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Joint Meeting of the West  
Contra Costa Healthcare  
District Board and Doctors  
Medical Center Management  
Authority, JPA Board

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Wednesday, March 23, 2011  
4:30 PM  
Doctors Medical Center - Auditorium  
2000 Vale Road  
San Pablo, CA

**JOINT MEETING OF THE WEST CONTRA COSTA HEALTHCARE  
DISTRICT BOARD AND DOCTORS MEDICAL CENTER  
MANAGEMENT AUTHORITY, JPA BOARD**

**WEST CONTRA COSTA HEALTHCARE DISTRICT  
BOARD**

March 23, 2011, 4:30 P.M.  
Doctors Medical Center – Auditorium  
2000 Vale Road  
San Pablo, CA 9480

**Teleconference Site:**

Director Nancy Casazza  
586 Vinemont Street  
Pittsburgh, PA 15205  
Call in number: (800) 511-1465

**DOCTORS MEDICAL CENTER MANAGEMENT  
AUTHORITY, JPA BOARD**

**BOARD OF DIRECTORS**

*Irma Anderson, Chair  
Eric Zell, Vice Chair  
Beverly Wallace, Treasurer  
Deborah Campbell, Secretary  
Nancy Casazza, Assistant Secretary*

**GOVERNING BOARD**

*Supervisor John Gioia, Chair  
Eric Zell, Vice Chair  
Pat Godley  
Supervisor Mary Piepho  
Richard Sankary, M.D.  
William Walker, M.D.  
Beverly Wallace*

**AGENDA**

1. Call to Order and Roll Call
2. Approve Minutes of the Joint Meeting of the West Contra Costa Healthcare District Board and Doctors Medical Center Management Authority, JPA Board Meetings of February 23, 2011.
3. Public Comments  
*[At this time persons in the audience may speak on any items not on the Agenda which are within the jurisdiction of the WCCHD and Doctors Medical Center Management Authority, JPA Board]*
4. Presentation and Acceptance of the February 2011 Financial Statements
5. CFO/CEO Report
6. Discussion of Property Tax Transfer Agreement between Contra Costa County and West Contra Costa Healthcare District
7. Adjournment

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Minutes  
February 23, 2011

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TAB 2

**JOINT MEETING  
WEST CONTRA COSTA HEALTHCARE DISTRICT BOARD AND  
DOCTORS MEDICAL CENTER MANAGEMENT AUTHORITY, JPA BOARD  
Wednesday, February 23, 2011  
Doctors Medical Center Auditorium, 2000 Vale Road, San Pablo, CA**

**MEETING MINUTES**

**Members Present:**

Director Irma Anderson, Chair  
Director Eric Zell, Vice-Chair  
Director Deborah Campbell, Secretary  
Director Beverley Wallace, Treasurer  
Director Nancy Casazza, Asst. Secretary  
Supervisor John Gioia, JPA Chair  
Richard Sankary, M.D.  
Bill Walker, M.D.  
Pat Godley

**DMC Staff Present:**

Richard Reid, Interim CEO/CFO  
Jennifer Maher, COO  
Teri Grassau, VP Nursing  
Juli Maxworthy, VP Quality  
John Hardy, VP Human Resources  
Amelia Daly, Recorder

**Excused Absence:**

Supervisor Mary Piepho

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**1. Call to Order**

Director Anderson called the meeting to order at 4:30 p.m. and roll was called.

**2. Approval of Minutes**

*The motion made by Director Anderson and seconded by Director Zell to approve the minutes of the January 26, 2011, February 1, 2011, February 2, 2011 and February 11, 2011 joint meetings of the WCCHD and JPA Boards passed unanimously.*

**3. Public Comment**

There were no public comments.

**4. Closed Session**

The Joint Meeting went into closed session at 5:45 p.m. An announcement was made that there would be no reportable actions taken in closed session.

**5. Security Review**

Jonathan Ridpath, Director of Operations for HSS, Lewis Carver, Security Supervisor for DMC/HSS, Capt. Mark Foisie of the San Pablo Police Department and Chris Brown of the California Department of Corrections gave a collaborative update on most current activity to improve security at Doctors Medical Center.

**6. CEO's Report**

Rick Reid, Interim CEO/CFO, provided the Board with a written report of current undertakings in the hospital and continued improvements made on the operational and financial position of Doctors Medical Center.

**7. Presentation and Acceptance of the January 2011 Financial Statements**

Rick Reid, Chief Financial Officer reported that after advice from Moss-Adams, DMC Auditors, concerning the Medi-Cal Hospital Tax, a retrospective adjustment to reflect the Medi-Cal Hospital Tax of \$2,358,250 as income for 2010 will be made.

Mr. Reid reported January 2011 was a net loss of \$1.6 million on a budget of \$1.4 million; case mix adjusted average length of stay was 4.91 days and the average daily census was 86.1. He reported that the total cash balance is \$7.5 million and there are 14 days of cash on hand.

*The motion made by Director Casazza and seconded by Supervisor John Gioia to approve the January 2011 financials passed unanimously.*

**8. Seismic Update**

Mr. Reid reported that after several meetings held with the Seismic Retrofit Ad Hoc Committee; a decision was made to pursue legislation to extend deadline for hospital seismic compliance. The proposed alternative plan is very aggressive and the Committee felt that September 1, 2011 was not feasible because the seismic concerns were not being directed by strategy.

Mr. Reid will have an update regarding legislation during the March Board meeting.

**9. Adjournment**

There being no further business, the joint meeting adjourned at 6:55 p.m.

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# February 2011 Financials

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TAB 4



**Board Presentation**  
**February 2011 Financial Report**

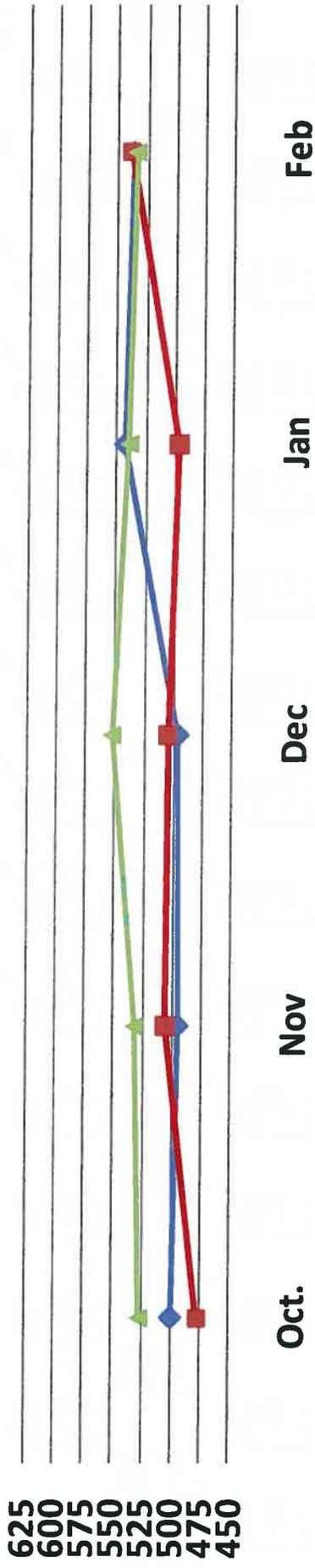


# Patient Activity For the Period Ending February 28, 2011

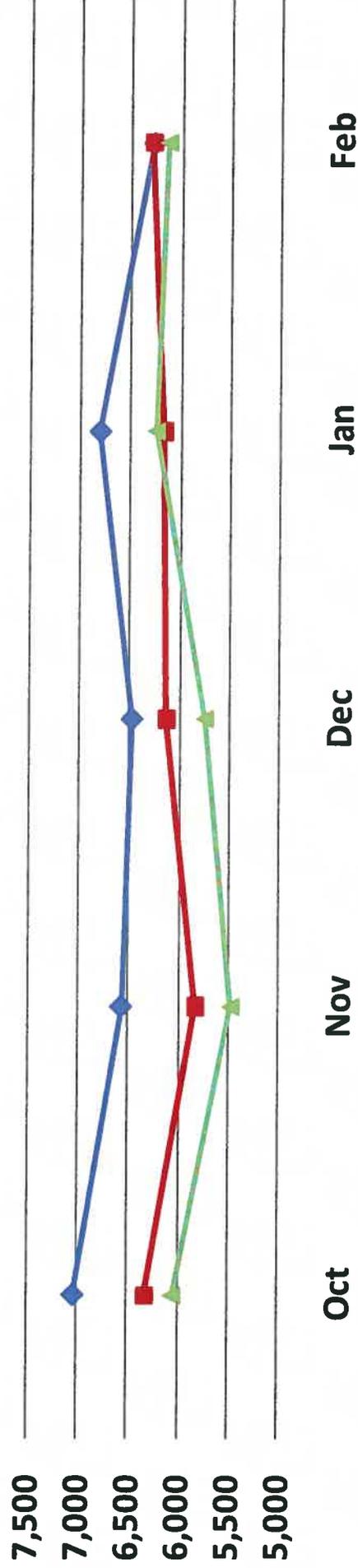
Actual M.T.D.	Budget M.T.D.	Variance		Actual Y.T.D.	Budget Y.T.D.	Variance
537	539	(2)	Inpatient Discharges	1 080	1 078	2
6,280	6,294	(14)	Outpatient Visits	13,095	12,545	540

