



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

**Thursday, March 17, 2016
4:30 PM
San Pablo City Council
Chambers
13831 San Pablo Avenue
San Pablo, CA**



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

BOARD OF DIRECTORS SPECIAL MEETING

**WCCHD DOCTORS MEDICAL CENTER
BOARD OF DIRECTORS SPECIAL
MEETING**

**March 17, 2016 - 4:30 P.M. PST
San Pablo City Council Chambers
13831 San Pablo Ave.
San Pablo, CA 94806**

Board of Directors

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

**Nancy Casazza to call in from:
Larkspur Landing, rm 222
121 Iron Point Road
Folsom, CA 95630**

**Deborah Campbell to call in from:
157 Bluebird Court
Hercules, CA 84547**

AGENDA

1. **CALL TO ORDER** E. Zell, Chair
2. **ROLL CALL**
3. **PUBLIC COMMENTS** E. Zell, Chair
*[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 District Board]*
4. **APPROVAL OF MINUTES OF January 11, 2016**
5. **OPERATIONS UPDATE** B. Ellerston, Interim CNO
 - a. Discussion
 - b. Presentation
 - c. Public Comment
 - d. *ACTION: For Information only*
6. **PHASE II VENDOR EQUIPMENT DISPOSITION RFP(Office Supplies, IT Equipment,
Generator, Generator Switch, Kitchen Supplies)** B. Ellerston, Interim CNO
 - a. Discussion
 - b. Presentation
 - c. Public Comment
 - d. *ACTION: Approval of Phase II Vendor Equipment Disposition RFP*

7. **RESOLUTION TO APPROVE SIGNATURES TO BANK ACCOUNTS** V. Scharr
- a. Discussion
 - b. Presentation
 - c. Public Comment
 - d. *ACTION: Approval of Resolution to Approve Signatures to Bank Accounts*
8. **FINANCIAL UPDATE** V. Scharr/H. Emahiser
- a. Discussion
 - b. Presentation
 - c. Public Comment
 - d. *ACTION: For Information only*
9. **REQUEST TO RESTRUCTURE TAX EXCHANGE AGREEMENT** V. Scharr/H. Emahiser
- a. Discussion
 - b. Presentation
 - c. Public Comment
 - d. *ACTION: Approval of Request to Restructure Tax Exchange Agreement*
10. **ADJOURN TO CLOSED SESSION** E. Shaffer, Attorney
- a. Conference with Real Property Negotiators (Gov. Code Section 54956.8) Regarding Pending Hospital Property Sale
Agency Negotiators: K. White, E. Shaffer; Buyer: Royal Guest Hotels
 - b. Potential Litigation (Gov. Code Section 54956.9)(d)(4), One Potential Case
11. **ANNOUNCEMENT OF REPORTABLE ACTION(S) TAKEN IN CLOSED SESSION, IF ANY**
12. **ADJOURNMENT OF MEETING** E. Zell, Chair

In compliance with the Americans with Disabilities Act, if you require special accommodations to participate in a District meeting, please contact the District Clerk at 510-970-5250 at least 48 hours prior to the meeting.



MINUTES
JANUARY 11, 2016

TAB 1
(Agenda Item 4)



West Contra Costa Healthcare District

BOARD OF DIRECTORS

WCCHD DOCTORS MEDICAL CENTER

BOARD OF DIRECTORS

January 11, 2016 – 4:30 P.M.

San Pablo City Council Chambers

13831 San Pablo Ave.

San Pablo, CA 94806

Board of Directors

Eric Zell, Chair

Deborah Campbell, Vice Chair

Irma Anderson

Nancy Casazza

Beverly Wallace

MINUTES

1. CALL TO ORDER

The meeting was called to order at 4:35 P.M.

2. ROLL CALL

Quorum was established and roll was called:

Present:

Eric Zell, Chair

Irma Anderson

Beverly Wallace

Nancy Casazza

Not Present:

Deborah Campbell

3. PUBLIC COMMENTS

There were no public comments.

4. APPROVAL OF MINUTES OF July 29, 2015

The motion made by Director Anderson and seconded by Director Wallace to approve the July 29, 2015 minutes passed unanimously with Director Campbell being absent.

5. ADJOURN TO CLOSED SESSION

The meeting adjourned to Closed Session at 4:45.

6. ANNOUNCEMENT OF REPORTABLE ACTION(S) TAKEN IN CLOSED SESSION, IF ANY

There were no reportable actions from closed session.

7. COMMUNITY EMS UPDATE

Pat Frost, Director of the Contra Costa Health Services EMS provided a community update. Data was provided which showed an increase from 8% to 28% of ambulance traffic being sent out of the county since the closure of the hospital on 4/21/15. Ambulance volume has not increased and transfer of care times are between 23-44 minutes. Kaiser Richmond ED volume has significantly increased to 160 – 200 patients per day. They have added 10 additional ED beds.

Kaiser Richmond is now the primary Stroke Receiving Center for West County. Other facilities are seeing STEMI patients and intervention times continue to be well within the mandated national standards. Monthly conference calls are ongoing as we continue to establish our new processes.

PUBLIC COMMENTS

There were no public comments.

This report was informational only.

8. OPERATIONS AND FINANCIAL UPDATE

Kathy White provided an operations and financial update. This included a personnel update, which reflects DMC has 9 employees working 3 days/week. The employees represent IT, finance, security, plant ops, housekeeping, and administration. The building is closed on Mondays and Fridays. We continue to focus on operations including disposition of hospital equipment /furniture, and record retention. We have also transitioned our payroll functions to a contracted service bookkeeping company. We have transitioned our AR to Paff & Associates and are in the process of transitioning financial information to a new system. Our hospital website and email system have been transitioned to the District and we have transitioned our mail from delivery to a PO Box. We have continued to maintain and secure the building and have provided tours and information on sale inquiries. Our administrative functions continue to include vendor management, managing workers comp claims and litigation, health and other insurance transitions, employee verifications, retiree change requests, completing federal and state required reports, confirming physician credentialing requests, responding to public information requests, and researching questions. To note is that \$600K savings was accomplished in the success of negotiating with our vendors. We continue to negotiate in the hopes of improving our ability to operate during the sale.

