

October 11, 2021

West Contra Costa Healthcare District
Rating Agency Presentation
Prepared for Moody's Investor Service

Meeting Participants

West Contra Costa Healthcare District

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Schedule and Purpose

Purpose of the Bonds

- The Series 2021 Parcel Tax Refunding Revenue Bonds (the “Bonds”) will refund the outstanding Series 2018 and Series 2019 Bonds.
- All bonds are currently callable and are expected to be redeemed on January 1, 2021.

Preliminary Sources & Uses of Funds*

Bond Proceeds:	
Par Amount	\$45,715,000
Premium	6,392,962
<u>Total Sources of Funds</u>	<u>\$52,107,962</u>
Refunding Escrow Deposits	\$51,557,750
Estimated Costs of Issuance	549,575
<u>Additional Proceeds</u>	<u>637</u>
<u>Total Uses of Funds</u>	<u>\$52,107,962</u>

*Preliminary, subject to change.

Transaction Schedule

Rating Meeting – September 24

Rating Received – October 13

Anticipated Sale Date – November 4

Anticipated Closing – December 1

Estimated Savings:

Purpose of the Bonds

- The Series 2021 Parcel Tax Refunding Revenue Bonds are expected to save the District approximately \$8.3 million in reduced debt service costs through 2042.
- Average annual savings are estimated at over \$475,000 annual through 2028 and then \$365,000 annually through 2042.

Year	Series 2018 & 2019			Series 2021			
	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Savings
2022	\$1,585,000	\$2,023,969	\$3,608,969	\$2,215,000	\$1,107,319	\$3,322,319	\$286,650
2023	1,645,000	1,963,913	3,608,913	1,390,000	1,740,000	3,130,000	478,913
2024	1,707,000	1,902,293	3,609,293	1,445,000	1,684,400	3,129,400	479,893
2025	1,772,000	1,836,897	3,608,897	1,505,000	1,626,600	3,131,600	477,297
2026	1,840,000	1,769,714	3,609,714	1,570,000	1,566,400	3,136,400	473,314
2027	1,909,000	1,699,992	3,608,992	1,630,000	1,503,600	3,133,600	475,392
2028	1,982,000	1,627,699	3,609,699	1,690,000	1,438,400	3,128,400	481,299
2029	2,059,000	1,550,319	3,609,319	1,875,000	1,370,800	3,245,800	363,519
2030	2,145,000	1,464,478	3,609,478	1,950,000	1,295,800	3,245,800	363,678
2031	2,234,000	1,375,089	3,609,089	2,025,000	1,217,800	3,242,800	366,289
2032	2,327,000	1,281,988	3,608,988	2,105,000	1,136,800	3,241,800	367,188
2033	2,424,000	1,184,989	3,608,989	2,190,000	1,052,600	3,242,600	366,389
2034	2,525,000	1,083,968	3,608,968	2,280,000	965,000	3,245,000	363,968
2035	2,631,000	978,698	3,609,698	2,370,000	873,800	3,243,800	365,898
2036	2,740,000	869,055	3,609,055	2,465,000	779,000	3,244,000	365,055
2037	2,855,000	754,834	3,609,834	2,565,000	680,400	3,245,400	364,434
2038	2,973,000	635,869	3,608,869	2,665,000	577,800	3,242,800	366,069
2039	3,097,000	511,954	3,608,954	2,775,000	471,200	3,246,200	362,754
2040	3,226,000	382,862	3,608,862	2,885,000	360,200	3,245,200	363,662
2041	3,361,000	248,387	3,609,387	3,000,000	244,800	3,244,800	364,587
2042	3,501,000	108,302	3,609,302	3,120,000	124,800	3,244,800	364,502
Total	\$50,538,000	\$25,255,268	\$75,793,268	\$45,715,000	\$21,817,519	\$67,532,519	\$8,260,749