# Patient Volumes

## Inpatient Discharges



## Outpatient Visits



■ Current year

■ Prior Year

■ Budget

**Statement of Activity – Summary**  
**For the Period Ending**  
**February 28, 2011**  
*(Thousands)*

Actual M.T.D.	Budget M.T.D.	Variance		Actual Y.T.D.	Budget Y.T.D.	Variance
\$10,346	\$11,623	(\$1,277)	Net Operating Revenues	\$21,925	\$21,752	\$173
\$12,363	\$11,996	(\$367)	Total Operating Expenses	\$25,261	\$24,172	(\$1,089)
(\$2,017)	(\$373)	(\$1,644)	Income/(Loss) From Operations	(\$3,336)	(\$2,420)	(\$916)
\$603	\$660	(\$57)	Income from Other Sources	\$1,244	\$1,310	(\$66)
(\$1,414)	\$287	(\$1,701)	Net Income/(Loss)	(\$2,092)	(\$1,110)	(\$982)
(13.7%)	2.5%	(16.1%)	Net Income Percentage	(9.5%)	(5.1%)	(4.4%)
			California Benchmark Average	2.1%		
			Top 25%	7.1%		
			Top 10%	11.5%		

# Budget Variances – Net Revenue

- Total Net Patient Service Revenue (\$1,277,000)
- Higher Prison Patient Volumes \$262,000
- Higher Medicare (\$311,000)
- Lower HMO Volumes (\$1,225,000)
- ▶ The decrease in net revenues is the result of decrease in charges. Total gross inpatient charges are down in managed care by \$2.1 million.
- ▶ Net revenues are determined based upon charges multiplied by the average payment percentage for the last 6 months.

# Budget Variances – Expenses

- ▶ Salaries – (\$122,000)
  - Variance is volume related in ancillary areas.
  - Nursing floors are under budget by \$178,123 due to the decrease in length of stay.
- ▶ Purchased Services – (\$135,000)
  - Higher repairs and maintenance and higher collection fees on accounts remaining at Cash Acceleration Project from 2010.

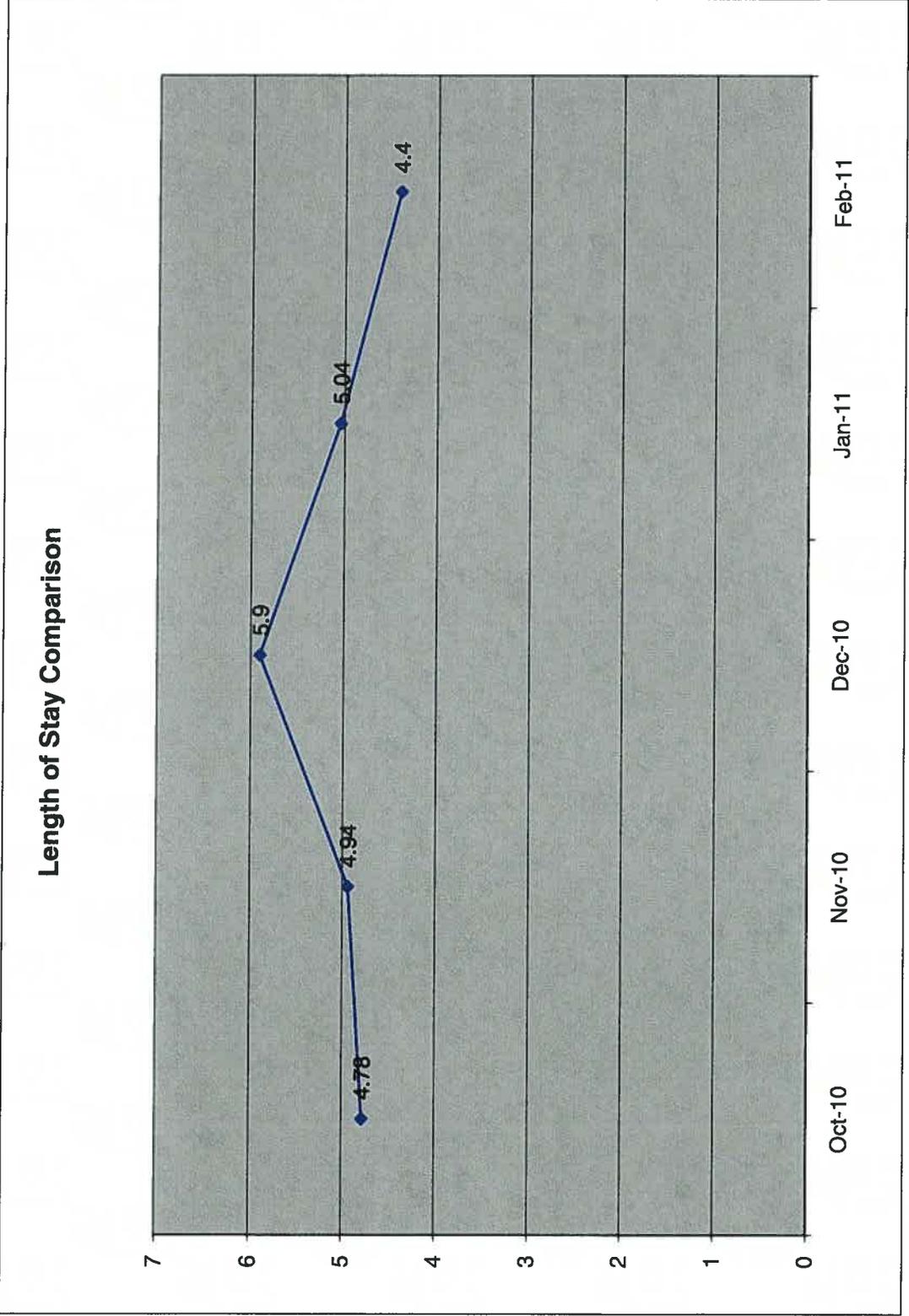
# Outpatient Center Statement of Activity

## For the Period Ending

### February 28, 2011

Actual M.T.D.	Budget M.T.D.	Variance		Actual Y.T.D.	Budget Y.T.D.	Variance
\$155,283	\$194,262	(\$38,979)	Net Operating Revenues	\$351,806	\$399,178	(\$47,373)
\$182,701	\$235,347	\$52,646	Total Operating Expenses	\$380,378	\$479,871	\$99,493
(\$27,418)	(\$41,085)	\$13,667	Income/(Loss) From Operations	(\$28,572)	(\$80,693)	\$52,120
(\$6,537)	(\$6,537)	\$0	Income from Other Sources	(\$13,269)	(\$13,269)	\$0
(\$33,955)	(\$47,622)	\$13,667	Net Income/(Loss)	(\$41,841)	(\$93,962)	\$52,120
(21.9%)	(24.5%)	2.6%	Net Income Percentage	(11.6%)	(23.5%)	11.6%

# Length of Stay Comparison Discharged Patients



# Cash Position

## February 28, 2011

*(Amounts in Thousands)*

	February 28, 2011	December 31, 2010
Unrestricted Cash	\$1,211	\$5,229
Restricted Cash	\$4,051	\$5,363
Total Cash	\$5,262	\$13,029
Days Unrestricted Cash	3	13
Days Restricted	8	11
Total Days of Cash	11	24
California Benchmark Average	34	
Top 25%	82	
Top 10%	183	