Our goals for the upcoming 6 months include oversight of two phases of the equipment sale, completing the transition of financials to a contracted service, consolidating bank accounts, managing our vendors, successfully selling the property and transitioning to a new District Team.

The financial update was provided and the numbers were based on the assumed sale of the equipment in January 2016 and the sale of the facility by June 2016. Cash receipts have dropped from 26,406,402 in the 1st quarter 2015 to 1,915,796 in the 4th quarter 2015 with a projection of 13,615,000 by 2nd quarter 2016 with the successful sale of the building. There will be a trough between mid-February and March until the sale of the building for which the District is exploring options for short term loan to bridge the gap without the need to declare bankruptcy. The sale of the equipment is necessary in this cash forecast. Total personnel costs went from 16,562,668 during 1st quarter 2015 to 1,111,869 in the 4th quarter 2015 with a projection of 631,774 by 2nd quarter 2016. Total facilities costs were 6,592,442 in the 1st quarter 2015 and 361,277 in the 2nd quarter 2016 with a projection of 291,376 by the 2nd quarter 2016. With other costs and total cash payments included, ending cash balance for 2nd quarter 2016 is estimated at 10,554,476. Even with

the reduction in the expenses, the liabilities and operation monthly expenses until sale of the building are between \$500-700,000.

PUBLIC COMMENTS

There were no public comments.

This report was informational only.

9. VENDOR EQUIPMENT DISPOSITION

Bobbie Ellerston presented the process for our vendor equipment disposition. A timeline was included. On 9/2/15 the RFP was reviewed and included criteria and the process. On 10/5/15 an advertisement was placed in the Contra Costa Times and the San Francisco Chronicle. On 10/8/15 the RFP was sent to previous vendors and posted on our website. Inventory lists were shared on 10/20/15 and tours were given 10-20 through 10-22-15 with a 10-29-15 deadline for vendor proposals. Auctioneers were contacted later than the vendors so they were given a deadline of 11/5/15. Proposals were reviewed using criteria of the highest cash proceeds, lowest cost, prompt liquidation, and previous experience. The sale process was also outlined. Sale prep will be coordinated between vendor staff and DMC staff. Vendor staff will sign in with security and will be escorted to the various departments. Equipment will be consolidated to specific areas for escorted inspections. After full review of all proposals, Doctors Medical Center recommends Centurion.

PUBLIC COMMENTS

Public comments were made by:

L. Ramondetta

E. Tivin

The motion made by Director Anderson and seconded by Director Wallace to approve the Vendor Equipment Disposition Agreement with Centurion passed unanimously with Director Campbell being absent.

10. CONSIDERATION OF RESOLUTION APPROVING PURCHASE SALE AGREEMENT WITH ROYAL GUEST HOTELS

Ed Shaffer provided information regarding the proposals for the sale of the property. There were a total of 8 offers originally submitted, however, some were withdrawn. After reviewing the remaining offers, Doctors Medical Center recommends Royal Guest Hotels for a purchase price of \$13.5 M.

PUBLIC COMMENTS

Public comments were made by:

R. Kinney

The resolution for purchase sale agreement with Royal Guest Hotels passed with the following vote:

Ayes– Chair Zell, Director Wallace, Director Casazza, Director Anderson

Nays – 0

Abstain – 0

Absent – Director Campbell

THE MEETING WAS ADJORNED AT 6:10 P.M.



OPERATIONS UPDATE

TAB 2
(Agenda Item 5)



**Operations Update
District Board Special Meeting
March 17, 2016**



PERSONNEL UPDATE

- 9 DMC employees continue on payroll, a core of 7 working 3 days/week, closed Mondays and Fridays
- Representing: Information Technology, Finance, Security, Plant Ops, Housekeeping, Administration

FOCUS OF OPERATIONS

- Phase I of the sale of medical equipment, supplies and office furniture complete
 - Sale went well without incidence
 - Building is “broom swept clean” condition
- Record Retention Plan: Medical Records/HR/Employee Health/Credentialing/Quality Files
 - Transition to Xerox complete as of February 24, 2016
 - Validation of information for transfer to be completed March 18, 2016

FOCUS OF OPERATIONS (cont)

- Continue to complete year end Financial/Audit reports
- Maintenance up to date
- Inventory complete for Phase II of the sale of
 - Generator/Kitchen equipment/IT equipment
 - Once RFP approved will move forward with advertising and tours

JANUARY 2016 – June 2016

- Phase II equipment disposition to include IT, remaining office furniture, Generator and switches, kitchen supplies
- Consolidate Bank Accounts
- Vendor management continued
- Successful sale of property
- Transition to new District Team
 - Identify roles and responsibilities and personnel required (employee and contracted services)
 - Maintain communication hub (Website, IT, phones, email)
 - Location vs. “virtual”



**PHASE II VENDOR
EQUIPMENT DISPOSITION
RFP**

**TAB 3
(Agenda Item 6)**

Request for Proposal by West Contra Costa Healthcare District

dba Doctors Medical Center

Vendor(s) for liquidation of IT Equipment/Generator & Switches/Kitchen equipment & utensils

March 17, 2016

West Contra Costa Healthcare District is soliciting proposals to liquidate its IT equipment/Generator & Switches/Kitchen equipment & utensils.

