



**West Contra Costa Healthcare District
Doctors Medical Center
Board of Directors Meeting**

Wednesday, March 27, 2013

4:30 PM

**Doctors Medical Center
Auditorium**

2000 Vale Road

San Pablo, CA 94806



**WEST CONTRA COSTA HEALTHCARE DISTRICT
DOCTORS MEDICAL CENTER**

BOARD OF DIRECTORS

**WCCHD DOCTORS MEDICAL CENTER
BOARD OF DIRECTORS
MARCH 27, 2013 – 4:30 P.M.
Doctors Medical Center - Auditorium
2000 Vale Road
San Pablo, CA 94806**

Board of Directors

*Eric Zell, Chair
Irma Anderson
Deborah Campbell
Nancy Casazza
Beverly Wallace*

**1001 G Street, NW
Washington, D.C. 20011
800-511-1465**

AGENDA

1. **CALL TO ORDER** E. Zell
2. **ROLL CALL**
3. **APPROVAL OF MINUTES OF FEBRUARY 27, 2013** E. Zell
4. **PUBLIC COMMENTS** E. Zell
[At this time persons in the audience may speak on any items not on the agenda and any other matter within the jurisdiction of the of the Board of Directors]
5. **RATIFICATION OF HURON CONTRACT** E. Zell
 - a. Presentation
 - b. Discussion
 - c. Public Comment
 - d. **ACTION:** *Approval of Huron Contract*
6. **APPROVAL OF 2004 C.O.P. REFINANCING** D. Gideon
 - a. Presentation
 - b. Discussion
 - c. Public Comment
 - d. **ACTION:** *Approval of 2004 C.O.P. Refinancing and Authorization of Management to Take Action Necessary to Complete Refinancing, Resolution # 2013-02*

ADJOURNMENT



MINUTES
FEBRUARY 27, 2013

TAB 3



**WCCHD
BOARD OF DIRECTORS**

**FEBRUARY 27, 2013 – 4:30 P.M.
Doctors Medical Center - Auditorium
2000 Vale Road, San Pablo, CA 94806**

MINUTES

1. CALL TO ORDER

The meeting was called to order at 4:38 P.M.

2. ROLL CALL

Quorum was established and roll was called:

*Present: Eric Zell, Chair
Deborah Campbell
Beverly Wallace.*

*Excused: Irma Anderson
Nancy Casazza*

3. APPROVAL OF MEETING MINUTES OF MAY 23, 2012

The motion made by Director Campbell and seconded by Director Wallace to approve the Minutes of May 23, 2012 minutes passed unanimously.

4. SWEARING IN OF DIRECTORS CAMPBELL AND ZELL

Mr. Colin Coffey, District Counsel swore in Directors Deborah Campbell and Eric Zell and administered to the directors the oath of office.

5. PUBLIC COMMENTS

The following employees offered public comment: Megan Lemon, Sharon Sanders, Carol Sims, Tami Roncskevitz, Kadisha Rodriguez, C-Young Choo, Myra Bradford, Edward Williams, Rendi Solis, Hermalinda G Rivero, Tami Richardson, Merlie Guerrero, and Anthony Brown. Staff expressed concerns regarding the potential of closure of the hospital and encouraged the member of the Board of Directors to continue to fight to keep the hospital open. As expenses reduces are occurring, however, we are closing programs

and reducing staff in a way that is not in the best interest of the community or the patient, and staffing is being stretched. Cuts should not be made to patient care providers, but to management staff.

Speaking on behalf of CNA, Jerry Fillingins called upon the elected officials of the board to seek a comprehensive solution with all stakeholders, and to keep employees informed.

Supervisor John Gioia spoke as a member of the community, not as a member of the Governing Body. He wants everyone to know that this hospital has very challenging times all the way from 2006 and all the hard work of the management and the Board has helped this place to stay open since. The hospital had a \$30 million deficit in 2006, and in 2012 it was \$16 million. If we don't find a partner or a way to keep this going the hospital will close. There is only one goal - to keep the hospital open, even if it means consolidating floors and having budget cuts. The management and the Board are committed to keeping this hospital open for the Contra Costa community and will do everything in the interest of keeping the doors open.

