WEST CONTRA COSTA SUCCESSOR RETIREMENT PENSION PLAN FINANCIAL STATEMENTS FOR 2014 AND 2015

Agenda Item 9

Audited Financial Statements
and Supplemental Information

West Contra Costa Healthcare District Successor Retirement Plan

June 30, 2015 and 2014

JWT & Associates, LLP
Advisory Assurance Tax

West Contra Costa Healthcare District
Successor Retirement Plan

Audited Financial Statements

June 30, 2015 and 2014

JWT & Associates, LLP
Advisory Assurance Tax
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Report of Independent Auditors

To the Pension Plan Committee and
Board of Directors of
West Contra Costa Healthcare District
San Pablo, California

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the West Contra Costa Healthcare District Successor Retirement Plan (the Plan), which comprise the net assets available for benefits as of June 30, 2015, the related statement of changes in net assets available for benefits for the years ended June 30, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform audits of the Plan's internal controls over financial reporting. Our audits included consideration of internal controls over financial reporting as a basis of designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal controls over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of June 30, 2015, and the changes in net assets available for plan benefits for the year then ended, in conformity with generally accepted accounting principles.

Other Matters

The accompanying financial statements have been prepared assuming the Plan will continue as a going concern. As discussed in Notes 1, 3 and 6 to the financial statements, the Plan's funded status has declined to 28% of the actuarial present value of future benefits at June 30, 2015, no contributions to the Plan have been made by the Plan's sponsor during the past eight years and there are no current plans by the Plan sponsor to make contributions for the foreseeable future. These conditions raise substantial doubt about the Plan's ability to continue as a going concern. The Plan sponsor's plans regarding these matters are also described in Note 6. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The required supplemental information as of or for the years ended June 30, 2015 and 2014, are presented for purposes of complying with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are not a required part of the basic financial statements. This required supplemental information has been subjected to the auditing procedures applied in our audit of the June 30, 2015 and 2014 financial statements and, in our opinion, is fairly stated in all material respects in relation to the June 30, 2015 and 2014 financial statements taken as a whole.

The financial statements of the Plan as of June 30, 2014, were audited by TCA Partners, LLP, who merged into JWT & Associates, LLP as of February 1, 2015. TCA Partners, LLP's report dated December 19, 2014, expressed an unmodified opinion on those statements.

JWT & Associates, LLP

September 26, 2016

West Contra Costa Healthcare District
Successor Retirement Plan

Statements of Net Assets Available for Plan Benefits

June 30, 2015 and 2014

	2015	2014
Assets		
Investments at fair value	$ 4,248,802	$ 5,065,521
Total assets	4,248,802	5,065,521
Liabilities		
Other liabilities	74,469	75,209
Total liabilities	74,469	75,209
Net assets available for plan benefits	$ 4,174,333	$ 4,990,312

See accompanying notes to the financial statements

West Contra Costa Healthcare District
Successor Retirement Plan

Statements of Changes in Net Assets Available for Plan Benefits

Year ended June 30, 2015 and 2014

	2015	2014
Additions		
Net realized and unrealized gains on investments	$ 129,078	$ 865,158
Interest, dividend and other income from investments	17	20
Employer contributions	-0-	-0-
Total additions	129,095	865,178
Deductions		
Benefits distributed to participants	898,878	896,634
Administrative and investment expenses	46,196	51,662
Total deductions	945,074	948,296
Decrease in net assets available for plan benefits	(815,979)	(83,118)
Net assets, beginning of year	4,990,312	5,073,430
Net assets, end of year	$ 4,174,333	$ 4,990,312

See accompanying notes to the financial statements

NOTE 1 - DESCRIPTION OF THE PLAN

The following brief description of the West Contra Costa Healthcare District Successor Retirement Plan (the Plan) is provided for general information only. Participants should refer to the Plan agreement for more complete information.