Parcel Tax Bond Security

Pledge of Parcel Taxes

- On June 8, 2004, 84% of the voters in the District voted to approve Measure D, which imposed a parcel tax (the "2004 Parcel Tax") on all taxable real property in the District.
- The 2004 Parcel Tax Revenues are pledged to the repayment of the Series 2021 Bonds.
- The County levies and collects the 2004 Parcel Tax.
- The Parcel Taxes are subject to a "lockbox" provision.
 - Once the County has collected such taxes, it is required to transfer those funds directly to the Trustee for payment of the Bonds.
 - Once the Trustee has collected sufficient Parcel Taxes each year to pay debt service, additional Parcel Tax Revenues for that year are remitted to the District.

Statutory Lien

- Pursuant to California Government Code section 53515 the Bonds are secured by a statutory lien on all 2004 Parcel Tax revenues pursuant to the levy and collection of the tax.

Special Revenues

- Pursuant to the Bankruptcy Plan "Section 4 Treatment of Claims":
 - Parcel Tax Bondholders were considered Class 1 and the "secured claim" of the Holders of the Bonds shall be paid in full with interest pursuant to the documents.

Parcel Tax Revenues

- The annual parcel tax assessments are based on property use codes as illustrated by the table below:

Use Code	Rate
Single-Family Residential / Vacant / Misc.	\$52
Small Multi-Unit Residential	\$104
Small Commercial / Industrial	\$312
Medium Commercial / Industrial	\$520
Large Commercial / Industrial	\$1,040

- The 2004 Parcel Tax is not levied on the basis of assessed valuation but rather on the basis of a fixed amount for each of the five use codes categories above.
- There has not been a meaningful variance in the 2004 Parcel Taxes received at approximately \$5,650,000.
- Below is a Historical Pro Forma Maximum Annual Debt Service Calculation for the fiscal years 2014/2015 thru 2020/2021.

West Contra Costa Healthcare District							
Historical Parcel Tax Revenues versus Pro Forma Maximum Annual Debt Service*							
Fiscal Year	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Secured Tax Charge	5,679,336	5,649,228	5,647,044	5,640,414	5,638,308	5,645,328	5,652,296
Pro Forma MADS*	3,322,319	3,322,319	3,322,319	3,322,319	3,322,319	3,322,319	3,322,319
Historical Pro Forma MADS Coverage*	1.71x	1.70x	1.70x	1.70x	1.70x	1.70x	1.70x

*Preliminary, subject to change

Pro Forma Parcel Tax Coverage Analysis

Pro Forma Parcel Tax Coverage Analysis*				
Period Ending	Parcel Tax Revenues*	Debt Service	Surplus	Coverage
7/1/2022	5,652,296	3,322,319	2,329,977	1.70x
7/1/2023	5,652,296	3,130,000	2,522,296	1.81x
7/1/2024	5,652,296	3,129,400	2,522,896	1.81x
7/1/2025	5,652,296	3,131,600	2,520,696	1.80x
7/1/2026	5,652,296	3,136,400	2,515,896	1.80x
7/1/2027	5,652,296	3,133,600	2,518,696	1.80x
7/1/2028	5,652,296	3,128,400	2,523,896	1.81x
7/1/2029	5,652,296	3,245,800	2,406,496	1.74x
7/1/2030	5,652,296	3,245,800	2,406,496	1.74x
7/1/2031	5,652,296	3,242,800	2,409,496	1.74x
7/1/2032	5,652,296	3,241,800	2,410,496	1.74x
7/1/2033	5,652,296	3,242,600	2,409,696	1.74x
7/1/2034	5,652,296	3,245,000	2,407,296	1.74x
7/1/2035	5,652,296	3,243,800	2,408,496	1.74x
7/1/2036	5,652,296	3,244,000	2,408,296	1.74x
7/1/2037	5,652,296	3,245,400	2,406,896	1.74x
7/1/2038	5,652,296	3,242,800	2,409,496	1.74x
7/1/2039	5,652,296	3,246,200	2,406,096	1.74x
7/1/2040	5,652,296	3,245,200	2,407,096	1.74x
7/1/2041	5,652,296	3,244,800	2,407,496	1.74x
7/1/2042	5,652,296	3,244,800	2,407,496	1.74x

*Preliminary, subject to change. Parcel tax revenues are assumed at amount from June 30, 2020 annual disclosure.

