department was successful in negotiating a lower interest rate to 6.25% and extend the amortization by an additional five years. This results in a reduction of the monthly loan payment from approximately $99,000 to $57,000. All other key terms remain the same. The refinanced loan terms are thus advantageous for Peninsula Surgery Center.

In light of DEVCO's ownership interest in the Peninsula Surgery Center, Fremont Bank has again required DEVCO to provide a loan guarantee in connection with the refinancing. Accordingly, I recommend that the Board approve the attached Corporate Resolution to Grant Collateral/Guarantee.

0003267036028006152026

CORPORATE RESOLUTION TO GRANT COLLATERAL / GUARANTEE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
$5,282,910.81	06-15-2026	12-01-2036	3267036			KF	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "***" has been omitted due to text length limitations.

Borrower: PENINSULA SURGERY CENTER, LLC
350 MARINE PARKWAY
REDWOOD CITY, CA 94065

Lender: Fremont Bank
Commercial Loan Operations
2580 Shea Center Drive
Livermore, CA 94551-0752
(800) 359-2265

Corporation: WASHINGTON TOWNSHIP HOSPITAL DEVELOPMENT CORPORATION
2000 MOWRY AVENUE
FREMONT, CA 94538

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE CORPORATION'S EXISTENCE. The complete and correct name of the Corporation is WASHINGTON TOWNSHIP HOSPITAL DEVELOPMENT CORPORATION ("Corporation"). The Corporation is a non-profit corporation which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of California. The Corporation is duly authorized to transact business in all other states in which the Corporation is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which the Corporation is doing business. Specifically, the Corporation is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. The Corporation has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. The Corporation maintains an office at 2000 MOWRY AVENUE, FREMONT, CA 94538. Unless the Corporation has designated otherwise in writing, the principal office is the office at which the Corporation keeps its books and records. The Corporation will notify Lender prior to any change in the location of the Corporation's state of organization or any change in the Corporation's name. The Corporation shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to the Corporation and the Corporation's business activities.

RESOLUTIONS ADOPTED. At a meeting of the Directors of the Corporation, or if the Corporation is a close corporation having no Board of Directors then at a meeting of the Corporation's shareholders, duly called and held on **July 13, 2026**, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Resolution were adopted.

OFFICER. The following named person is an officer of WASHINGTON TOWNSHIP HOSPITAL DEVELOPMENT CORPORATION:

NAMES	TITLES	AUTHORIZED	ACTUAL SIGNATURES
KIMBERLY HARTZ	CEO	Y	X ______________________________

ACTIONS AUTHORIZED. The authorized person listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Corporation. Specifically, but without limitation, the authorized person is authorized, empowered, and directed to do the following for and on behalf of the Corporation:

Guaranty. To guarantee or act as surety for loans or other financial accommodations to Borrower from Lender on such guarantee or surety terms as may be agreed upon between the officer of the Corporation and Lender and in such sum or sums of money as in his or her judgment should be guaranteed or assured, (the "Guaranty").

Grant Security. To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Corporation or in which the Corporation now or hereafter may have an interest, including without limitation all of the Corporation's real property and all of the Corporation's personal property (tangible or intangible), as security for the Guaranty, and as a security for the payment of any loans, any promissory notes, or any other or further indebtedness of PENINSULA SURGERY CENTER, LLC to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered. The provisions of this Resolution authorizing or relating to the pledge, mortgage, transfer, endorsement, hypothecation, granting of a security interest in, or in any way encumbering, the assets of the Corporation shall include, without limitation, doing so in order to lend collateral security for the indebtedness, now or hereafter existing, and of any nature whatsoever, of PENINSULA SURGERY CENTER, LLC to Lender. The Corporation has considered the value to itself of lending collateral in support of such indebtedness, and the Corporation represents to Lender that the Corporation is benefited by doing so.

Execute Security Documents. To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances.

Further Acts. To do and perform such other acts and things and to execute and deliver such other documents and agreements, **including agreements requiring disputes with Lender to be submitted to binding arbitration for final resolution and waiving the right to a trial by jury,** as the officer may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution.

ASSUMED BUSINESS NAMES. The Corporation has filed or recorded all documents or filings required by law relating to all assumed business names used by the Corporation. Excluding the name of the Corporation, the following is a complete list of all assumed business names under which the Corporation does business: **None.**

NOTICES TO LENDER. The Corporation will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Corporation's name; (B) change in the Corporation's assumed business name(s); (C) change in the management of the Corporation; (D) change in the authorized signer(s); (E) change in the Corporation's principal office address; (F) change in the Corporation's state of organization; (G) conversion of the Corporation to a new or different type of business entity; or (H) change in any other aspect of the Corporation that directly or indirectly relates to any agreements between the Corporation and Lender. No change in the Corporation's name or state of organization will take effect until after Lender has received notice.

CERTIFICATION CONCERNING OFFICERS AND RESOLUTIONS. The officer named above is duly elected, appointed, or employed by or for the Corporation, as the case may be, and occupies the position set opposite his or her respective name. This Resolution now stands of record on the books of the Corporation, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

NO CORPORATE SEAL. The Corporation has no corporate seal, and therefore, no seal is affixed to this Resolution.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Resolution and performed prior to the passage of this Resolution are hereby ratified and approved. This Resolution shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Corporation's agreements or commitments in effect at the time notice is given.

IN TESTIMONY WHEREOF, I have hereunto set my hand and attest that the signature set opposite the name listed above is his or her genuine signature.

I have read all the provisions of this Resolution, and I personally and on behalf of the Corporation certify that all statements and representations made in this Resolution are true and correct. This Corporate Resolution to Grant Collateral / Guarantee is dated July 13, 2026.