General

The Plan is a governmental plan as defined in section 414(d) of the Internal Revenue Code (IRC). The Plan was established on March 9, 2000 by the Plan Sponsor, West Contra Costa Healthcare District (the District), as a successor plan to the West Contra Costa Healthcare District Employees' Retirement Plan, which was terminated on that date. The Plan is intended to qualify as a defined benefit plan under section 401(a) of the IRC and is to be interpreted in a manner consistent with those requirements. The participants of the predecessor plan were given the option to receive immediate lump sum distributions of the present value of their benefits, to roll the benefits into an Individual Retirement Plan (IRA) or other plan, or to participate in a successor plan. During the year ended June 30, 2001, when the requested distributions were completed by the predecessor plan, the successor trust, which holds the assets of the successor plan, was funded. Periodic payments for that year were made by the predecessor plan. The amount of the funding was approximately 110% of the present value of the predecessor plan's liabilities. As of July 1, 2001, the successor plan assumed the predecessor plan's liabilities for the pension benefits of those participants who chose to take part in the successor plan and who made periodic payments.

Pension Benefits and Vesting

The Plan is to provide benefits on the same terms and in the same amounts as the predecessor plan.

The predecessor plan was frozen effective January 1, 1994. No participants accrued benefits on or after that date and each participant's benefit became fully vested and non-forfeitable on that date.

Employees with 5 or more years of service, or any employees of Brookside Hospital as of January 1, 1994, are entitled to annual pension benefits beginning at normal retirement, age 65, or as early as age 60, with full pension benefit. Plan members are entitled to a reduced benefit, if elected, at any time after age 50. Benefits are based on years of credited service and average earnings in the last three years of employment through the date that the predecessor plan was frozen and are offset by a portion of the vested employee's social security benefit.

Effective April l, 1998, upon attaining his or her normal retirement date (age 65); whether or not he or she actually retires on that date, a participant shall be entitled to receive a monthly Single-Life Annuity.

NOTE 1 - DESCRIPTION OF THE PLAN (continued)

Contributions

The predecessor plan was frozen effective January 1, 1994 and, therefore, there would be no future employer contributions to the Plan, unless required to fund benefits that have already been accrued. The amount of employer contributions would be determined based on actuarial valuations and recommendations as to the amounts required to fund benefits. During the years ended June 30, 2015 and 2014, the plan sponsor made no contributions to the plan.

In the actuarial report dated May 10, 2001, it was recommended by the actuarial consultants that if, as of any future valuation date, Plan assets drop below the then actuarial present value of future benefits, that such difference be funded, with assumed interest, in level additional contributions to the Plan by the District over a period not longer than five years, depending in part on the Plan's projected liquidity needs. It was also recommended that actuarial valuations be performed approximately every twelve months.

As of the valuation dates of June 30, 2015 and 2014, Plan assets are less than the actuarial present value of future benefits by the amount of $10,475,163 and $9,207,027, respectively. This amount is amortized over five years using the 2015 assumptions. Based upon this method, the actuarial consultants recommend that a contribution of at least $2,095,033 be made to the Plan for the 2015 plan year. No actual contributions were made for the prior plan year under this policy.

The funded status of the plan declined during the plan year ended June 30, 2015 from 35% funded to 28% funded and during the plan year ended June 30, 2014 from 45% funded to 35% funded. The long-term stability of the plan remains in question without future cash contributions. Annual benefit payments are projected to continue to exceed annual expected investment returns. This will continue to put pressure on the viability of the plan to close the underfunding purely through investments.

Death Benefits

The Plan provides a death benefit to all participants. For participants who are fully vested and married at the time of death, their spouse will receive an annuity of 50% of the benefit the participant had accrued through the date of death, commencing when the participant would have reached age 50. If a participant is not married or does not have five years of vesting credit, the participant's named beneficiary shall receive a lump-sum death benefit of $500 plus one month's salary for each year of service up to six months.

Description of Vesting

Effective January 1, 1994, the Plan was frozen and forfeitures were applied to reduce employer contributions up to that date. Each participant's benefit became fully vested and non-forfeitable upon the plan freeze.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Plan Administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. All of the Portfolio Investments of the Collective Investment Trust are valued based on quoted market prices on the last business day of the Plan year. Net appreciation or depreciation in fair value of investments includes net unrealized and realized appreciation or depreciation for the year.