# Accounts Receivable

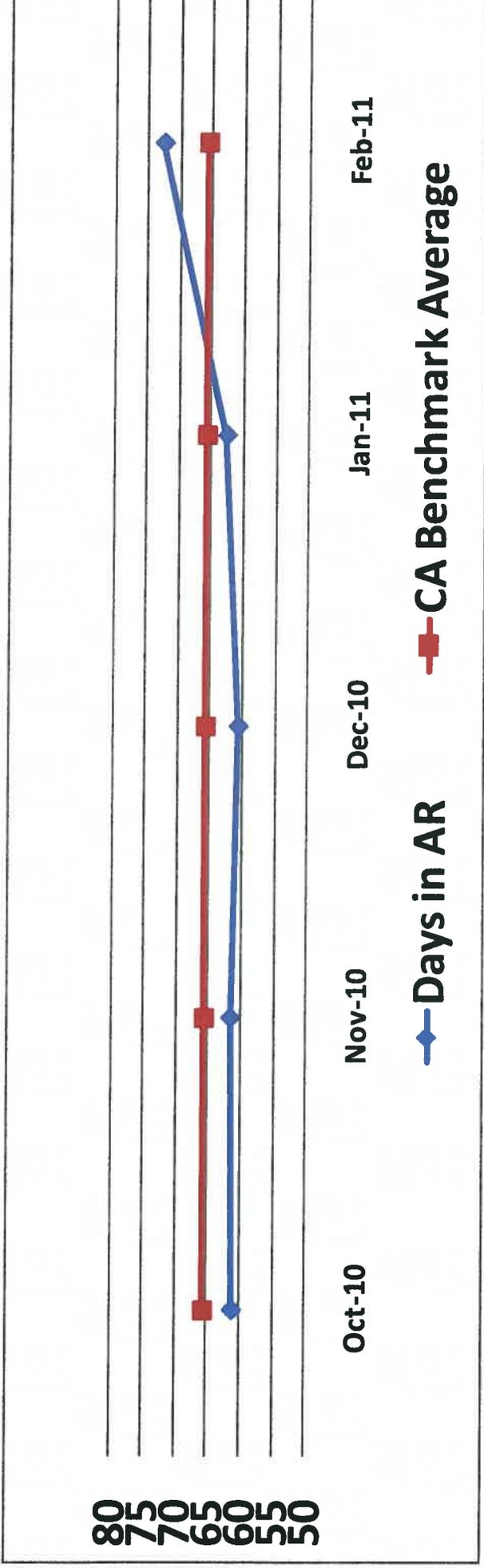
## February 28, 2011

*(Amounts in Thousands)*

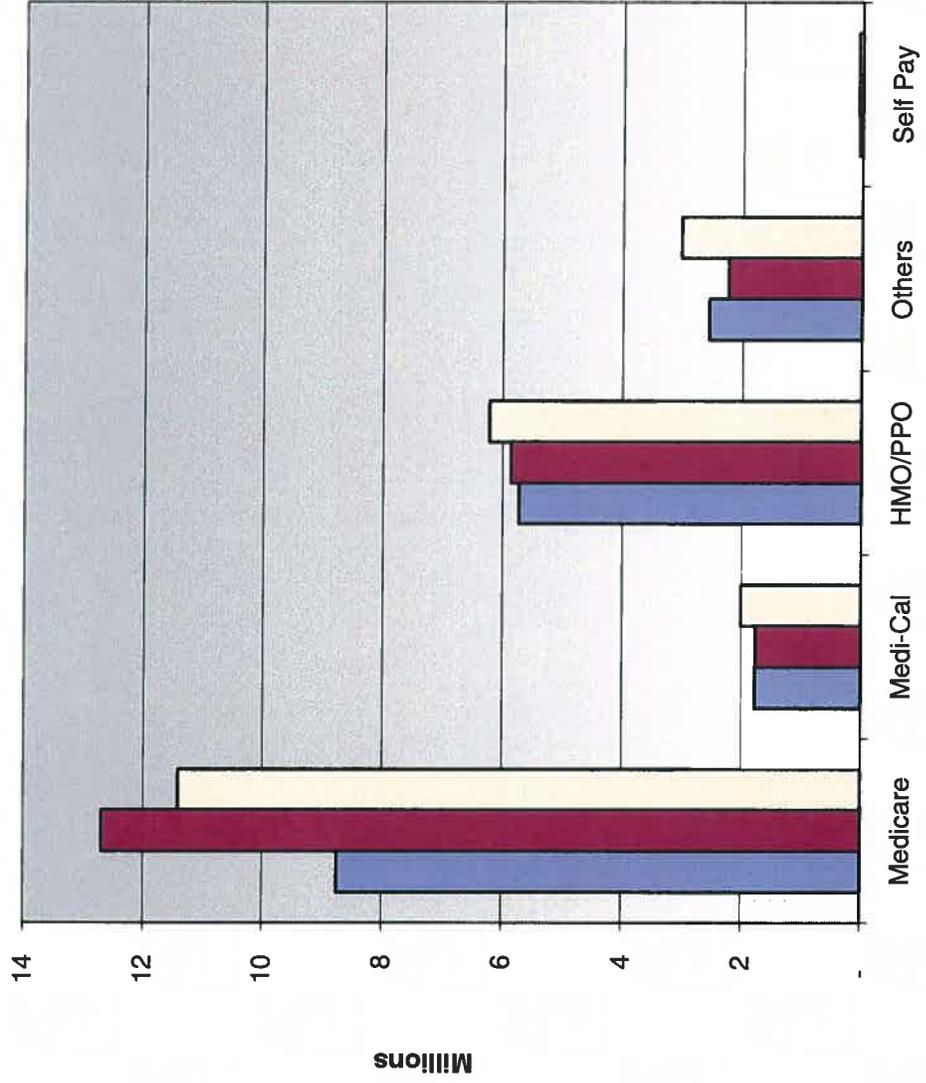
	February 28, 2011	December 31, 2010
Net Patient Accounts Receivable	\$22,929	\$19,942
Net Days in Accounts Receivable	72.7	60.7
California Benchmark Average	65.7 days	
Top 25%	45.2 days	
Top 10%	35.5 days	