Directors Campbell and Zell both thanked those that spoke and for sharing how feel and how this affects them individually. Director Zell pointed out that the Board and management have tried different types of systems and options in order to get the hospital into a better financial position. We are working on having the hospital work efficiently as it can, and that may result in reductions in staff. He encouraged everyone to stay involved as we look for possible options with polling and county property tax options. Continue to come and report to us in order for us to know about the front line of patient care.

Director Campbell stated that in both of the parcel tax measures, we sought far less than what was actually needed. We need to let the community know exactly how much and what we need for this hospital and let the community decide if they want this hospital to stay open.

6. APPROVAL OF TRAVEL REQUEST

Directors Campbell sought approval of travel request for February 7-8, 2013 ACHD orientation and ACHD Annually Legislative day April 8-9, 2013.

The motion made by Director Wallace and seconded by Director Zell to approve the travel request to be capped at \$800 total passed unanimously.

7. 2004 C.O.P. REFINANCING

Ms. Gideon, Chief Executive Officer, presented that in 2004 DMC secured certificate of participation refinancing. At this time it appears that interest rates are low enough to justify a refinancing of that debt to reduce debt service payments. She is not presenting a resolution to approve such a refinancing at this time, but informed the Board that she may be doing so at a future meeting.

The meeting was adjourned at 5:30 p.m.



**RATIFICATION OF HURON
CONTRACT**

TAB 5



February 21, 2013

Eric, Chair
West Contra Costa Healthcare District
c/o Doctors Medical Center
2000 Vale Road
San Pablo, CA 94806

Dear Director Zell:

I am pleased to confirm, on behalf of Huron Consulting Services LLC (“Huron”, “we” “us” or “our”), our engagement to provide West Contra Costa Healthcare District d/b/a Doctors Medical Center (“you” or “DMC”) certain services related to management and consulting services. This Agreement replaces in its entirety the previous engagement letter of March 15, 2011.

Objectives and Scope

We understand the engagement objective and scope is to provide an individual who will serve as Interim CEO and provide certain consulting services related to the overall management of the organization, and development of a business plan. Dawn M. Gideon will serve in this capacity.

The services we provide are intended solely for your use in connection with this engagement and should not be used or relied upon for any other purpose. Any written work product we prepare for you is to be used solely for purposes of this engagement and may not be published or used, in whole or in part, for any other purpose without our written permission.

Our Services

Huron will make available to DMC the services of Dawn M. Gideon to serve as Interim CEO. Huron shall cause the Interim CEO to perform her respective duties and responsibilities in a diligent, efficient, and faithful manner and to the best of her abilities in accordance with DMC’s by-laws and policies and in compliance with applicable provisions of state law. The Interim CEO shall report to the Governing Body during the term of this Agreement and her responsibilities will include but not be limited to:

- Oversee all management, financial and operational affairs of DMC and controlled entities;
- Continue the development and implementation of restructuring and turnaround plans;
- Design, implement and oversee cash and liquidity management systems and processes;
- Lead or support financing activities;

- Lead DMC and the Governing Body in strategic initiatives including the search for a long term strategic partner;
- Collaborate with other area providers in the continued development and evolution of the DMC delivery system; and
- Implement strategies in support of Governing Body annual Strategic Priorities including Patient Satisfaction, Fiscal Responsibility, Quality, Workforce Engagement, Image Management, Healthy Workforce.

The timing for this engagement will begin on March 1, 2013 and will continue on a month-to-month basis thereafter. This engagement may be terminated by either party, without cause or penalty, at any time upon ten (10) days written notice.

If any factors arise that are beyond our control that would affect the availability of our staff, such as death, illness, disability, or a career change, we will notify you immediately, and subject to your approval, provided such approval shall not be unreasonably withheld, we will assign a replacement Interim CEO with substantially equivalent skills experience and expertise.