Security transactions are accounted for on the trade date, and the dividend income is recorded on the ex-dividend date. Interest income is recorded on an accrual basis. Costs used in determining gains (losses) on investment transactions are on the average cost basis.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments which are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employees' highest annual compensation during the employees last three years of credited service. Benefits payable under all circumstances are included, to the extent they are deemed attributable to employee service rendered, through the valuation date. The actuarial valuations are done using the beginning-of-the-year method. There have been no significant changes in the Plan's provisions or coverage between July 1, 2014 and July 1, 2013, as described in Note 3. In the event of the termination of the Plan, the benefit obligation would be revalued as of the date of the termination and under different assumptions than those used to determine the actuarial present value of accumulated Plan benefits.

NOTE 3 – ACCUMULATED PLAN BENEFITS

The actuarial present value of accumulated plan benefits is determined by the Plan's consulting actuary, Towers Watson. This amount results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. For the periods ended June 30, 2015 and 2014, the actuarial methods and assumptions used were consistent with the prior year.

The more significant assumptions underlying the actuarial computations for the Plan year are as follows:

- Rate of investment return - 4.00
- Retirement Age - Normal retirement is age 65, full pension benefits are available at age 60, early retirement is available at reduced benefits (ages 50 to 59)
- Life expectancy of participants - The RP-2014 with generational projection using Scale MP-2015 from the 2014 IRS table

These actuarial assumptions are based on the presumption that the Plan will continue. If the Plan terminates, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits. The assumptions used consider the effect of the Plan's frozen status (as discussed in Note 1).

The actuarial present value of accumulated plan benefits as of June 30, 2015 and 2014 is as follows:

	2015	2014
Vested benefits:		
Participants currently receiving payments	$ 4,532,035	$ 4,392,154
Other participants	10,117,461	9,805,185
Total vested benefits	14,649,496	14,197,339
Non-vested benefits	-0-	-0-
Total actuarial present value of accumulated plan benefits	$ 14,649,496	$ 14,197,339

NOTE 3 – ACCUMULATED PLAN BENEFITS (continued)

Changes in the actuarial present value of accumulated plan benefits for the years ended June 30, 2015 and 2014 were as follows:

	2015	2014
Actuarial present value of accumulated plan benefits at beginning of plan year	$ 14,197,339	$ 11,261,212
Changes during the year attributable to:		
Benefits accumulated and actuarial experience during the year	910,954	(22,407)
Decrease in discount period	654,280	702,838
Benefits paid	(846,033)	(896,634)
Change in assumptions	(267,044)	3,152,330
Net increase (decrease)	452,157	2,936,127
Actuarial present value of accumulated plan benefits at end of plan year	$ 14,649,496	$ 14,197,339

NOTE 4 - INVESTMENTS

Wilmington Trust Company (Wilmington), corporate trustee of the Plan, holds the Plan's assets and executes transactions therein. Security transactions are made by the investment manager based on parameters established by the pension subcommittee of the Board of Directors of the District.

The Plan assets are invested in products sold by Wilmington. Net realized and unrealized gain on investment value for the years ended June 30, 2015 and 2014 was $129,078 and $865,158, respectively. Investments at Wilmington consist of the following at June 30, 2015 and 2014, stated at fair value:

	2015	2014
Common Collective Trusts	$ 4,248,802	$ 5,065,521

NOTE 4 – INVESTMENTS (continued)

Individual investments that represent 5 percent or more of the Plan's net assets at June 30, 2015 and 2014 are as follows:

		2015		2014
Intermediate Fixed Income Portfolio	$	1,053,948	$	1,242,294
International Value Portfolio	$	778,110	$	920,543
Large Co Domestic Growth Portfolio	$	711,604	$	871,635
Large Co Value Portfolio	$	898,359	$	1,073,531
Mid-Cap Fundamental Value Portfolio	$	210,033	$	255,791

Due to the nature of the investment management services provided by Wilmington, they qualify as a party-in-interest of the Plan. Fees paid by the Plan to Wilmington for such services for the years ended June 30, 2015 and 2014 amounted to $46,196 and $51,662, respectively.