# Accounts Receivable

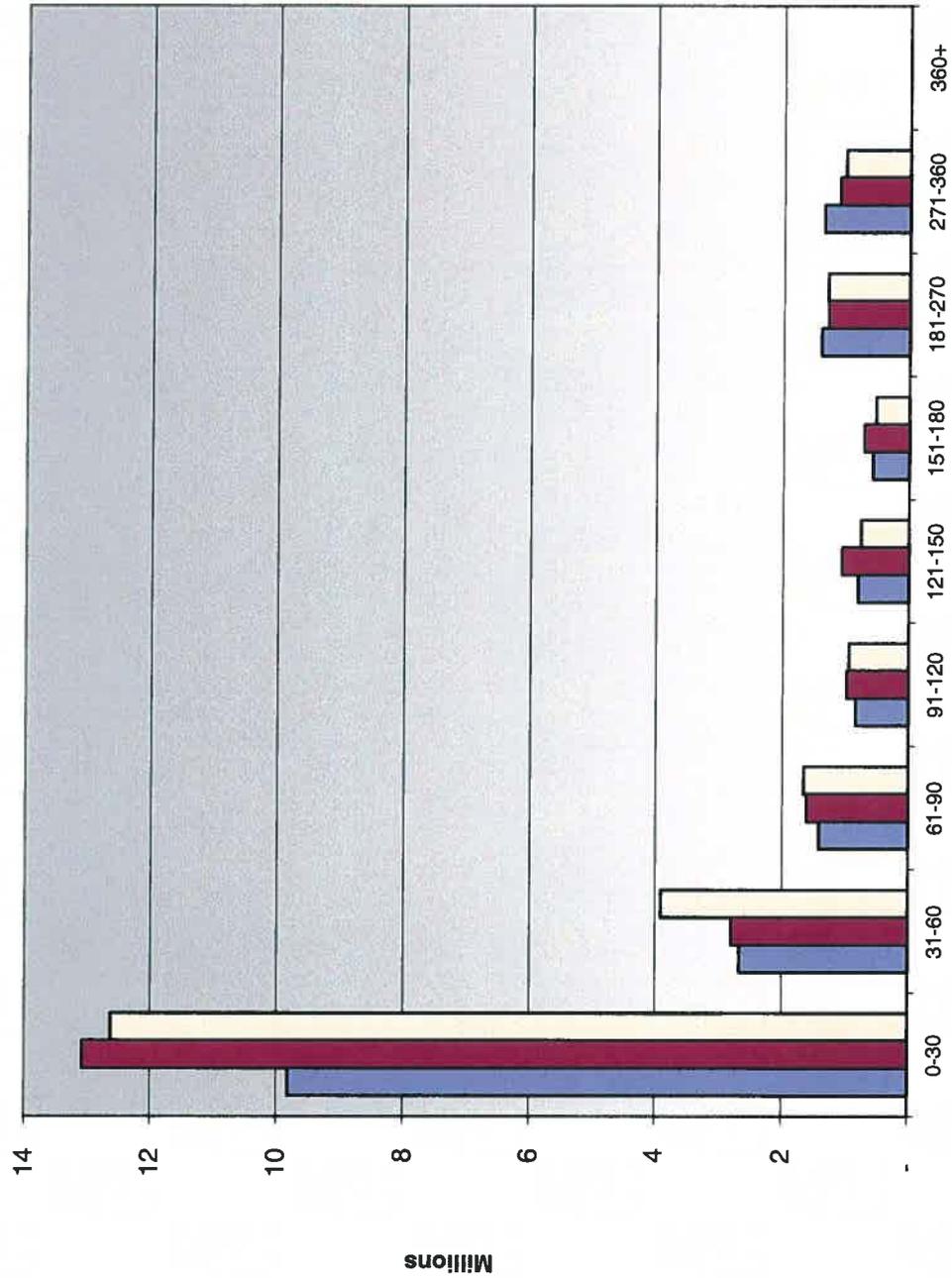
## Net Days in AR



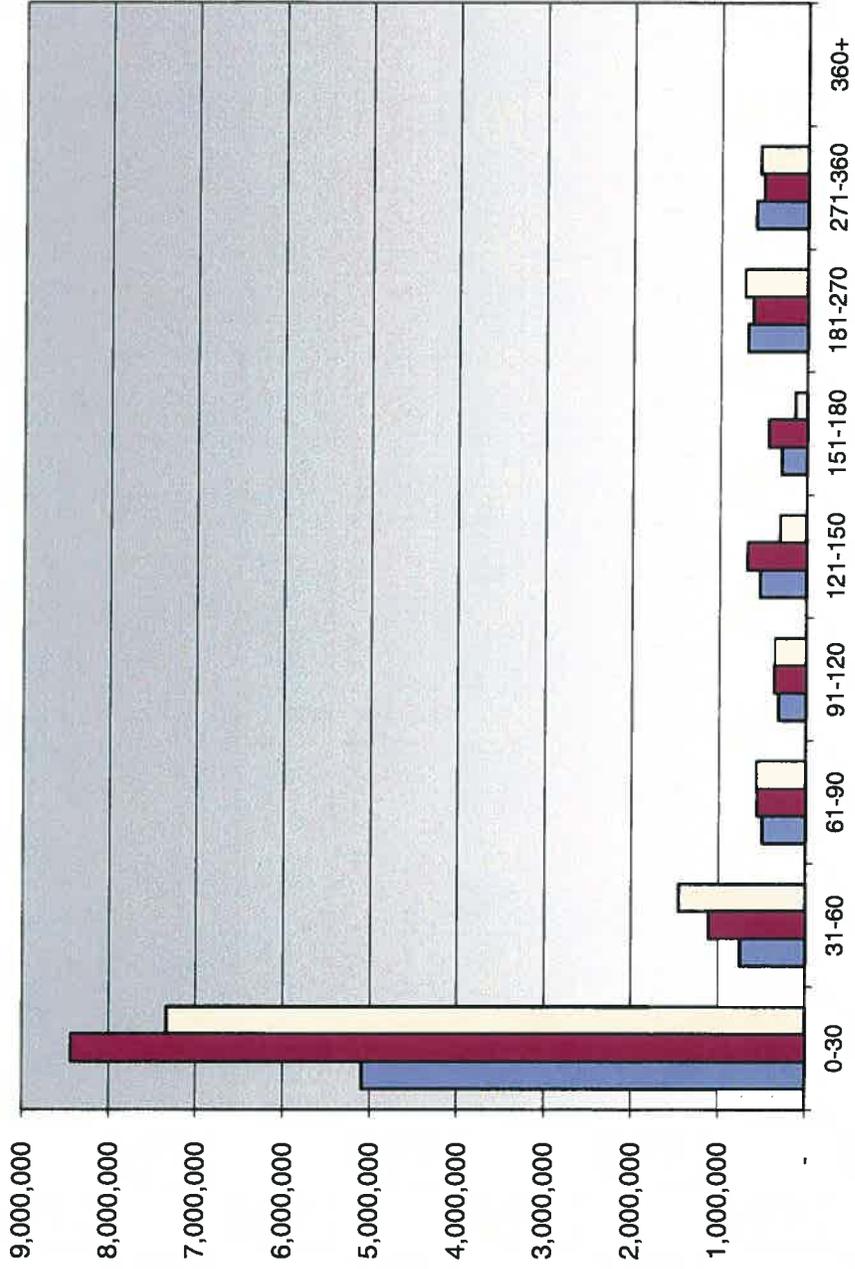
# Net AR By Payor



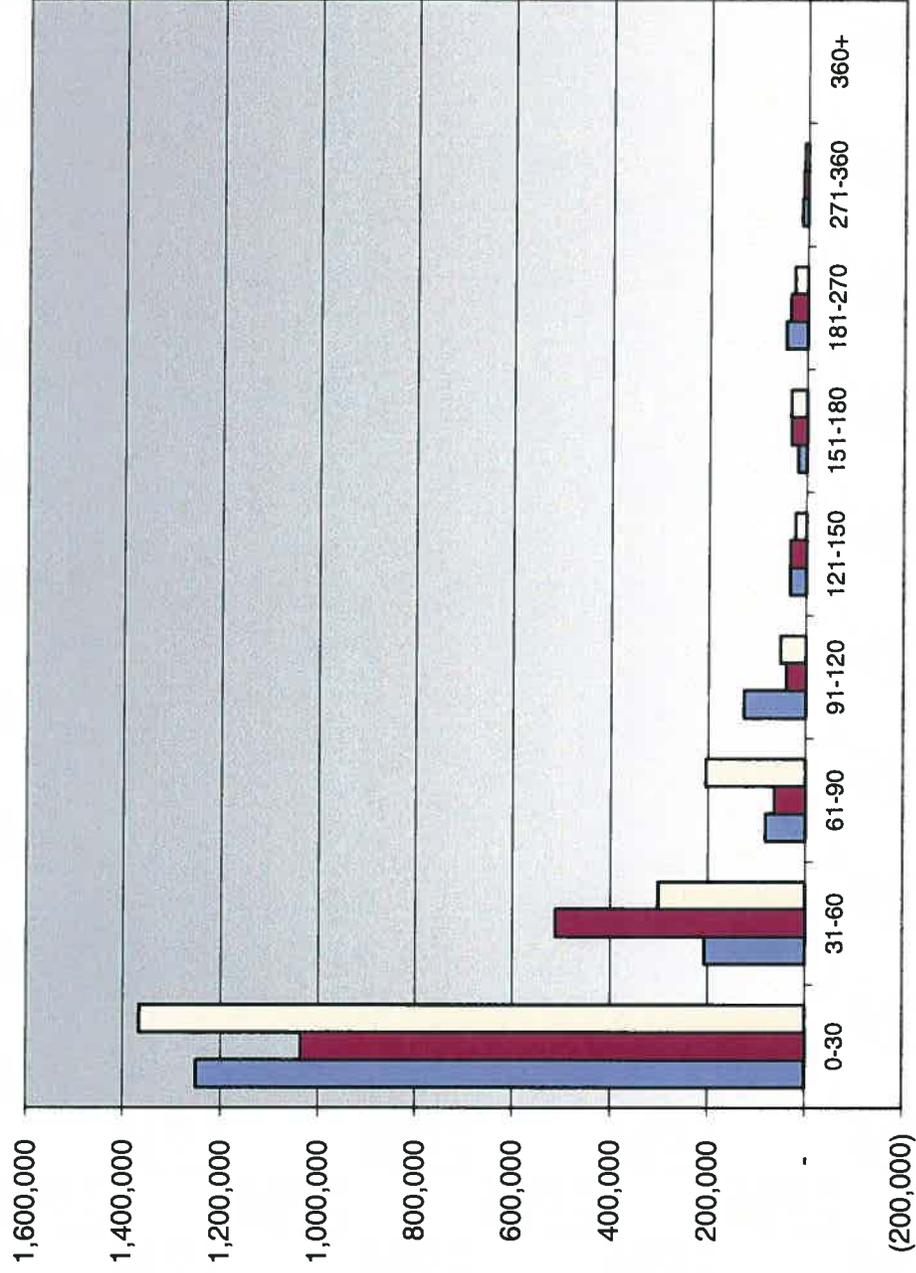
### Aged Total Net Accounts Receivable



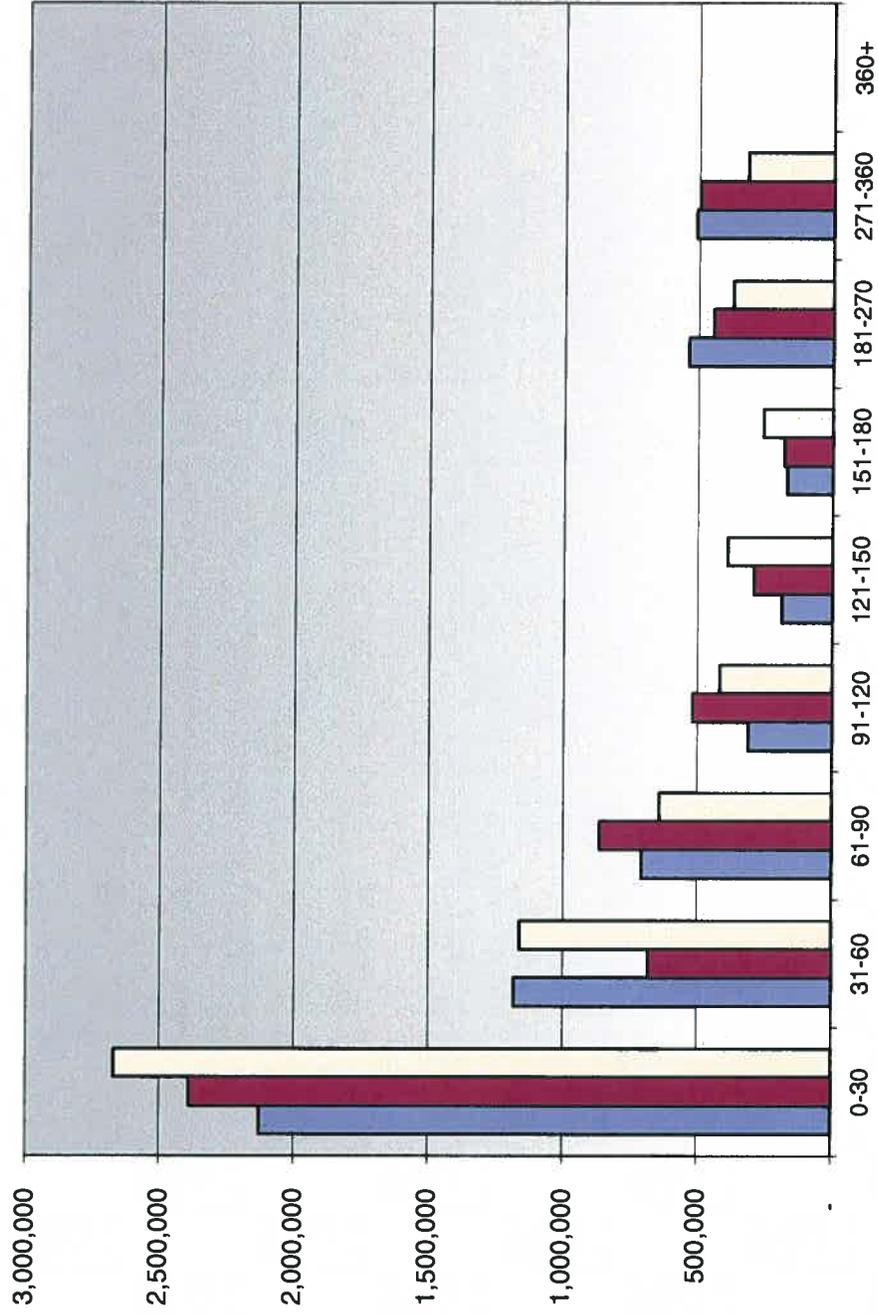
### Net Medicare Receivables



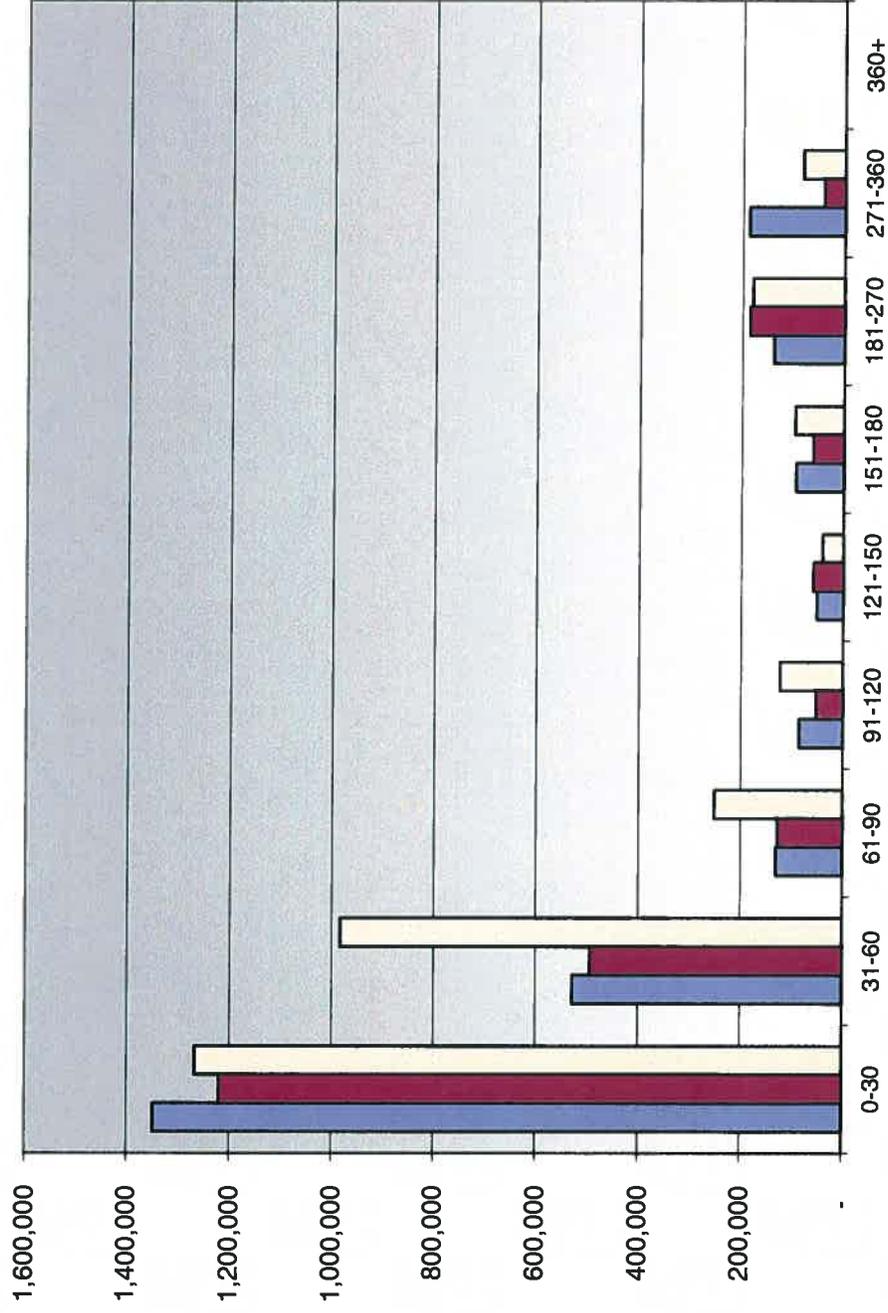
### Net Medi-Cal Receivables



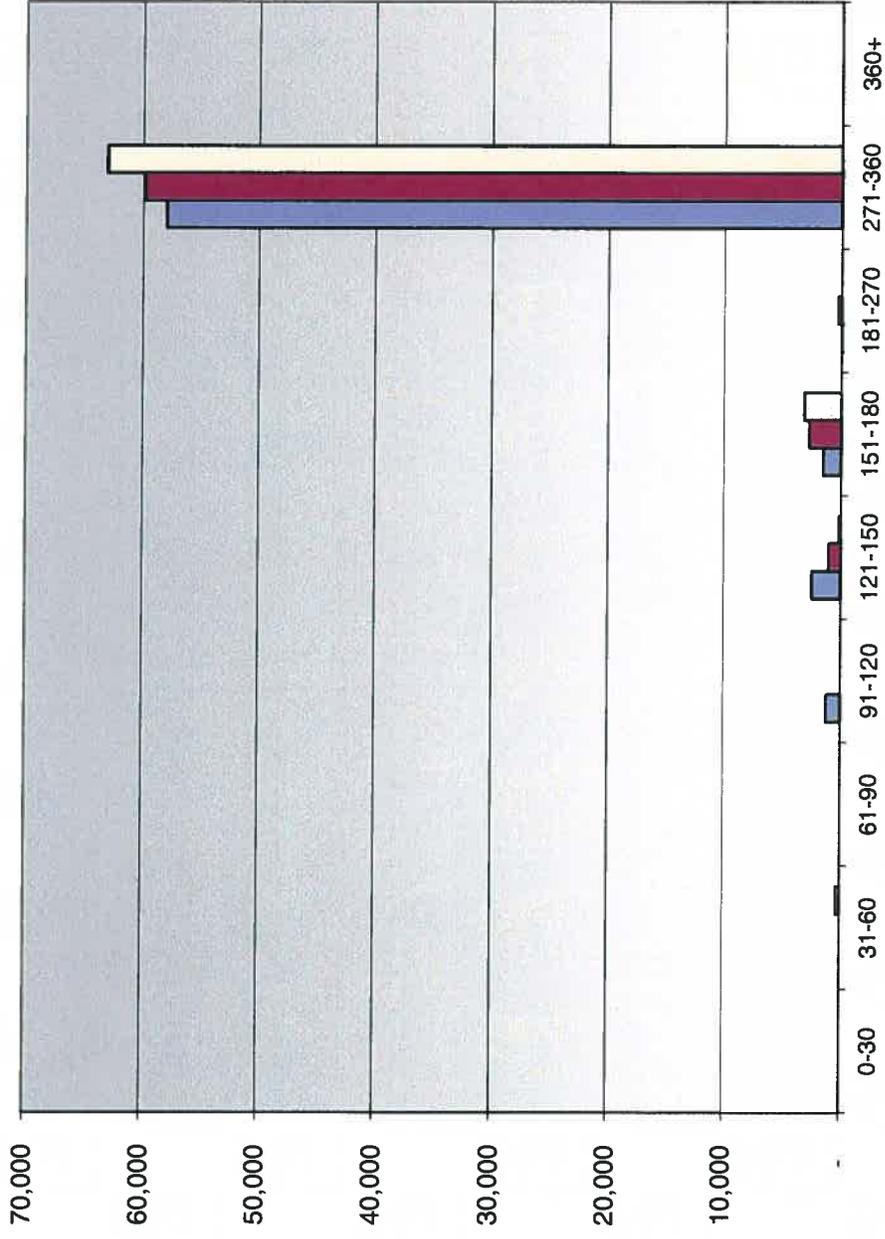
### Net HMO/PPO Receivables



### Net Other Payors Receivables



### Net Self-Pay Receivables



# Questions







## February 2011 Executive Report

Doctors Medical Center had a Net Loss of \$1,414,000 in the month of February. As a result, net income was under budget by \$1,701,000. The following are the other factors leading to the Net Income variance:

<u>Net Patient Revenue Factors</u>	<u>Over / (Under)</u>
HMO/PPO/ Commercial Volume	(\$1,225,000)
Prison Inpatient Volume	\$262,000
Medicare	(\$311,000)
<u>Expenses</u>	
Salaries	(\$122,000)
Purchased Services	(\$135,000)

Net patient revenue was over budget by \$1,228,000. Gross charges were under budget in February 7.7%. Patient days were 13.9% under budget and admissions were 1.3% over budget. Managed Care business is under budget in both volume and rate. The Medicare rate and volume is under budget in February while Prison contract volume continues to be above budget. The large variance is the decrease in HMP/PPO business seen in February. That volume by itself accounted for a \$1,225,000 variance from budget.

Salaries were over budget \$122,000 while patient days were 13.9% under budget. The negative variance does not relate to nursing. Nursing is under budget in total salary costs by \$178,123. The variance is the result of higher ancillary volume in pharmacy, oncology and respiratory therapy. Salaries are also over budget in Quality, Nursing Administration and Human Resources.