We are a management consulting firm and not a CPA firm, and do not provide attest services, audits or other engagements in accordance with the AICPA Statements on Auditing Standards. We will not audit any financial statements or perform attest procedures with respect to information in conjunction with this engagement. Our services are not designed, nor should they be relied upon, to identify weaknesses in internal controls, financial statement errors, irregularities, illegal acts or disclosure deficiencies.

Your Responsibilities

In connection with our provision of services, you will perform the tasks, furnish the personnel, provide the resources, and undertake the responsibilities specified below.

To help maximize the value of our work to you and to keep the project moving on schedule, you agree to comply with all of our reasonable requests and to provide us timely access to all information and locations reasonably necessary to our performance of the services.

You agree to provide all Huron personnel acting as officers of DMC the most favorable indemnities provided by DMC to its officers and directors, whether under DMC's by-laws, partnership agreement, by contract or otherwise. This indemnification is in addition to the indemnification afforded Huron under the attached General Business Terms. DMC shall also provide such Huron personnel full coverage under applicable DMC insurance policies that protect officers and directors from liability. Certificates of insurance demonstrating the coverage contemplated by the foregoing shall be furnished to us, upon request.

Except as stated in this Engagement Letter, the risk of loss with respect to DMC's operations and assets shall be borne by DMC. Huron shall not be deemed to have assumed or be liable for any claim, liability, or obligation of DMC whether known or unknown, fixed or contingent accrued or un-accrued. Except as otherwise required by applicable law, any reference to the nature or

results of Huron's work may not be communicated to the public through public relations media, news media, sales media, or any other means without the prior written consent of both parties.

In the event DMC files for relief under Chapter 9 of the Bankruptcy Code, (a) DMC agrees to file an appropriate motion prepared in consultation with Huron as to matters relating to our retention by DMC and provision of Services as contemplated hereunder, on the first day of the bankruptcy case, which seeks the approval of the immediate assumption of this Agreement by DMC, and (b) this Agreement shall be subject to the entry of a final order of the Court approving the assumption of this Agreement, and (c) Huron shall not be required to perform any additional services under this Agreement until the entry of the Court's order approving the assumption of the Agreement or, if this Agreement is deemed not to be an executory contract, an order authorizing the employment of Huron under the terms of this Agreement. In the event, the order approving DMC's assumption of this Agreement or, if this Agreement is deemed not to be an executory contract, the order authorizing the engagement of Huron must be acceptable to Huron in its sole discretion.

The successful delivery of our services, and the fees charged, are dependent on (i) your timely and effective completion of your responsibilities, (ii) the accuracy and completeness of any assumptions, and (iii) timely decisions and approvals by your Governing Body. You will be responsible for any delays, additional costs, or other liabilities caused by any deficiencies in the assumptions or in carrying out your responsibilities.

Fees and Expenses

DMC shall pay to Huron, in advance on a monthly basis, for the management services provided by the Interim CEO at the base amount due hereunder. Payment is due no later than the 30th day of the month preceding the month in which the services are to occur.

Our monthly fees for the Interim CEO will be \$40,000, pro-rated for partial months at the conclusion of her tenure at DMC. Out of pocket expenses (including transportation, lodging, meals, communications, supplies, copying, etc.) will be billed at the actual amounts incurred and shall be reasonable and in compliance with the policies of DMC for other senior executives. Out-of-pocket expenses for transportation, lodging and meals shall be capped at \$10,000 per month.

Payments should be made by wire transfer to:

Bank of America, N.A.
Chicago, Illinois'
Routing No. 0260-0959-3
Account Title: Huron Consulting Services LLC
Account Number: 5800297276
Comments: (Include Invoice Number to ensure proper credit)

We understand that our bills should be sent to:

West Contra Costa Healthcare District

Attn: Chief Financial Officer
2000 Vale Road
San Pablo, CA 94806

Business Terms

The attached General Business Terms apply to this engagement.