NOTE 5 – TAX STATUS

The predecessor plan obtained its latest determination letter on February 24, 2000, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (IRC). Since the Successor Plan has replaced the predecessor plan, a new determination letter has not been obtained. However, since the plans are identical, the Plan's pension committee understands that the Plan, as currently designed and operated, is in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2012.

NOTE 6 – RISKS AND UNCERTANTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of net assets available for benefits.

In December 2015, an actuarial valuation was prepared for the purpose of determining contributions for the plan year beginning July 1, 2015. As of that date, plan assets are less than the actuarial present value of future benefits in the amount of $10,475,163. In accordance with the Plan sponsor's policy the total unfunded liability would be amortized over the next five years. The actuarial recommendation is for the sponsor to contribute $2,095,033 during the plan year ended June 30, 2015. The Plan sponsor currently has no plans to make the required contribution.

NOTE 6 – RISKS AND UNCERTANTIES (continued)

The funded status of the plan declined during the plan year ended June 30, 2015 from 35% funded to 28% funded and during the plan year ended June 30, 2014 from 45% funded to 35% funded. The long-term stability of the plan remains in question without future cash contributions. Annual benefit payments are projected to continue to exceed annual expected investment returns. This will continue to put pressure on the viability of the plan to close the underfunding purely through investments.

The District, the Plan's sponsor, has liabilities that exceed assets by approximately $27,468,000 at December 31, 2014 (audited), reported a net loss of approximately $19,420,000 for the year ended December 31, 2014 (audited), and experienced severe cash flow shortages. Based on recent financial analysis by the District's management, they anticipated significant difficulties in continuing to meet on-going financial obligations related to their hospital operations and in April 2015 closed the hospital and ceased operations. The District is now in the process of selling assets, settling liabilities and wrapping up all other administrative issues.. In addition, the District has not funded the actuarial determined required minimum contribution of $1,841,405 for the Plan year ended June 30, 2014. The accompanying financial statements do not give effect to possible adjustments as a result of the District's ability to continue as a going concern.

Whether all participants receive their benefits will depend on the sufficiency, at the time, of the Plan's net assets to provide those benefits, the priority of those benefits to be paid, and the level and type of benefits guaranteed by the California Public Employment Retirement System (PERS) at that time. Some benefits may be fully or partially provided for by the then-existing assets and the PERS guaranty, while other benefits may not be provided at all.

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

NOTE 8 - FAIR VALUE MEASUREMENTS

FASB ASC Topic 820, *Fair Value Measurements and Disclosures* (ASC 820) provides a framework for measuring fair value under U.S. generally accepted accounting principles. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The following provides a general description of the three levels of inputs that may be used to measure fair value under ASC 820:

> Level 1 - Inputs to the valuation methodology are based on quoted prices available in active markets for identical assets or liabilities on the reporting date.
>
> Level 2 - Inputs to the valuation methodology are other than quoted market prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
>
> Level 3 - Inputs to the valuation methodology include significant inputs that are generally unobservable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value including assumptions regarding risk. Level 3 instruments include those that may be more structured or otherwise tailored to the Plan's needs.

As required by ASC 820, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The Plan's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

Following is a description of the valuation methodologies used for assets measured at fair value.

> Common Collective Trusts are valued at the market value of shares held by the Plan at year-end.

NOTE 8 - FAIR VALUE MEASUREMENTS (continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation method are appropriate and consistent with other market participants, the use of different methodologies for assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets measured at fair value as of June 30, 2015:

	Level 1	Level 2	Level 3	Total
Common Collective Trusts				
Large-cap stock	$ 1,609,963	$ -0-	$ -0-	$ 1,609,963
Small, mid-cap stock	317,561	-0-	-0-	317,561
International stock	886,801	-0-	-0-	886,801
Multi asset, other	169,530	-0-	-0-	169,530
Short-term, stable, money market	1,264,947	-0-	-0-	1,264,947
Total assets at fair value	$ 4,248,802	$ -0-	$ -0-	$ 4,248,802