Purchased Services were over budget \$135,000. Repairs and maintenance was over budget in February by \$54,000. The balance of the variance is due to continued collection efforts related to the cash accelerated project from last year.



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

**February 28, 2011**

(Amounts in Thousands)

22	2,198	1,834	(365)	-19.9%	1,800	SWB / APD	2,172	2,049	(124)	-6.0%	1,888
23	64.0%	64.9%	(612)	-21.7%	66.7%	SWB / Total Operating Expenses	64.6%	66.1%			67.9%
24	3,437	2,825	(612)	-11.3%	2,696	Total Operating Expenses / APD	3,362	3,098	(264)	-8.5%	2,782
25	43,742	46,597	(2,855)	-6.1%	41,244	I/P Gross Charges	87,656	84,184	3,472	4.1%	79,484
26	18,123	20,433	(2,310)	-11.3%	17,383	O/P Gross Charges	38,729	40,444	(1,715)	-4.2%	35,258
27	<u>61,865</u>	<u>67,029</u>	<u>(5,164)</u>	<u>-7.7%</u>	<u>56,627</u>	<b>Total Gross Charges</b>	<u>126,385</u>	<u>124,627</u>	<u>1,758</u>	<u>1.4%</u>	<u>114,742</u>

**Payor Mix (IP and OP)**

28	40%	38%	2%	38%	Medicare %	42%	38%	4%	38%
29	15%	18%	-3%	18%	Medi-Cal %	15%	18%	-3%	17%
30	11%	14%	-3%	14%	Managed Care HMO / PPO %	11%	14%	-3%	14%
31	9%	10%	-1%	11%	Medicare HMO %	10%	10%	-1%	9%
32	11%	7%	4%	7%	Medi-Cal HMO %	9%	7%	2%	7%
33	0%	0%	0%	0%	Commercial %	0%	0%	0%	0%
34	1%	1%	0%	5%	Worker's Comp %	1%	1%	0%	2%
35	4%	3%	1%	3%	Other Government %	4%	3%	1%	3%
36	9%	8%	1%	7%	Self Pay /Charity %	9%	8%	1%	10%

**STATISTICS**

37	546	539	7	1.3%	542	Admissions	1,106	1,078	28	2.6%	1,052
38	537	539	(2)	-0.4%	534	Discharges	1,080	1,078	2	0.2%	1,031
39	2,543	2,952	(409)	-13.9%	3,055	Patient Days	5,211	5,271	(60)	-1.1%	5,947
40	90.8	105.4	(14.6)	-13.9%	109.1	Average Daily Census (ADC)	88.3	89.3	(1.0)	-1.1%	100.8
41	4.74	5.48	0.74	13.5%	5.72	Average Length of Stay (LOS)	4.83	4.89	0.06	1.3%	5.77
42	28	28			28	Days in Month	59	59			59