Process:

I. Notification

- a. This request will be advertised for 8 days in the West County Times and on the West Contra Costa Healthcare District Website
- b. Those vendors who have previously contacted the District requesting notification of the RFP will be notified.
- c. After 8 days of advertising, if at least 3 vendors/auctioneers have replied, bidding will be closed.
- d. More than one vendor may be accepted should it be more advantageous to sell in part rather than in full

II. Vendor review of inventory

Potential candidates responding to the RFP will:

- Receive inventory prior to a scheduled tour
- Receive an appointment for an onsite tour
- Submit proposals to DMC within one week after the tour
- Proposals must include a minimum of 6 references including contact information
- Sale of any storage media is contingent on the company that buys the IT equipment from DMC, certifying that they are sanitized by NIST.SP.800 standards. The person or persons that purchase the IT equipment from the

company must certify that no attempt will be made to extract existing data from said media and must certify that data is wiped by current standards: <http://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST.SP.800-88r1.pdf>. Also, sale is for hardware only. No software applications or licenses are included in the sale.

III. Selection

- a. Staff utilizes criteria to include reference checks to select vendor(s)
- b. Staff makes recommendation to District Board at next scheduled Board meeting
- c. No bidding or changes in proposals will be entertained at the Board meeting
- d. The District is allowed to keep the Generator/Switches and select IT equipment that will be needed to continue business until the building is vacated by District staff

Evaluation Criteria:

Proposals will be evaluated on the extent to which they meet the following criteria:

Qualification of Bidders:

1. Evidence of successful liquidation of equipment and supplies in similar sized facility.
2. Preference for experience specific to healthcare and/or IT equipment as applicable.
3. Six references required as part of the proposal offering.

Highest revenue to DMC

Lowest cost to DMC, (vendor supplies security/labor)

Security of building and assets during process

Prompt liquidation

Vendor leaves facility clean, "broom swept" and removal of items not sold

Minimum percentage of purchase or all dollars wired to DMC once contract is signed

Proposed Timeline:

Week of March 21st: Advertising by paper and posting on WCCHD website. In addition, notification to those who have inquired over the past year

March 29th – 31st: Inventory lists shared and tours scheduled

April 12th: Proposals due to DMC

Questions or interest please call 510.970.5250

Submit only proposals to: rfp@wcchd.ca.gov

The District reserves the right and ability to reject any and all submittals and to commence discussions or negotiations with any one or more applicants, or to undertake the same or similar services or programs as direct District sales or auctions. Such options are completely within the District Board and management's discretion regardless of the scoring or competitive details of the proposals.

This RFP does not commit the District to award a contract or contracts, to defray any costs incurred in the preparation of a response to this request, or to produce or contract for services. All submittals become the property of the District. The District reserves the right to cancel, in part or in entirety, this RFP including but not limited to, selection schedule, submittal date and submittal requirements. If the District cancels or revises the RFP, the District or District's representative will notify all respondents of record in writing. The District reserves the right to request additional information and/or clarifications from any or all respondents to the RFP.

Submitters should be aware that proposals would become public records when in the judgment of the District the Public Records Act requires disclosure. If there is a need to maintain confidentiality of any specific information such will need to be discussed with management for consideration under the Public Records Act.



**RESOLUTION TO APPROVE
SIGNATURES TO BANK
ACCOUNTS**

**TAB 4
(Agenda Item 7)**

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

**RESOLUTION #2016-02
AUTHORIZATION OF SIGNATORIES**

Whereas, the West Contra Costa Healthcare District (hereinafter “the WCCHD”) has to execute documents and enter into agreements from time to time, during the normal course of business; and

Whereas, it is cumbersome to notice and call a board meeting for the sole purpose of getting the Governing Board to authorize the signing of a document whose intent and purpose may already have been approved, and

Whereas, attached hereto and incorporated herein are Banking Resolutions submitted by UBS Financial Services and Citibank by which the banks seek Board authorization for signatures and general authorization of District officers to conduct banking affairs through these banking institutions.

Now, Therefore, be it resolved:

- A. That the Resolutions and authorizations set forth in the attached Banking Resolutions are hereby approved and adopted.

- B. That the following persons be and are hereby authorized to execute documents and other instruments necessary for the usual conduct of business including but not limited to opening bank accounts, signing leases, approving loan documents and operating such bank accounts, including signatory authority for checks and wire transfers as authorized by the West Contra Costa Healthcare District Board and included in the normal course of their duties, and whose names and signatures are affixed below:

C.

<u>Kathy White</u>	Interim CEO	_____
<u>Vickie Scharr</u>	Associate Administrator	_____
<u>Eric Zell</u>	WCCHD Chairperson	_____
<u>Nancy Casazza</u>	WCCHD Secretary	_____

Passed and Adopted on this 8th day of March 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Eric Zell, Chairperson

West Contra Costa Healthcare District Board of Directors



Account Number _____

Check here if this document applies to multiple accounts.



Corporate Resolutions

Corporation Name
West Contra Costa Healthcare District Pension Reserve Fund

WHEREAS, The Corporation seeks to benefit from opening and maintaining one or more securities, loan and/or guarantee accounts at UBS Financial Services Inc., ("UBS").