CERTIFIED TO AND ATTESTED BY:

X ____________________

KIMBERLY HARTZ, WASHINGTON TOWNSHIP DEVELOPMENT CORPORATION — **CEO of HOSPITAL**

NOTE: If the officer signing this Resolution is designated by the foregoing document as one of the officers authorized to act on the Corporation's behalf, it is advisable to have this Resolution signed by at least one non-authorized officer of the Corporation.

MEMORANDUM

Date: July 13, 2026

To: Board of Directors, Washington Township Hospital Development Corporation

From: Kimberly Hartz, Chief Executive Officer

Subject: **Approval of Repurchase of Class A Shares of Peninsula Surgery Center, LLC from Erik McDonald, M.D**.

In November 2019, the Washington Township Hospital Development Corporation ("DEVCO") agreed to participate in the ownership and operation of an ambulatory surgery center ("ASC") located at 350 Marine Parkway in Redwood City, California. The ASC is known as the "Peninsula Surgery Center." The aim of establishing the ASC in Redwood City was to expand the operations of the Institute for Joint Restoration and Research ("IJRR") and provide easier access for outpatients.

The IJRR opened its doors in 2012 as an inpatient service focused on total knee and hip replacements. Due to the quality of the program, the IJRR has attracted patients from beyond the normal service area of the District. Recently, the federal government has taken steps to mandate that more of these procedures be conducted on an outpatient basis by refusing to pay for them when performed on an inpatient basis.

The Peninsula Surgery Center is operated under the umbrella of two limited liability companies. One limited liability company manages the surgery center on a daily basis (the "Operating Company"). This entity is owned 51% by a holding company (which is controlled by DEVCO) and 49% by Class A Members, which equals 490 Class A Units. The Class A Units were intended for qualified physician investors. To date, John T. Dearborn, M.D. has purchased 250 Class A Units. DEVCO retained 240 Class A Units with the intention of transferring its Class A Units to qualified physician investors as the Peninsula Surgery Center increased the number of physician participants.

In 2025, DEVCO sold 60 Class A Membership Units to Dr. McDonald for $300,000.00. In April 2026, Dr. McDonald gave notice that he would be leaving Dr. Dearborn's practice to take a position outside of the ASC's service area. As a result, he no longer intends to perform a substantial number of procedures at the ASC. This means that he is not eligible to continue as an owner of the ASC. His last day with Dr. Dearborn's practice was June 21, 2026.

In light of the relatively short period between today and the sale to Dr. McDonald, we have determined that the fair market value of Dr. McDonald's 60 Class A Units has not changed substantially and that repurchasing the units on the same terms and conditions that they were sold to Dr. McDonald would be consistent with fair market value. Therefore, under the proposed transaction, Dr. McDonald would sell 60 Class A Units to DEVCO at a fair market value price of $5,000 per share. The total purchase price amounts to $300,000. The Board of Managers of the Peninsula Surgery Center has already approved the transaction and waived its right of first offer.

Recommended Action

It is recommended that the Board approve Resolution No 68, which will authorize the Chief Executive Officer to execute a Purchase Agreement in a form satisfactory to the Chief Executive Officer for the purchase and transfer of 60 Class A Units from Dr. McDonald at a fair market value price of $5,000 per Class A Unit for a total purchase price of $300,000.

RESOLUTION NO. 68

RESOLUTION OF THE BOARD OF DIRECTORS OF WASHINGTON TOWNSHIP HOSPITAL DEVELOPMENT CORPORATION TO AUTHORIZE THE CHIEF EXECUTIVE OFFICER TO ENTER INTO A PURCHASE AGREEMENT FOR THE REPURCHASE OF CLASS A MEMBERSHIP UNITS IN PENINSULA SURGERY CENTER, LLC

WHEREAS, Washington Township Hospital Development Corporation ("DEVCO") owns 180 Class A Membership Units in Peninsula Surgery Center, LLC (the "Company"), a California limited liability company, which owns and operates the Peninsula Surgery Center, an ambulatory surgery center located at 350 Marine Parkway, Redwood City, California.

WEHREAS, in 2025, Erik McDonald, M.D., joined the practice of John T. Dearborn, M.D., and purchased 60 Class A Membership Units from DEVCO. At the time of the purchase, DEVCO held 240 Class A Membership Units in the Company.

WHEREAS, Dr. McDonald notified the Company that he accepted a position with another health care provider outside of the Company's service area and that after June 21, 2026, he would not be performing surgeries at the Company's surgery center on a regular basis after that date.

WHEREAS, Dr. McDonald will no longer be eligible to hold his 60 Class A Membership Units.

WHEREAS, Dr. McDonald has proposed reselling his 60 Class A Membership Units to DEVCO on the same terms that he acquired such units from DEVCO.

WHEREAS, the Board finds that it is in the best interest of DEVCO to proceed with the repurchase of the 60 Class A Membership Units from Erik McDonald, M.D.;

NOW, THEREFORE, be it resolved that:

1. The Chief Executive Officer is authorized to execute a Purchase Agreement in a form satisfactory to the Chief Executive Officer for the sale and transfer of 60 Class A Units from Erik McDonald, M.D., at a fair market value price of $5,000 per Class A Unit for a total purchase price of $300,000.

2. The Chief Executive Officer is authorized to take any and all further actions which, in the determination of the Chief Executive Officer, are necessary and proper to consummate the transaction described above.

//

Passed and adopted by the Board of Directors of the Washington Township Hospital Development Corporation this 13th day of July 2026 by the following vote:

AYES:

NOES:

ABSENT:

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