* * * * *

Please indicate your agreement with these terms by signing and returning to me the enclosed copy of this letter. This engagement and the enclosed terms will become effective upon our receipt of your signed copy. We appreciate the opportunity to be of service to you and look forward to working with you on this engagement.

Sincerely,

HURON CONSULTING SERVICES LLC

By: _____

Attachments: General Business Terms

Acknowledged and Accepted:

West Contra Costa Healthcare District

By: _____

Title: _____

Date: _____



**APPROVAL Of 2004 C.O.P.
REFINANCING**

TAB 6

WEST CONTRA COSTA HEALTHCARE DISTRICT

RESOLUTION NO. 2013-02

**RESOLUTION AUTHORIZING AND DIRECTING EXECUTION OF
CERTAIN INSTALLMENT SALE FINANCING DOCUMENTS,
AUTHORIZING AND DIRECTING PREPARATION AND DISTRIBUTION
OF A PRELIMINARY OFFICIAL STATEMENT IN CONNECTION WITH THE
OFFERING AND SALE OF CERTIFICATES OF PARTICIPATION RELATING
THERE TO, AUTHORIZING AND DIRECTING EXECUTION OF A
CERTIFICATE PURCHASE AGREEMENT AND DIRECTING CERTAIN
ACTIONS WITH RESPECT THERETO**

RESOLVED, by the Board of Directors (the "Board") of the West Contra Costa Healthcare District, Contra Costa County, California (the "District"), as follows:

WHEREAS, pursuant to Section 4 of Article XIII A of the California Constitution and section 53730.01 of the California Government Code, on June 8, 2004, the voters of the District approved Measure D, a measure to impose a special tax (the "Parcel Tax") to be used to defray operating expenses, capital improvement expenditures and debt repayment for the District;

WHEREAS, the District entered into an Installment Sale Agreement, dated as of July 1, 2004 (the "2004 Installment Sale Agreement") with the WCCHD Financing Corporation in order to finance certain working capital and other expenditures, the payments under which are secured by the Parcel Tax Revenues;

WHEREAS, the 2004 Installment Sale Agreement permits the District to enter into obligations secured by the Parcel Tax Revenues on parity with the obligations under the 2004 Installment Sale Agreement which are incurred to prepay in full obligations due under the 2004 Installment Sale Agreement;

WHEREAS, the District entered into an Installment Sale Agreement, dated as of December 1, 2011 (the "2011 Installment Sale Agreement"), with the WCCHD Financing Corporation II (the "Corporation") in order to finance certain working capital and other expenditures, the payments under which are secured by the Parcel Tax Revenues;

WHEREAS, the 2011 Installment Sale Agreement permits the District to enter into obligations secured by the Parcel Tax Revenues on parity with the obligations under the 2011 Installment Sale Agreement;

WHEREAS, the District, working together with the Corporation, proposes to refund, on an advance basis, the District's outstanding Certificates of Participation (2004 Financing Program) (the "2004 Certificates") and to pay costs of the refunding;

WHEREAS, pursuant to California Government Code Section 5451.5 (the "Lie Statute"), a statutory lien has been imposed on the Parcel Tax Revenues to secure the obligations of the District under the 2004 Installment Sale Agreement, the 2011 Installment Sale Agreement and will also be imposed for the 2013 Installment Sale Agreement (defined in Section 2(b), below) following such refunding;

WHEREAS, the Board has determined that in order to accomplish such refunding it is necessary and desirable to sell the Facilities (defined in Section 2(a), below) to the Corporation and to purchase the Facilities back from the Corporation pursuant to the 2013 Installment Sale Agreement;

WHEREAS, the documents below specified have been filed with the District and the members of the Board, with the aid of its staff, have reviewed said documents;

NOW, THEREFORE, it is hereby DECLARED and ORDERED, as follows:

Section 1. The Certificates of Participation (2013 Refinancing) (the "Certificates") are hereby authorized to be executed and delivered pursuant to the provisions of the Trust Agreement, as hereinafter defined.