NOW, THEREFORE, BE IT RESOLVED THAT:

- 1) The Corporation is authorized to establish with UBS one or more accounts for the purchase and sale of securities, money, stocks, options, bonds, notes, futures contracts, commodities, commercial paper, certificates of deposit and other obligations, contracts, all other property usually and customarily dealt in by brokerage firms, the establishment of credit and/or the guarantee of another person's or entity's obligations (the "Account"). UBS is designated an agent of the Corporation for property of any nature and is authorized to receive, hold and deliver any funds, securities or other property within or without the United States, registered in or transferred into the name of UBS or its nominee(s) or the name of one or more custodians or nominees thereof. UBS may either directly or through custodians retain unregistered securities or deposit the certificates representing such securities, in bulk with a central certificate depository, so that transfer of ownership of such securities may be made by bookkeeping entry on the books of such depository.
- 2) The Corporation is authorized to use the Account(s) and services offered by UBS to (a) sell short, (b) trade on margin, (c) borrow and/or obtain credit (including all manner of credits and/or letters of credit) from time to time from UBS and guarantee obligations of others to UBS in United States dollars or any foreign currency, (d) effect UBS Card transactions, (e) contract for any and all investment management and advisory services that UBS now or hereafter provides and delegate discretion to UBS or to a subadvisor in connection with such services, and (f) pledge, mortgage, assign or subject to a security interest or lien any property of any sort of the Corporation as security for any liability of the Corporation.
- 3) Each of the corporate officers or authorized representatives named in the spaces below (each, together with persons designated under resolution number 4 below, hereinafter called an "Authorized Person") are authorized individually, without counter signature or co-signature, to act on behalf of the Corporation and UBS is authorized, but not obligated, to deal with each Authorized Person, individually, in connection with all aspects of the Accounts) to (a) open the Account(s) and, with respect to the Account(s), to execute on behalf of the Corporation any and all relevant documents, and to deal with UBS, with no limits as to amount, (b) obtain all such services as

UBS shall offer, including but not limited to the services set forth under resolutions number 2 and 5 and to purchase and sell and enter into any transaction whatsoever in connection with the Account(s) and the property therein, and (c) bind the Corporation in respect of any agreements entered into pursuant to clause (a) or (b) of this third resolution, and (d) the said Authorized Persons acting as above specified are authorized for the current taxable year and all future taxable years until this resolution is revoked or modified or the Account(s) is/are closed to execute and deliver to UBS on behalf of the Corporation any and all tax forms and other tax-related documents related to an Account of this Corporation (including without limitation U.S. Internal Revenue Service Forms W-8 and W-9, as applicable, and any documents relating thereto) and to make any certifications or representations under penalty of perjury on behalf of the Corporation that are required by such forms or documents. These resolutions supersede any previous resolutions of the Corporation presented to UBS Financial Services Inc. regarding the Account(s).

- 4) The Authorized Persons acting as above specified are authorized to appoint one or more attorneys-in-fact or agents to act on behalf of the Corporation in the same capacity as set forth above, and are authorized to execute and deliver to UBS any powers of attorney or other documents to effect or evidence such appointment.
- 5) UBS is authorized, but not obligated, to deal with each Authorized Person individually, as follows, subject to the Corporation having completed documentation relating to the relevant products and services and subject to UBS policy and practice as in effect from time to time:
 - a) to accept all orders for purchases and sales and all instructions of any nature whatsoever in connection with the Account(s) which UBS Financial Services Inc. believes in good faith to have been originated by an Authorized Person, whether given verbally, in writing, or via electronic or other communications as the action of the Corporation without limit or further inquiry;
 - b) to receive any funds, securities or other property for the Account(s) of the Corporation; to receive drafts, checks or other funds or property delivered to it for deposit for the Account(s) of the Corporation, whether or not endorsed

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with the name of the Corporation by rubber stamp, facsimile, mechanical, manual or other signature, and any such endorsement by whomsoever affixed shall be the endorsement of the Corporation, or otherwise endorsed, or unendorsed, provided that if any such item shall bear, or be accompanied by directions (by whomsoever made) for deposit to a specific account, then such deposit shall be to such specific account; and to honor written instructions from each Authorized Person to deliver either in bearer form, in street certificates, in any names or in any other manner any funds, securities or other property held for the Account(s) of the Corporation;

- c) to honor instructions from each Authorized Person to write checks, drafts, instruments, instructions or orders for the payment or withdrawal of funds drawn on the Account(s) or payable to the order of the Corporation ("Payments") without limit as to amount, without inquiry including Payments to the order of or in favor of any person who authorized the Payment or any other officer authorized representative or agent of the Corporation and UBS, its subsidiaries and affiliates shall not be liable for any disposition which any such officer or authorized representative or agent shall make of all or any part of any Payment notwithstanding that such Payment may be for the personal account or benefit or in payment of the individual obligation of any such officer or authorized representative or agent to UBS, or otherwise;
 - d) to open deposit accounts in foreign currencies with any depository to purchase, sell, transfer, or dispose of for present or future delivery foreign moneys, credits or exchange on deposit or otherwise and all manner of instruments representative thereof by endorsement or otherwise, and to execute and deliver any agreements or instruments relating to any such transactions.
- 6) Any and all actions previously taken with respect to matters provided for by these resolutions are hereby ratified, confirmed and approved.
- 7) UBS, its subsidiaries and affiliates are authorized to rely upon the authority conferred by these resolutions and upon any certification given in accordance with these resolutions unless and until UBS receives written notice of an amendment modification or revocation of these resolutions. In the event that UBS for any reason, is uncertain as to the continuing effectiveness of the authority conferred by these resolutions or any other resolutions of the Corporation or the authority to any Authorized Person, UBS may refrain from taking any action with respect to the Account(s) until such time as it is satisfied as to its authority.
- 8) In consideration of UBS and any of its subsidiaries or affiliates acting in reliance upon these resolutions or any certification

by the Secretary or Assistant Secretary they shall be fully protected in so acting and the Corporation agrees to indemnify and save harmless UBS and any of its subsidiaries or affiliates from and against any and all loss, damage, liability, claims and expenses including legal fees arising out of their so acting or its refraining from taking any action.

- 9) The Secretary or an Assistant Secretary of the Corporation is authorized and directed to certify to UBS and any of its subsidiaries or affiliates:
- a) that these resolutions have been duly adopted, are in full force and effect and are in accordance with provisions of applicable law, the charter and by-laws of the Corporation;
 - b) the identities and specimen signatures of the Corporation's Authorized Persons and, from time to time hereafter, such changes as may occur in the identities of such Authorized Persons as such changes are made.