Assets measured at fair value as of June 30, 2014:

	Level 1	Level 2	Level 3	Total
Common Collective Trusts				
Large-cap stock	$ 1,945,166	$ -0-	$ -0-	$ 1,945,166
Small, mid-cap stock	378,438	-0-	-0-	378,438
International stock	1,047,186	-0-	-0-	1,047,186
Multi asset, other	205,341	-0-	-0-	205,341
Short-term, stable, money market	1,489,390	-0-	-0-	1,489,390
Total assets at fair value	$ 5,065,521	$ -0-	$ -0-	$ 5,065,521

Required Supplemental Information

West Contra Costa Healthcare District
Successor Retirement Plan

Required Supplemental Information

June 30, 2015 and 2014

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Underfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
June 30, 2015	$ 4,174,333	$ 14,649,496	$ 10,475,163	28%	N/A	N/A
June 30, 2014	$ 4,990,312	$ 14,197,339	$ 9,207,027	35%	N/A	N/A
June 30, 2012	$ 5,073,430	$ 11,261,212	$ 6,187,782	45%	N/A	N/A
June 30, 2011	$ 5,288,289	$ 10,474,752	$ 5,186,463	50%	N/A	N/A
June 30, 2010	$ 6,344,505	$ 10,536,816	$ 4,192,311	60%	N/A	N/A

Schedule of Contributions to Plan

Year ended	Annual Required Contribution (ARC)	Percentage of ARC Contributed
December 31, 2015	$ 2,016,149	0%
December 31, 2014	$ 1,422,125	0%
December 31, 2013	$ 1,235,577	0%
December 31, 2012	$ 998,739	0%
December 31, 2011	$ 1,110,738	0%

Effective January 1, 1994, the Plan was frozen. Forfeitures were applied to reduce employer contributions up to January 1, 1994 when each participant's benefit became fully vested and non-forfeitable upon the plan freeze.

West Contra Costa Healthcare District
Successor Retirement Plan

Required Supplemental Information

June 30, 2015 and 2014

The information presented in the required supplemental schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2015	June 30, 2014
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Asset valuation method	Market value of assets	Market value of assets
Actuarial assumptions:		
Investment rate of return	Projected Unit Credit	4.75%
Compensation increase rate	Market value of assets	N/A
Inflation adjustment		2.00%
	4.75%	
	N/A	
	2.00%	

APPROVAL OF RESOLUTION DECLARING FISCAL EMERGENCY AND AUTHORIZING FILING OF CHAPTER 9 PROCEEDING

Agenda Item 11

RESOLUTION OF THE WEST CONTRA COSTA HEALTHCARE DISTRICT DECLARING FISCAL EMERGENCY AND AUTHORIZING CHAPTER 9 PROCEEDINGS

The Board of Directors of the West Contra Costa Healthcare District (the "District"), a political Subdivision of the State of California, hereby adopts the following resolution this October __, 2016.

WHEREAS, the District is unable to pay its debts as they become due without restructuring its finances, and the District is or will be unable to pay its obligations within the next 60 days; and

WHEREAS, the financial state of the District jeopardizes the long-term health, safety, and well-being of the citizens of the District absent the protections of Chapter 9 of Title 11 of the United States Code, 11 U.S.C. § 901 *et seq*. ("Chapter 9"); and

WHEREAS, the District desires to effect a Plan of Adjustment to adjust its debts so that the District can repay its obligations to creditors and resume operations aimed at enhancing the health, safety, and welfare of the citizens of the District; and

WHEREAS, the District's financial obligations are complex following the closure of Doctors Medical Center and its creditors are numerous and diverse such that it is not feasible or practicable for the District to negotiate with all of its creditors individually; and

WHEREAS, the District is commencing a Chapter 9 case in good faith to resolve its obligations to creditors and its citizens; and

WHEREAS, the District believes that the State of California Employment Development Department, and potentially other creditors, may attempt to obtain a preferential transfer if the District does not commence Chapter 9 proceedings; and

WHEREAS, circumstances have arisen that require the District to commence a Chapter 9 case in order to obtain a stay of creditor enforcement actions to permit the District to continue to conduct the orderly wind-up of the operations of Doctors Medical Center and to propose a plan for the adjustment of the District's debts that will allow the District to repay its creditors and resume operations for the benefit of the health, safety, and welfare of its citizens; and

WHEREAS, the Board finds it is in the best interests of the residents of the District, the District's creditors, and the employees and former employees of the District, to seek the aid of Chapter 9 in pursuing a Plan of Adjustment; and

WHEREAS, the District is a municipality and local public entity that is authorized under California law to file a Chapter 9 case.