43	759	775	(16)	-2.0%	759	Adjusted Discharges (AD)	1,557	1,596	(39)	-2.4%	1,488
44	3,597	4,246	(650)	-15.3%	4,343	Adjusted Patient Days (APD)	7,513	7,803	(290)	-3.7%	8,585
45	128	152	(23)	-15.3%	155	Adjusted ADC (AADC)	127	132	(5)	-3.7%	146
46	84	96	(12)	-12.5%	80	Inpatient Surgeries	165	162	3	1.9%	175
47	78	84	(6)	-7.1%	71	Outpatient Surgeries	154	184	(30)	-16.3%	151
48	<u>162</u>	<u>180</u>	<u>(18)</u>	<u>-10.0%</u>	<u>151</u>	<b>Total Surgeries</b>	<u>319</u>	<u>346</u>	<u>(27)</u>	<u>-7.8%</u>	<u>326</u>

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

**INCOME STATEMENT**

**February 28, 2011**

(Amounts in Thousands)

49	2,818	3,266	(448)	-13.7%	3,254	5,819	6,594	(775)	-11.8%	6,649
50	3,384	2,944	440	14.9%	2,811	7,112	5,767	1,345	23.3%	5,506
51	78	84	(6)	-7.1%	71	154	184	(30)	-16.3%	151
52	<u>6,280</u>	<u>6,294</u>	<u>(14)</u>	<u>-0.2%</u>	<u>6,136</u>	<u>13,085</u>	<u>12,545</u>	<u>540</u>	<u>4.3%</u>	<u>12,306</u>
53	480	460	20	4.3%	477	968	827	141	17.0%	926
54	17.0%	14.1%		14.7%	14.7%	16.6%	12.5%		13.9%	
55	87.9%	85.3%		88.0%	88.0%	87.5%	76.7%		88.0%	
56	749	708	(41)	-5.7%	631	707	701	(6)	-0.8%	616
57	826	828	2	0.3%	709	820	821	1	0.1%	704
58	5.83	4.67	(1.16)	-24.8%	4.07	5.55	5.32	(0.23)	-4.4%	4.23
59	6.43	5.46	(0.97)	-17.7%	4.57	6.44	6.20	(0.24)	-3.9%	4.84
60	2,851	2,704	147	5.4%	2,402	2,896	2,761	135	4.9%	2,425
61	17,201	15,785	1,416	9.0%	13,500	16,821	15,971	850	5.3%	13,385
62	2,886	3,246	(361)	-11.1%	2,833	2,960	3,224	(264)	-8.2%	2,865
63	1,512	1,252	(260)	-20.8%	1,183	1,453	1,358	(94)	-6.9%	1,230
64	5.1	5.7	0.62	10.9%	5.7	5.3	5.3	0.04	0.7%	6.1
65	1.63	1.63	0.00	0.1%	1.64	1.59	1.65	0.06	3.9%	1.66
66	3.12	3.50	0.38	10.8%	3.48	3.32	3.22	(0.11)	-3.3%	3.71
67	4.4	5.5	1.09	19.8%	5.4	4.7	4.9	0.17	3.6%	5.61
68	1,515	1,497	(0.02)	-1.1%	1,547	1,496	1,513	0.02	1.1%	1,544
69	2.90	3.66	0.76	20.7%	3.51	3.15	3.23	0.08	2.5%	3.63