ATTENTION TRANSFER AGENT

- 10) Any Authorized Person is fully authorized and empowered to transfer, convert, endorse, sell, assign, set over and deliver any and all shares of stocks, bonds, debentures, notes, subscription warrants, stock purchase warrants, evidence of indebtedness, or other securities now or hereafter standing in the name of or owned by the Corporation, and to make, execute and deliver, under the corporate seal of the Corporation or otherwise, any and all written instruments of assignment and transfer necessary or proper to effectuate the authority hereby conferred.
- 11) Whenever there shall be annexed to any instrument of assignment and transfer, executed pursuant to and in accordance with the foregoing resolution, a certificate of the Secretary or an Assistant Secretary of the Corporation in office at the date of such certificate and such certificate shall set forth these resolutions and shall state that these resolutions are in full force and effect, and shall also set forth the names of the persons who are then officers or authorized representatives of the Corporation, then all persons to whom such instrument with the annexed certificate shall thereafter come, shall be entitled, without further inquiry or investigation and regardless of the date of such certificate, to assume and to act in reliance upon the assumption that the shares of stock or other securities named in such instrument were theretofore duly and properly transferred, endorsed, sold, assigned, set over and delivered by the Corporation, and that with respect to such securities the authority of these resolutions and of such officers or authorized representatives is still in full force and effect.

NOTE: ALL OFFICERS/AUTHORIZED REPRESENTATIVES MUST COMPLETE THE ADDITIONAL INFORMATION SECTION AND SIGN BELOW

 Eric Zell
 Officer First Name Last Name Signature Date
 Chairman
 Title

 Kathleen White
 Officer First Name Last Name Signature Date
 Interim CEO
 Title

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Vickie Scharr
 Officer First Name Last Name Signature Date
 Associate Administrator
 Title


Nancy Casazza
 Officer First Name Last Name Signature Date
 Secretary
 Title

The undersigned, as the Secretary or Assistant Secretary of West Contra Costa Healthcare District Pension Reserve Fund ("Corporation"), a corporation duly organized and existing under the laws of California, hereby certifies that the foregoing resolutions were duly adopted by the Board of Directors at a duly called meeting or by unanimous consent, and the resolutions remain in full force and effect and are in accord with and pursuant to the Corporation's Charter, by-laws and applicable law, and the Corporation is in good standing under all applicable state laws.

I further certify that the persons listed above are duly elected or appointed qualified officers or authorized representatives of the Corporation, hold in the Corporation the respective positions indicated above and that set forth opposite each respective name is the true and correct signature of such person.

WITNESS my hand and the seal of the Corporation at _____ this _____ day of _____, 20____.

 (SIGNATURE OF SECRETARY or ASSISTANT SECRETARY)

Additional Information

Officer or Authorized Representative Name:

Eric Zell
 First Name Middle Name Last Name
 Country of Citizenship: USA Other (specify): _____ Passport/Cedula: _____

PO Box 20760

Address Line 1 Address Line 2
EI Sobrante CA 94820 United States of America
 City State/Province Zip/Postal Code Country

Home Phone _____

Officer or Authorized Representative Name:

Kathleen White
 First Name Middle Name Last Name
 Country of Citizenship: USA Other (specify): _____ Passport/Cedula: _____

PO Box 20760

Address Line 1 Address Line 2
EI Sobrante CA 94820 United States of America
 City State/Province Zip/Postal Code Country

Home Phone _____

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Officer or Authorized Representative Name:

Vickie Scharr

First Name Middle Name Last Name

Country of Citizenship: USA Other (specify): _____ Passport/Cedula: _____

PO Box 20760

Address Line 1 Address Line 2

El Sobrante CA 94820 United States of America

City State/Province Zip/Postal Code Country

Home Phone _____

Officer or Authorized Representative Name:

Nancy Casazza

First Name Middle Name Last Name

Country of Citizenship: USA Other (specify): _____ Passport/Cedula: _____

PO Box 20760

Address Line 1 Address Line 2

El Sobrante CA 94820 United States of America

City State/Province Zip/Postal Code Country

Home Phone _____

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CitiBusiness – General Deposit Resolution for Public Entities



I, the undersigned, Eric Zell, the Chair of the Board
of West Contra Costa Healthcare District
_____ a Public Entity, ("Public Entity")

located at 2000 Vale Road, San Pablo, CA 94806
P.O. Box 20760, El Sobrante, CA 94820

DO HEREBY CERTIFY that the Board of Trustees of the Public Entity, (or such other governing body as is authorized to designate depositories and to transact, or delegate the authority to transact, the financial business of the Public Entity) at a meeting duly called and held on the 17th day of March, a quorum being present and acting throughout, unanimously adopted and recorded the following resolution, in accord with and pursuant to the charter and the organizational documents of the Public Entity, and such resolution is now in full force and effect:

RESOLVED, that

1. Citibank (hereinafter referred to as 'Bank') be and is hereby designated as a provider of banking services to this Public Entity;
2. The following persons (Indicate below the full names, or the titles, of the signatories. If two or more are designated, then clearly indicate in what manner they are to sign, whether singly or jointly) Eric Zell, Nancy Casazza, Kathleen White, Vickie L. Scharr
all singly

are authorized:

- a. To open deposit accounts at Bank;
 - b. To apply to Bank for credit, to borrow money, with or without security, and to access overdraft lines of credit;
 - c. To contract for any services offered by Bank, including (without limitation) electronic account access and management services;
 - d. To submit for deposit and/or collection for the account of this Public Entity all checks, drafts, notes or other instruments for the payment of money; and the bank is authorized to accept such instruments, whether or not endorsed by this Public Entity, without inquiry as to the circumstances of the endorsement or lack thereof, it being understood that each such instrument shall be deemed to be unqualifiedly endorsed by this Public Entity;
 - e. To make deposits of currency for the account of this Public Entity;
 - f. To sign checks, drafts or other orders with respect to any funds to the credit of this Public Entity, including checks, drafts or orders in favor of any individual designated above, and to issue stop payment instructions with reference to any of the above;
 - g. To make withdrawals or transfers of funds from accounts in the name of this Public Entity, and to transfer funds between such accounts, by any means authorized by Bank, including (without limitation) use of a negotiable instrument, withdrawal ticket, a debit card, a credit card, a terminal or other electronic or telephone device, including such as may cause overdrafts.
 - h. To conduct any and all other lawful business with Bank. Should any check drawn by this Public Entity result in an overdraft, interest may be charged each day on the amount of the overdraft at the maximum rate permitted by law.
3. (Applicable to Public Entities designating joint signing authority)
The Public Entity acknowledges that the above joint signatory designation is a statement of its own internal policy and not a service offered by Bank. Further, the Public Entity has been offered Bank's CitiBusiness® Online service that can provide the Public Entity with a systemic method of controlling the signature limitation.
The Public Entity agrees that Bank assumes no responsibility for the payment of a check, draft, or other item drawn on any Public Entity account or for any withdrawal from any account which is honored and bears only a single authorized signature of one of the individuals designated above.
4. The designated authorized person(s) in this Resolution are individually empowered to delegate to other persons the authority to perform transactions with respect to the accounts of this Public Entity and to change and revoke such delegations from time to time; the bank is entitled to rely upon such delegations of authority and to accept instructions from such other persons as being fully authorized by this Public Entity.
 5. The Bank is hereby authorized to accept for deposit, for credit, for discount, for collection, or otherwise, any and all instruments deposited by or on behalf of the Public Entity, whether or not endorsed by any person or by stamp or other impression in the name of the Public Entity, without inquiry as to the circumstances of the endorsement or lack of endorsement or the disposition of the proceeds.
 6. The Bank is authorized to pay any check, draft or other instrument for the payment of money drawn on any account of this Public Entity which bears or appears to bear the facsimile signatures provided below or such other facsimile signature later certified by an authorized representative of the Public Entity to be authorized, if the facsimile signature, regardless of how or by whom affixed, resembles a specimen facsimile signature provided to and filed with Bank.

7. The Public Entity agrees to be bound by all of the rules, regulations, charges and fees of Bank contained in the CitiBusiness Client Manual and Schedule of Fees and Charges and any other account agreements it receives, and any modification(s) or amendment (s) of same, with the same effect as if each and every term thereof were set forth in full herein.
8. The Public Entity agrees that by opening any deposit account, Business Credit Account or Business Checking Plus Account with Bank or accepting any of the services connected with such accounts, either Bank or the Public Entity may elect to require any dispute between us concerning the aforementioned accounts or any other Bank deposit account, Business Credit Account, or Business Checking Plus Account be resolved by binding arbitration. In the event of any litigation in which the Bank and the Public Entity are adverse parties, the right to a trial by jury and to interpose any defense based upon any Statute of Limitations or any claims of laches, and any offset or counterclaim of any nature or description, is hereby waived by the Public Entity. The Public Entity agrees that if an attorney is used by the Bank to enforce, declare or adjudicate any of the provisions herein or any of the rights herein granted to the Bank or to obtain payment of any obligations owed to the Bank, reasonable attorney's fees shall be payable by the Public Entity. The Bank shall not, by any act, delay, omission or otherwise, be deemed to have waived any of its rights or remedies hereunder unless such waiver be in writing, signed by the Bank, and then only to the extent therein set forth.
9. Any notice to the Bank shall be deemed effective only if sent to and received at the branch, division or department of the Bank designated as the location for receipt of such notice conducting the transaction or transactions affected. Any notice to the Public Entity shall be deemed sufficient if sent to the last known address of this Public Entity appearing on the records of the Bank.
10. The Public Entity ratifies and confirms any and all transactions with Citibank prior to the date of this Resolution.
11. The authority granted herein shall remain in full force and effect until revoked or modified by a properly executed new Resolution adopted by the Board of Trustees (or such other governing body as is authorized to designate depositories and to transact, or delegate the authority to transact, the business of the Public Entity) delivered to the Bank at the location wherein the account(s) of the Public Entity is then maintained and the Bank has a reasonable opportunity to act on it. Any such notice shall not affect the validity of any transaction in process at the time the notice is received.
12. The Public Entity certifies that the provisions in this Resolution are in conformity with the statutes applicable to, or organizational documents of the Public Entity. Any provision hereof which may prove unenforceable under any law shall not affect the validity of any other provision hereof.

I FURTHER CERTIFY that the signatures and/or facsimile signatures appearing below and on the bank's signature card are those of the authorized signers designated above and that each said individual is legally empowered, in accordance with the charter and organizational documents of the Public Entity, to exercise the authority provided for in this Resolution.

Name (Print)	Titles of Positions/Offices Held	Signature and/or Specimen Facsimile Signature (if applicable)
<u>Eric Zell</u>	<u>Chair of the Board</u>	_____
<u>Nancy Cosazza</u>	<u>Board Member</u>	_____
<u>Kathleen D. White</u>	<u>Interim CEO</u>	_____
<u>Vickie L. Scharr</u>	<u>Associate Administrator</u>	<u>Vickie Scharr</u>
_____	_____	_____

IN WITNESS WHEREOF, I have this day subscribed my name and affixed the seal of the public entity.