The District - Overview

- The District was created in 1948 as a political subdivision of the State of California and is organized and operates under the Local Health Care District Law (the "District Law").
- The District is located in Contra Costa County and covers the majority of the western portion of the County.
- The population of the District is approximately 260,000 persons.
- Cities and communities located within the District's boundaries include, Richmond, San Pablo, El Cerrito, Hercules and Pinole as well as neighboring unincorporated cities.
- As a result of Senate Bill #522, the Contra County Board of Supervisors appointed itself as the District's Board of Directors effective January 1, 2019.
- The District is a political agency and receives *ad valorem* property taxes annually.
 - The District received operating tax revenues of \$4,831,558.59 and \$5,051,610.08 in 2018-19 and 2019-20 fiscal years, respectively.
 - County currently collects and utilizes all but \$1,000,000 annually of this tax revenue to paydown the liability related to the Tax-Exchange Agreement.
 - The Tax Exchange Agreement is expected to be fully repaid in June of 2022 at which time the District will receive the full amount of the tax revenues for general operating purposes.

The District – Current Operations

- The District does not currently operate or own any health care facilities.
- The District does not have any employees with management of the District being handled by the County's employees along with support provided by ex-employees and independent contractors of the District.
- The District uses a portion of its annual surplus received from ad valorem operating taxes and surplus parcel tax revenues to provide grants and funding to support local health initiatives and expects to provide more significant grants and support as additional funds free up due to the pay off of remaining legacy obligations.
- The District/County has no intention to own or operate an acute care hospital.

The Bankruptcy

- The District ceased operating Doctor's Hospital in 2015 and filed for Chapter 9 Bankruptcy in October 2016.
- Through the bankruptcy process a plan for adjustment of debt (the "Plan") was confirmed by the Bankruptcy Court and overwhelmingly approved by the creditors of the District.
 - The Plan took effect April 4, 2018 in conjunction with the sale of the Hospital.
 - The Parcel Taxed Revenue Bonds were recognized in the Plan as allowed claims.
 - All unsecured creditors have been paid.
 - On June 25, 2021, the bankruptcy court entered an order closing the Chapter 9 bankruptcy for the District.
- The District has 5 remaining obligations:
 - 2018 and 2019 Bonds (to become the 2021 Bonds)
 - Tax exchange agreement with the County, will be satisfied in FY2022.
 - Unfunded pension/deferred compensation plan, estimated to be satisfied in FY2026.
 - California Nurses Association, balance of \$1,750,000 as of June 30, 2021. Balance to be paid off over the next 6 fiscal years.
 - Local 39 pension claim, balance of \$283,417.87 as of June 30, 2021. Balance to be paid off over the next 7 fiscal years.

The Tax Exchange Agreement

- The District entered into a tax exchange agreement with the County in April 2011.
- The agreement reached a maximum outstanding balance of \$25,296,000 in 2014.
- The County Auditor allocates and transfers to the County, pursuant to the agreement, all but \$1,000,000 of the District's general operating ad valorem tax revenues that would otherwise be remitted to the District.
- The operating tax revenues were over \$5 million in fiscal year 2020.
- The outstanding balance due to the County as of June 2021 was \$1,391,705 and the County is expected to be fully repaid as of by June 2022.
- By satisfying its annual obligations associated with the Tax Exchange Agreement the District will reduce its annual obligations by approximately \$4 million moving forward.