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# Property Tax Transfer Agreement

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Tab 6

**RESOLUTION 2011-02  
WEST CONTRA COSTA HEALTHCARE DISTRICT**

**APPROVAL OF THE SECOND AGREEMENT FOR  
PROPERTY TAX TRANSFER TO CONTRA COSTA COUNTY**

WHEREAS, the West Contra Costa Healthcare District and Contra Costa County desire to have an agreement for the temporary transfer of the allocation of the District ad valorem property tax revenues to County to allow for new funding of the District's acute care hospital in San Pablo, California, doing business as Doctor's Medical Center (hereinafter referred to as "DMC"), and the operations of DMC; and

WHEREAS, California Revenue and Taxation Code Section 99.02 authorizes the District and County to modify the allocation of property tax revenues between them, provided the modification does not violate the conditions set forth in Section 99.02 and does not affect the tax revenue allocation for any other public entity; and

WHEREAS, the District and County have negotiated a Second Agreement for Property Tax Transfer with an Effective Date of [REDACTED], 2012, pursuant to California Revenue and Taxation Code Section 99.02, by which the District will modify its existing allocation of ad valorem property taxes to direct all such property tax revenues allocated after July 1, 2011 to the County, until the transferred revenues equal up to, or the District otherwise repays, eleven million five hundred thousand dollars (\$11,500,000.00), pursuant to the terms of the affiliation; and

WHEREAS, approval of the Second Agreement for Property Tax Transfer will secure an advance from Contra Costa County to the District in the amount of ten million dollars (\$10,000,000.00); and

WHEREAS, prior to the presentation and approval of this Resolution and the Second Agreement for Property Tax Transfer, the Board of Directors of the District have conducted a duly noticed public hearing on March 23, 2011, to consider the effect of the proposed transfer on fees, charges, assessments, taxes, and other District revenues.

**NOW, THEREFORE BE IT RESOLVED**, that the Board of Directors of the West Contra Costa Healthcare District do hereby find and determine the following:

- A. The property tax revenues to be transferred are available to further the purposes of the Second Agreement for Property Tax Transfer; and
- B. The transfer will not result in any increase in the ratio between the amount of District revenues generated by District charges or fees and other revenues used to finance services provided by the District; and

- C. The transfer will not impair the ability of the District to provide existing services; and
- D. The transfer will not result in a reduction of property tax revenues to school entities.

**BE IT FURTHER RESOLVED**, that the Board of Directors hereby adopts and approves the Second Agreement for Property Tax Transfer with Contra Costa County and directs its implementation as of its Effective Date and according to its terms and conditions.

**PASSED AND ADOPTED** by the Board of Directors of the West Contra Costa Healthcare District on this 23rd day of March, 2011, by the following vote:

AYES:

NO:

ABSTAIN:

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Irma Anderson  
Chair, Board of Directors

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Deborah Campbell  
Secretary, Board of Directors



**SECOND AGREEMENT FOR PROPERTY TAX TRANSFER FROM WEST CONTRA  
COSTA HEALTHCARE DISTRICT TO CONTRA COSTA COUNTY**

THIS AGREEMENT (this "Agreement") entered into this \_\_\_\_ day of \_\_\_\_\_, 2011 by and between the West Contra Costa Healthcare District, a California local health care district ("District"), and the County of Contra Costa, a county of the State of California ("County");

**WITNESSETH:**

WHEREAS, District owns and operates an acute care hospital in San Pablo, California, doing business as "Doctor's Medical Center" ("DMC"), at which it provides care to, among others, Medi-Cal beneficiaries;

WHEREAS, County believes that the preservation and continuance of DMC as a health care resource to the residents of West Contra Costa County is of significant benefit to, and materially furthers the health and welfare of, such residents;

WHEREAS, to facilitate the preservation of DMC as a health care resource, County and District entered into that certain "Joint Power Agreement Establishing Doctors Medical Center Management Authority" (the "JPA") to provide for their joint management oversight of DMC for the benefit of the communities they both serve;

WHEREAS, Section 99.02 of the California Revenue and Taxation Code authorizes District and County to modify the allocation of property tax revenues between them, provided the modification does not violate the conditions set forth in Section 99.02 and does not affect the tax revenue allocation for any other public entity;

WHEREAS, to further facilitate the preservation of DMC as a health care resource for the communities they both serve, and within the purview of the JPA, County and District also entered into that certain "The West Contra Costa Healthcare District Agreement for Property Tax Transfer to Contra Costa County" dated October 31, 2006 (the "Initial Agreement"), pursuant to which District agreed, under the authority of Revenue and Taxation Code Section 99.02, to provide for the allocation and transfer to County of the entirety of the general ad valorem property tax revenues that otherwise would be collected and allocated to District, commencing July 1, 2007, and continuing from year to year thereafter until a certain amount had been allocated and transferred to County, all in consideration of County transferring certain amounts to the California Department of Health Care Services (the "Department") in order to facilitate enhanced Medi-Cal payments to District of up to Twenty Million Dollars (\$20,000,000) for services it rendered to Medi-Cal beneficiaries at DMC during the state fiscal year ending June 30, 2007, and as otherwise provided in the Initial Agreement;

WHEREAS, District and County now wish to enter into this Agreement in order to further facilitate the preservation of DMC as a health care resource for the communities they both serve, and within the purview of the JPA, and specifically, to provide for District's additional allocation and transfer of general ad valorem property tax revenues to County in

consideration of County's transfer of amounts to District for the purposes and otherwise as set forth herein;

WHEREAS, in order to accommodate this Agreement, District has held a properly noticed public hearing in accordance with Section 99.02 and determined, based upon that hearing, that: (1) revenues are available for this purpose; (2) the contemplated transfer will not result in any increase in the ratio between the amount of revenues of the transferring agency that are generated by regulatory licenses, use charges, user fees, or assessments and used to finance services provided by the transferring agency; (3) the contemplated transfer will not impair the ability of the transferring agency to provide existing services; and (4) the contemplated transfer will not result in a reduction of property tax revenues to school entities; and

WHEREAS, to further accommodate this Agreement, District has adopted a resolution authorizing this Agreement and requesting concurrence by the County in the foregoing findings pursuant to Section 99.02;

NOW, THEREFORE, in consideration of the foregoing premises and the following terms and conditions, the parties hereto agree as follows:

**1. DEFINITIONS.**

In addition to those words and phrases defined elsewhere in this Agreement, the following words and phrases in this Agreement shall have meanings set forth below:

A. "Ad valorem property taxes" shall mean the sum of the general ad valorem tax revenues allocated in regular installments to District, including such incremental increases or decreases as occur by reason of changes in the District's property tax base or changes in the District's allocations occurring by reason of law or subsequent reallocations of existing property tax revenues to the District.

B. "County Transfer" shall mean the transfer of the County's general funds to District as defined in, and in accordance with, Section 5 hereof.

C. "Intergovernmental Transfer" shall mean a transfer of District funds to the California Department of Health Care Services (the "Department") pursuant to California Welfare and Institutions Code Section 14164 for use as the non-federal share of enhanced Medi-Cal payments to DMC for inpatient hospital services rendered to Medi-Cal beneficiaries during the state fiscal year ending June 30, 20\_\_.

D. "Medi-Cal contract" shall mean the contract for the provision of inpatient hospital services to Medi-Cal beneficiaries entered into between DMC and the Department authorized pursuant to California Welfare and Institutions Code Section 14081 et seq..

**2. CONTINUING PROPERTY TAX ALLOCATION.**

A. This Agreement shall not affect in any way the obligations, rights, powers and duties of the parties under the Initial Agreement. However, from and after such time as there has been transferred to County pursuant to the Initial Agreement that amount of ad valorem property tax revenues as is provided for in Section 2 of the Initial Agreement, then the County

Auditor thereupon shall allocate and transfer to County pursuant to this Agreement the entirety of the general ad valorem property tax revenues that otherwise would be collected and allocated to District, and continuing from year to year thereafter, as authorized by section 99.02 of the Revenue and Taxation Code, until the sum of all such allocations to County pursuant to this Agreement equals eleven million five hundred thousand dollars (\$11,500,000) or such lesser amount as County may determine, in its sole discretion, is properly allocated to County pursuant to this Agreement should County fund less than the amount specified in Section 5 hereof.