THEREFORE, BE IT RESOLVED, that the District hereby declares a Fiscal Emergency in accordance with CAL. GOV. CODE § 53760.5; and

BE IT FURTHER RESOLVED, that the District file a petition under Chapter 9 of Title 11 of the United States Code; and

BE IT FURTHER RESOLVED, that the Chief Executive Officer of the District and all other officers of the District, be, and hereby are, authorized to prepare the necessary petition and execute all necessary documents on behalf of the District and to retain the firm of Dentons US LLP to represent the District as its reorganization counsel and to engage such consultants that are reasonably needed to assist with the financial and operational issues associated with the fiscal crisis and Chapter 9 proceeding; and

BE IT FURTHER RESOLVED, that the Chief Executive Officer of the District and all other officers of the District be, and hereby are, authorized to initiate a Chapter 9 case on behalf of the District and to proceed with the Chapter 9 case in accordance with the United States Bankruptcy Code.

PASSED AND ADOPTED on this ___ day of October, 2016 by the following vote:

Ayes: _____

Noes: _____

Absent: _____

Chair of the Board of Directors

Secretary of the Board of Directors

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CONSIDERATION OF BOARD POSITION REGARDING LAFCO SPECIAL STUDY OF GOVERNANCE OPTIONS FOR WEST CONTRA COSTA HEALTHCARE DISTRICT

Agenda Item 14

John Gioia (say "Joy-a")
District One
Board of Supervisors

Contra Costa
County

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El Cerrito, CA 94530
Phone: (510) 231-8686
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September 14, 2016

LAFCO
651 Pine St., 6th Floor
Martinez, CA 94553

Re: West Contra Costa Healthcare District Special Study on Governance Options

Dear LAFCO Commissioners and Staff:

As the County Supervisor representing the area which covers most of the West Contra Costa Healthcare District (cities of Richmond, San Pablo, El Cerrito, Pinole and adjacent unincorporated communities), I want to provide some comments on behalf of West County residents regarding LAFCO's Special Study.

The draft study is very thorough in setting forth the healthcare issues and needs in West County and the available governance options. The study clearly identified one of the major health care gaps in West County – the shortage of emergency rooms beds. Contra Costa County Health Services has also issued reports concluding that there is a critical shortage of emergency room beds in West County.

The LAFCO study accurately concludes that while there are 160 emergency medical treatment stations in Central County (for a population of 513,000) and 69 in East County (for a population of 303,900), there are only 27 in West County (for a population of 254,800). This disparity is striking.

Shortly after the closure of Doctors Hospital, the County, Kaiser, and John Muir Medical helped support the establishment of a vital Urgent Care facility across the street from the now closed Doctors Hospital. This facility, operated by LifeLong Medical (a non-profit community health clinic) serves an important need.

It is vital that existing tax revenues which are earmarked solely for local healthcare in West County be maintained to support the existing healthcare gaps that exist in West County. The West Contra Costa Healthcare District currently receives a portion of the 1% ad valorem property tax (totaling about $3 million per year) and a $52 per year voter approved parcel tax (totaling about $6 million per year).

West County residents are served by a governance option which preserves this important funding (both the ad valorem property tax revenue and parcel tax revenue). Once the District's debt is paid off, this existing funding can be used to support a range of healthcare services – primary care, urgent care or emergency care. Healthcare districts are authorized under state law to do

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more than operate hospitals – they are permitted to provide a broad range of healthcare services, including urgent care.

One of the possible governance options to help meet West County's healthcare funding needs and which deserves further analysis and study is the option to create a new County Service Area for the express purpose of healthcare services in West County (page 31 of the study).