Signature of Person Certifying Resolution	Date
<u>Eric Zell, Chair of the</u> Designate Printed Name and Position/Office of Person Certifying Resolution <u>Board</u>	Date



CitiBusiness®

Financial Center #	Marketplace	Current Date
Tax ID	94-6003145	
Business Name	West Contra Costa Healthcare District	
Account # (S)	Print First and Last Name	Signature
203121439 203121546	Signer 1: Eric Zell	X _____
203121439 203121546	Signer 2: Nancy Casazza	X _____
203121439 203121546	Signer 3: Kathleen D. White	X <u>Kathleen D. White</u>
203121439 203121546	Signer 4: Vickie L. Scharf	X <u>Vickie L. Scharf</u>

CitiBusiness®



Financial Center #	Marketplace	Current Date
Tax ID		
Business Name		
Account # (S)	Print First and Last Name	Signature
	Signer 1:	X _____
	Signer 2:	X _____
	Signer 3:	X _____
	Signer 4:	X _____



FINANCIAL UPDATE

TAB 5
(Agenda Item 8)

DMC Financial Update

West Contra Costa Healthcare District: Projected Weekly Cash Flow Analysis

	Sale Closing						Total
	3/18/16	4/1/16	4/15/16	4/29/16	5/13/16	6/10/16	
Beginning Cash Balance (Operating Acct)	888,238	718,695	466,182	388,764	157,513	(560,769)	(974,453)
Cash Receipts:							
A/R Cash	25,000		25,000				
Kaiser-refund of premiums & settlement			108,977				
Sale of Generator, IT and Kitchen Equipment							250,000
Sale of Building							13,365,000
Total Cash Receipts	25,000		133,977				13,615,000
Cash Payments:							
Payroll Checks & Taxes	35,995	38,416	31,153	31,153	26,471	26,471	26,471
Administration	33,000	33,000	33,000	18,000	18,000	18,000	18,000
Financial Consultant	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Bookkeeping Services	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Toyon - Medicare cost reporting	4,000	4,000	4,000	4,000	4,000	4,000	4,000
External Audit/Actuarial							
Other	2,000	2,000	2,000	3,000	3,000	3,500	3,500
Total personnel/consulting costs	89,995	92,416	85,153	71,153	65,471	66,971	90,000
Insurance (Beta, Alpha, J&G, Property)		5,098	13,694	5,098	5,098	13,694	56,376
Security	16,000	16,000	16,000	16,000	16,000	16,000	128,000
Utilities		35,000	35,000	35,000	35,000	35,000	140,000
Total facilities costs	16,000	56,098	29,694	56,098	29,694	51,000	324,376
Worker Comp - LWP(Replenish/Admin Fee)	59,548	50,000	59,548	50,000	59,548	50,000	438,192
EDD (unemployment)					300,000		1,800,000
Legal	12,500	12,500	12,500	12,500	12,500	12,500	100,000
Records Storage	16,500	25,000	25,000	25,000	25,000	25,000	100,000
Other		16,500	24,500	16,500	16,500	16,500	156,000
Total other costs	88,548	104,000	96,548	104,000	96,548	104,000	2,594,192
AP Aging Payout/ Other Due							1,464,794
Total post sale payments							1,464,794
Total Cash Payments	194,543	252,514	211,395	231,251	191,713	221,971	3,054,794
Net Cash Flow for Period	(106,305)	(80,819)	(45,213)	(42,487)	(34,200)	(65,971)	(974,453)
Ending Balance	781,933	697,878	652,665	610,178	575,978	509,207	(974,453)
Total Cash Available	718,695	466,182	388,764	157,513	(34,200)	(752,482)	9,585,753

DMC Financial Update

West Contra Costa Healthcare District: 10 Year Annual Cash Forecast

Week Ending	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
July - Dec 2016 Total	7,941,779	5,549,583	2,992,022	900,707	(1,619,523)	(3,666,178)	(2,907,711)	(1,682,583)	(908,679)	307,636	
Beginning Balance(Operating Acct) Cash Receipts:						2,950,000					
Ad Valorem tax receipts											14,750,000
Total Cash Receipts						2,950,000	2,950,000	2,950,000	2,950,000	2,950,000	14,750,000
Cash Payments:											
Payroll/Administration	251,032	257,307	263,740	270,334	277,092	284,019	291,120	298,398	305,858	313,504	2,812,403
Bookkeeping service	39,000	18,000	18,450	18,911	19,384	19,869	20,365	20,874	21,396	21,931	218,181
Cost Report Audits and Settlement	30,000	30,750	31,519	32,307	33,114	33,942	34,791	35,661	36,552	37,466	157,690
Annual Financial Audit	30,000	30,750	31,519	32,307	33,114	33,942	34,791	35,661	36,552	37,466	336,101
Audit / Actuarial for Pension Plan	60,000	61,500	63,038	64,613	66,229	67,884	69,582	71,321	73,104	74,932	672,203
IT Costs	12,000	12,300	12,608	12,923	13,246	13,577	13,916	14,264	14,621	14,986	134,441
Other	12,000	12,300	12,608	12,923	13,246	13,577	13,916	14,264	14,621	14,986	134,441
Total personnel/consulting costs	434,032	422,907	433,480	444,317	455,425	432,868	443,690	454,782	466,152	477,806	4,465,460
Office Expenses	30,000	30,750	31,519	32,307	33,114	33,942	34,791	35,661	36,552	37,466	336,101
Total facilities costs	30,000	30,750	31,519	32,307	33,114	33,942	34,791	35,661	36,552	37,466	336,101
Worker Compensation	500,000	250,000	250,000	250,000	250,000	-	-	-	-	-	1,500,000
Legal	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	250,000
Lincoln	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	270,000
Records Storage	216,164	191,904	164,316	131,606	96,116	62,722	34,391	23,653	18,980	15,045	954,897
Bank Fees for Debt	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	100,000
Election costs every two years		450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	2,250,000
CNA_Medical Pension Plan	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	2,500,000
Successor Pension Plan Payments	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	9,000,000
Total other costs	1,928,164	2,103,904	1,626,316	2,043,606	1,558,116	1,724,722	1,246,391	1,685,653	1,230,980	1,677,045	16,824,897
Total Cash Payments	2,392,195	2,557,561	2,091,315	2,520,230	2,046,655	2,191,533	1,724,872	2,176,096	1,733,684	2,192,316	21,626,459
Net Cash Flow for Period	(2,392,195)	(2,557,561)	(2,091,315)	(2,520,230)	(2,046,655)	758,467	1,225,128	773,904	1,216,316	757,684	
Total Cash Available	5,549,583	2,992,022	900,707	(1,619,523)	(3,666,178)	(2,907,711)	(1,682,583)	(908,679)	307,636	1,065,320	