B. The provisions of this Agreement and the allocations of District ad valorem property taxes to County shall continue in effect subject to fulfillment of the conditions subsequent set forth herein.

C. In consideration of County's support of District pursuant to this Agreement, District agrees that, notwithstanding Section 11 of the JPA or any other provision thereof, that District will not provide any notice of withdrawal from the JPA pursuant to Section 11 or any other provision thereof, or otherwise take any action to withdraw from or terminate the JPA, unless and until District has satisfied its obligations under subsection A of this Section 2, by causing the allocation and transfer of *ad valorem* property tax revenues of not less than eleven million five hundred thousand dollars (\$11,500,000) to County or such lesser amount as County may determine, in its sole discretion, is properly allocated to County pursuant to this Agreement should County fund less than the amount specified in Section 5 hereof.

D. In further consideration of County's support of District pursuant to this Agreement, District will establish a committee of the District Board with overall administrative and professional responsibility for DMC, that will serve as the Hospital "Governing Body" of the DMC as that term is used in Sec. 70035 of Title 22 of the California Code of Regulations (respecting licensure and regulation of acute care hospitals). The Hospital Governing Body shall be composed of \_\_\_\_ members appointed in accordance with the bylaws of the District and with the following composition:

1. \_\_\_\_\_, who shall be the current members of the District Board serving *ex officio*;
2. \_\_\_\_\_ members of the Doctors Medical Center medical staff; and
3. \_\_\_\_\_ representatives of Contra Costa County.

The Hospital Governing Body shall be in effect and have and exercise its full powers at least until such time as District has satisfied its obligations under subsection A of this Section 2, by causing the allocation and transfer of *ad valorem* property tax revenues of not less than eleven million five hundred thousand dollars (\$11,500,000) to County or such lesser amount as County may determine, in its sole discretion, is properly allocated to County pursuant to this Agreement should County fund less than the amount specified in Section 5 hereof.

**3. EFFECTIVE DATE.**

The Effective Date of this Agreement shall be \_\_\_\_\_, 2011

**4. CONDITIONS PRECEDENT.**

County's obligation to effect the County Transfer pursuant to Section 5 this Agreement shall be conditioned upon the occurrence of all the following matters to the satisfaction of County:

A. District shall in each fiscal year: (i) take all actions necessary, reasonable and/or prudent to ensure that the levy of general ad valorem property taxes, upon which the allocation described in Section 2.A of this Agreement depends, will be fully implemented on an annual basis; and (ii) not take any actions that would have the effect of impairing or reducing such levy or the above-described allocation of general ad valorem property tax revenues until all amounts due County hereunder have been allocated and transferred.

B. District demonstrates to County's satisfaction, in County's sole discretion, that District has complied with Section 99.02 of the Revenue and Taxation Code as required in order to permit District to enter into and perform the terms of this Agreement.

C. The transactions contemplated by this Agreement shall have been approved by such courts and/or governmental agencies that County determines, by notice to District, have jurisdiction over District's participation in this Agreement, all to County's reasonable satisfaction.

D. District demonstrates progress towards the establishment of the Hospital Governing Body as described in Section 2.D. to County's satisfaction, in County's sole discretion.

## **5. COUNTY'S FUNDING OBLIGATIONS**

A. County shall, from its general funds, transfer to District two million dollars (\$2,000,000), by April 15, 2011. Thereafter, County shall, from its general funds, transfer to District eight million dollars (\$8,000,000), or such lesser amount that County determines, in its sole discretion, to be appropriate, either in one lump sum or in such installments and at such time or times that County shall determine to be appropriate, during the state fiscal year ending June 30, 20\_\_\_. All such County funds so transferred to District shall be used for the purposes set forth below (the "County Transfer").

B. District shall use the proceeds of the County Transfer only for one or a combination of the following purposes:

1. District shall enter into an agreement with the Department to provide for an Intergovernmental Transfer in the amount of the County Transfer (or such portion thereof that County agrees in writing is appropriate), together with an amendment to District's Medi-Cal contract with Department as needed to provide for the Department's enhanced Medi-Cal payments to District for services the District renders to Medi-Cal beneficiaries. District shall use such enhanced Medi-Cal payments only to pay and satisfy debt service on funded indebtedness incurred in connection with the improvement or operations of DMC first coming

due after the Effective Date or the general expenses of operations of DMC realized after the Effective Date.

2. Alternatively or in combination with the above, District shall use the County Transfer (or such portion thereof that County agrees in writing is appropriate) to pay and satisfy debt service on funded indebtedness incurred in connection with the improvement or operations of DMC first coming due after the Effective Date or the general expenses of operations of DMC realized after the Effective Date.

**6. EXCLUSIONS.**

District and County recognize that District receives certain special taxes, i.e., parcel tax revenues generated from a voter approved parcel tax measure enacted in 2004 (Measure D) and that such special parcel tax revenues are not subject to this Agreement.

**7. JOINT REVIEW.**

District and County may jointly review County property tax records from time to time or as requested by District to verify accurate distribution under this Agreement.

**8. GOVERNING LAW AND ATTORNEYS' FEES.**

This Agreement shall be construed and enforced in accordance with the laws of the State of California. Should any legal action be brought by either party because of any default under this Agreement or to enforce any provision of this Agreement, or to obtain a declaration of rights hereunder, the prevailing party shall be entitled to reasonable attorneys' fees, court costs and such other costs as may be fixed by the court. The standard of review for determining whether a default has occurred under this Agreement shall be the standard generally applicable to contractual obligations in California.

**9. NOTICES.**

Any notice or other communication required or permitted hereunder shall be sufficient if in writing, and given either personally, by facsimile (with original forwarded by regular U.S. Mail) or by Federal Express or other similar courier promising overnight delivery. If personally delivered, a notice or communication shall be deemed to have been given and received when delivered to the party to whom it is addressed. If given by facsimile transmission, a notice or communication shall be deemed to have been given and received upon receipt of the entire document by the receiving party's facsimile machine, and verified by electronic transmission by the sending facsimile machine. Such notices or communications shall be given to the parties and each of their designees at their addresses set forth below:

If to District:

\_\_\_\_\_, Chair Board of Directors

and

\_\_\_\_\_, Chief Executive Officer

West Contra Costa Healthcare District  
C/O Doctor's Medical Center  
2000 Vale Road  
San Pablo, CA 94806  
Fax #: (510) 970-5728

If to County:

\_\_\_\_\_

Contra Costa County  
651 Pine Street 11th Floor  
Martinez CA 94553  
FAX#: 925-335-1098

and to:

\_\_\_\_\_, Chief Operating Officer/Chief Financial Officer

Department of Health Services  
50 Douglas Dr Suite 310-A  
Martinez, CA 94553  
FAX#: (925) 957-5401

Any party hereto may at any time, by giving ten (10) days written notice to the other parties, designate any other address or facsimile number in substitution of the address or facsimile number to which such notice or communication shall be given.

**10. SEVERABILITY.**

If any provision of this Agreement is held invalid, void, or unenforceable but the remainder of this Agreement can be enforced without failure of material consideration to any party, then this Agreement shall not be affected and it shall remain in full force and effect, unless amended by mutual consent of the parties. Notwithstanding this severability clause, Section 2, Property Tax Allocation, is material and substantial and the failure of said subsection is the failure of material consideration, causing the agreement to be void from the date that the subsection is held invalid.

**11. FURTHER ASSURANCES; CONDITION PRECEDENT.**

Each party shall execute and deliver to the other party or parties all such other further instruments and documents and take all such further actions as may be reasonably

necessary to carry out this Agreement and to provide and secure to the other party or parties the full and complete enjoyment of its rights and privileges hereunder.

**12. CONSTRUCTION.**

All parties have been represented by counsel in the preparation of this Agreement and no presumption or rule that ambiguity shall be construed against a drafting party shall apply to the interpretation or enforcement hereof. Captions on sections and subsections are provided for convenience only and shall not be deemed to limit, amend, or affect the meaning of the provision to which they pertain.

**13. OTHER MISCELLANEOUS TERMS.**

The singular includes the plural; the masculine gender includes the feminine. "Shall" is mandatory; "may" is permissive.

**14. TIME.**

Time is of the essence of each and every provision hereof.

**[signature page follows]**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

**County of Contra Costa**

By: \_\_\_\_\_,  
\_\_\_\_\_, Director  
Contra Costa County  
Department of Health Services

**West Contra Costa Healthcare District**

By: \_\_\_\_\_,  
\_\_\_\_\_,  
Chair, Board of Directors

DRAFT