Thank you for the opportunity to provide input in this draft study.

Very Truly Yours,

John Gioia

John Gioia, District One

September 23, 2016

Contra Costa Local Agency Formation Commission (LAFCO)
651 Pine Street, Sixth Floor
Martinez, CA 94553

Re: Public Comment on Public Review Draft Report Special Study of Governance Options West Contra Costa Healthcare District

Dear Commissioners:

We appreciate the time and resources contributed to the development of the *Special Study of Governance Options West Contra Costa Healthcare District* by the Contra Costa Local Agency Formation Commission (LAFCO). This study will be helpful to identify the most appropriate actions for the future of the West Contra Costa Healthcare District, as well as the accompanying funding sources to address the health disparities of West County and, in particular, Richmond residents.

As the largest taxpaying contributors into the healthcare district, the need and desire for services close to Richmond is clear. Richmond residents and the Richmond City Council were actively in support of keeping Doctors Medical Center (DMC) open, collaborating with multiple entities in a time of crisis to identify options to maintain the hospital's services. Unfortunately, DMC closed, and many of the concerns expressed by the community and healthcare professionals are being manifested. There are now significant negative impacts stemming from Richmond residents' and the greater West County region's inability to access healthcare services – primary care, urgent care, and emergency services. This special study confirms this challenge by providing important data that describes the existing conditions of healthcare services.

The City of Richmond is reaffirming its commitment to the on-going pursuit of developing health equity for all our residents. We hope that the comments below will prove useful, and we look forward to continuing to work with you as the draft report is finalized and governance options are implemented.

- We are supportive of governance options that will continue funding for healthcare services within the district.
- If a governance structure to preserve funding, such as the creation of a new County Service Area (CSA) district, is selected as the optimal option, then LAFCO should develop a general principles document that outlines funding parameters and commitments. Preferably, this document would be developed in conjunction with district cities and Contra Costa County to ensure accountability to taxpayers.
- The funding currently received by the healthcare district to provide direct healthcare services will not be available until all debts and obligations are paid, which may take over a decade. However, this timeline does not preclude LAFCO and Contra Costa County from working together to address the systematic barriers to healthcare delivery in West

County. LAFCO cannot wait until the funding is available to improve West County's healthcare services. A plan with accountability metrics needs to be developed outlining what healthcare delivery improvements can be accomplished in the waiting decade. This plan will demonstrate good faith to our communities and indicate that we are ready to receive additional funding. Demonstrating improvements and capacity can leverage public support for the CSA option.

- In any potential governance option, it is important to include adequate representation and the voice of the Richmond community.

We are committed to support governance options to improve the healthcare delivery for West County residents and look forward to continuing our collaborations to develop a healthier and more equitable Richmond.

Sincerely,

William A. Lindsay
City Manager

cc: LouAnn Texeira, Executive Officer, LAFCO (via email)
Kate Sibley, Executive Assistant, LAFCO (via email)

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9/14/2016

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Dear LAFCO Commissioners and Staff

Contra Costa Health Services strongly supports preserving options for the funding of health care services for the residents of West County. This critical funding should promote and optimize access to all levels including primary care, urgent and emergent care. Contra Costa Health Services agrees with the report's important findings that:

"Residents of West Contra Costa are faced with numerous challenges in achieving levels of heath care that are more common in other parts of the County. The closure of Doctor's Medical Center (DMC) eliminated an important community resource."

The hospital closure not only eliminated 154 hospital medical surgical beds, 25 emergency department beds and 35 ICU beds it also impacted the community by reducing the availability of outpatient and urgent care medical and surgical services associated with the treatment of cancer, renal disease, diabetes and heart disease..

In light of the significant disparities[1] in emergency department beds that exist between East, Central and West County; we encourage LAFCO to consider a recommendation that will provide access to all levels of health care for West County residents and preserve existing healthcare funding to maintain and expand vital healthcare services in West County.

Respectfully,

William Walker

[1] Impact Evaluation Report; June 13, 2014. http//cchealth.org/dmc