Section 2. The below-enumerated documents, substantially in the form on file with the Secretary, be and are hereby approved and the Chief Executive Officer or the Chief Financial Officer or her or his designee are hereby authorized and directed to execute said documents, with such changes, insertions and omissions as may be approved by such official, and the Secretary or Assistant Secretary is hereby authorized and directed to attest to such official's signature:

(a) an acquisition agreement, by and between the District, as seller, and the Corporation, as purchaser, pursuant to which the District will sell its health facilities (the "Facilities") to the Corporation;

(b) an installment sale agreement, by and between the Corporation, as seller, and the District, as purchaser (the "2013 Installment Sale Agreement"), pursuant to which the Corporation will sell the Facilities back to the District, so long as the total principal amount of the Certificates does not exceed \$23,000,000, so long as the average interest rate to be paid with respect to the Certificates does not exceed 4.00% and so long as the maturity of the Certificates does not extend beyond July 1, 2029;

(c) a trust agreement, by and among the Corporation, the District and U.S. Bank National Association, as trustee (the "Trust Agreement"), relating to the refunding, and the execution and delivery of the Certificates;

(d) an escrow agreement, by and among the District and U.S. Bank National Association, as escrow agent, relating to the refunding and payment of the 2004 Certificates; and

(e) a purchase agreement, by and between an underwriter or underwriters to be selected by the Chief Executive Officer, Chief Financial Officer or Secretary, on behalf of the District (the "Underwriters"), and the District, agreed to and accepted by the Corporation,

relating to the purchase by the Underwriters of the Certificates, so long as the Underwriters' discount does not exceed 75% of the principal amount of the Certificates, exclusive of any original issue discount which does not represent compensation to the Underwriters.

Section 3. The Board hereby authorizes the preparation of a preliminary official statement describing the financing (the "Preliminary Official Statement"). The Board authorizes and directs the Chief Executive Officer, the Chief Financial Officer or Secretary, on behalf of the District, to deem "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") the Preliminary Official Statement prior to its distribution by the Underwriters.

Section 4. The Chief Executive Officer, Chief Financial Officer or Secretary is authorized and directed to cause the Preliminary Official Statement to be brought into the form of a final official statement (the "Final Official Statement") and to execute said Final Official Statement, dated as of the date of the sale of the Certificates, and a statement that the facts contained in the Final Official Statement, and any supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the Certificates, true and correct in all material respects and that the Final Official Statement did not, on the date of sale of the Certificates, and does not, as of the date of delivery of the Certificates, contain any untrue statement of a material fact with respect to the District or omit to state material facts with respect to the District required to be stated where necessary to make any statement made therein not misleading in light of the circumstances under which it was made. The Chief Executive Officer, Chief Financial Officer or Secretary shall take such further actions prior to the signing of the Final Official Statement as are deemed necessary or appropriate to verify the accuracy thereof. The execution of the Final Official Statement, which shall include such changes and additions thereto deemed advisable by the Chief Executive Officer, Chief Financial Officer or Secretary and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, shall be conclusive evidence of the approval of the Final Official Statement by the District.

Section 5. The Final Official Statement, when prepared, is approved for distribution in connection with the offering and sale of the Certificates.

Section 6. The Chief Executive Officer, Chief Financial Officer, Secretary or Assistant Secretary and all other appropriate officials of the District are hereby authorized and directed to execute such other agreements, documents and certificates as may be necessary to effect the purposes of this Resolution and the refunding herein authorized. All actions heretofore taken by the officers and agents of the District with respect to the execution, delivery and sale of the Certificates are hereby approved, confirmed and ratified. Whenever in this Resolution any officer of the District is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

Section 7. This Resolution shall take effect upon its adoption by this Board.

* * * * *

I, the undersigned Secretary of the West Contra Costa Healthcare District, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted by the Board of Directors of the District at a meeting thereof held on the 27th day of March, 2013, by the following vote of the members thereof:

AYES:

NO:

ABSTAIN:

Eric Zell, Chair, Board of Directors

Nancy Casazza, Secretary, Board of Directors