DMC Financial Update

- The District has an estimated cash shortfall of \$975K prior to closing on hospital facility sale. Possible sources of outside funding:
 - Restructure cash advance from the county
 - Outside high risk lenders
 - Early commitment funding from the facility purchaser
- The District has no outside funding available to fund ongoing operations / current obligations until the current cash advance agreement with the County ends in 2022. The District has annual cash requirements of \$2 - \$2.4M for next 10 years, resulting in an estimated cash shortfall in 2019. The maturity of obligations going forward are related funding to past employees workers compensation, unemployment, pension and medical retirement.
- A proposed option is to restructure the advance plan and rather than the County keeping all of DMCs portion of the ad valorem tax, the County would keep 2/3 of the collected ad valorem on an annual basis going forward . This would extend the total repayment period by 4-5 years, but would allow DMC both make it to sale closing and would increase funding so DMC could honor its other obligations going forward more timely.



**REQUEST TO RESTRUCTURE
TAX EXCHANGE AGREEMENT**

**TAB 6
(Agenda Item 9)**

Proposed Restructure of Contra Costa County Property Tax Agreement (cash advance agreement)

SHORT TERM CASH REQUIREMENT

DMC's most recent weekly cash forecast for the period leading up to the facility sale closing shows that DMC will run out of cash prior to the closing of the facility sale. Where ever possible, DMC is holding off payment on invoices until the closing of the facility sale. Where DMC stands: currently has \$1,600,000 in cash, but to covering operating expense for the next 4 months will need outside funding of \$750,000 to be able to make it to the closing, assuming we close by the end of June, 2016.

There are 3 possible options to help fund this cash gap to get to closing:

1. ***Restructure the cash advance deal with the county.*** The option is to restructure the deal with the County and receive \$750,000 - \$1,000,000 in advance from the County. The plan would be to restructure the advance plan and rather than the County keeping all of DMC's portion of the ad valorem tax, the County would keep 2/3 of the collected ad valorem on an annual basis going forward. This would extend the total repayment period by 4-5 years, but would allow DMC to both make it to sale closing and would increase funding so DMC could honor its other obligations going forward more timely (see long term cash need discussion below). DMC would need to get at least partial funding by the beginning of May for this to provide needed cash to get to sale closure. This does not result in DMC acquiring more debt. Rather, it just extends the repayment of the current amount owed to the county freeing up annual cash during the early years after the sale closing when cash is needed most.
2. ***Short term financing with lender who handles high risk deals.*** DMC has contact information for 4 different lenders who will be potential lenders. It is unsure that DMC could obtain financing since lenders would likely require the hospital as security, which DMC cannot grant because of its District status. In the event a lender could be secured, the cost would be high. We estimate the loan costs would be roughly \$150,000 for a 4-6 month term on \$1,000,000. This is equivalent to 30% (they typically charge high due diligence and closure costs and about 15% rate to avoid the charge of usury).
3. ***Work out a deal with buyers to prepay portion of sale price.*** DMC may be able to have the purchasers of the hospital prepay \$750,000 in advance of closure. The benefit of this over option 2 is that the costs will likely be lower. The downside is that it may scare/discourage the purchasers and may slow down or even worse stop the sales process. It is also unclear if funding would be able to be obtained in the next 30-45 days.

LONG TERM CASH REQUIREMENT

The annual cash spend for operations/repayment of obligations for the District is \$2 - \$2.4M for the first five years after closing (2017-2021). Without restructuring, the District receives no outside funding and is forecasted that the District will run out of cash sometime in 2020. The restructuring of the advance would

better allow the District to continue to honor its obligations up to when the advance agreement expires and the District resumes receiving its entire portion of the ad valorem tax. Below is a high level summary of the annual costs to operate the District and honor owed obligations annually during the first 5 years after closing:

- **General operating costs \$475,000.** Includes general office personnel (1 FTE) and office rental, outside bookkeeping, District audit, pension audit, COPs repayment oversight.
- **Successor pension plan payments \$900,000.** Annual amount to fund the underfunded pension plan for past employees. This is based on last year's actuarial estimate.
- **Medical retiree medical plan \$250,000.** Annual payment to fund the medical retirement plan.
- **Workers compensation \$250,000.** Claims from past employees still actively receiving workers compensation.
- **Medical record storage \$200,000.** Annual costs to store and retrieve medical records for previous DMC patients.

RECOMMENDATION: Option 1 is the best option, as it both gets DMC to closure and helps ensure the ability to pay ongoing debt (pension, medical retiree, medical records retention, workers comp, and unemployment) over the next 10 years. Option 2 is a potential back up, but would be costly and also would involve dealing with less reputable lenders. Option 3 is possible, but it can introduce significant risk to the sale process. Neither Option 2 or 3 provides help in the long term cash needs to allow DMC to honor its long term obligations.