The District – The Board

- The District is governed by the Board of Directors of Contra Costa County (the "Board"), which consists of five members, each elected by geographic district to four-year terms.
- The Board has ultimate responsibility for District policies, strategic planning, as well as fiduciary responsibility for protecting and enhancing the District's assets.
- The Board has turned over day-to-day responsibilities of managing the District to Contra Costa Health Services and certain outside consultants. Regular Board meetings are held monthly and are open to the public.
- The current members of the Board, including their titles, dates on which their current terms expire and total years as Board members, are set forth in the following table.

District Board of Commissioners		
Name	Position	Term Expires
John M. Gioia	Supervisor, District 1	January 2023
Candace Anderson	Supervisor, District 2	January 2025
Diane Burgis	Supervisor, District 3	January 2025
Karen Mitchoff	Supervisor, District 4	January 2023
Federal D. Glover	Supervisor, District 5	January 2025

WEST CONTRA COSTA HEALTHCARE DISTRICT

RESOLUTION NO. ____

RESOLUTION AUTHORIZING THE COMMENCEMENT OF PROCEEDINGS IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF REVENUE BONDS TO REFUND THE OUTSTANDING WEST CONTRA COSTA HEALTHCARE DISTRICT REFUNDING REVENUE BONDS, SERIES 2018, AND THE OUTSTANDING WEST CONTRA COSTA HEALTHCARE DISTRICT REFUNDING REVENUE BONDS, SERIES 2019, AND APPROVING CERTAIN OTHER ACTIONS

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

WHEREAS, the District has heretofore issued its West Contra Costa Healthcare District Refunding Revenue Bonds, Series 2018 (the "2018 Bonds"), of which \$10,249,000 is outstanding, and its West Contra Costa Healthcare Refunding Revenue Bonds, Series 2019 (the "2019 Bonds" and, with the 2018 Bonds, the "Prior Bonds"), of which \$40,289,000 is outstanding;

WHEREAS, the District's obligation to pay the principal of and interest on the Prior Bonds is secured by a first and prior lien on the revenues derived by the District from an annual special parcel tax on each taxable parcel of real property within the District (exclusive of parcels for which exemptions have been granted, approved by approximately 84% of the voters of the District at a special election held on June 8, 2011);

WHEREAS, the District has been made aware that it is possible to refund the Prior Bonds and realize substantial debt service savings by issuing its West Contra Costa Healthcare District Refunding Revenue Bonds, Series 2021 (the "Bonds"), pursuant to the provisions of section 53570 *et seq.* of the California Government Code; and

WHEREAS, it is appropriate that the Board formally authorize the preparation of the necessary documents in connection and other actions with the issuance and sale of the Bonds;

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

Section 1. The Executive Director or the Treasurer, the Chief Operating Officer & CFO of Contra Costa Health Services, or the designee thereof (each, an "Authorized Officer"), and other appropriate officers and officials of the District to proceed with the preparation of the necessary documents in connection with the issuance and sale of the Bonds, subject to the final approval by the Board at a subsequent meeting. The Authorized Officers are also authorized and directed to

schedule and meet with Moody's Investors Service to obtain a credit rating on the Bonds which will be required if they are sold pursuant to a public offering and to solicit proposals from institutional investors for the purchase of the Bonds if they are sold pursuant to a private placement. The Authorized Officers are also authorized to determine whether the Bonds will be sold pursuant to a public offering or pursuant to a private placement.

Section 2. The Board understands that all costs of issuance will be paid from the proceeds of the Bonds and will not be paid by the District and will be payable only upon the successful issuance and sale of the Bonds, other than a minor portion, capped at \$7,500.

Section 3. The Authorized Officers and other appropriate officers and officials of the District are hereby authorized and directed to take such action and to execute such documents as may be necessary or desirable to effectuate the intent of this Resolution.

Section 4. This Resolution shall be in full force and effect immediately upon its adoption.

I hereby certify that the foregoing resolution was duly adopted at a meeting of the Board of Directors of the West Contra Costa Healthcare District held on the 5th day of October, 2021, by the following vote:

AYES, and in favor of, Board Members:

NOES, Board Members:

ABSENT, Board Members:

By _____
Secretary