



**Contra  
Costa  
County**

To: WCCHD Financing Corporation II  
From: David Twa, County Administrator  
Date: March 19, 2019

Subject: WCCHD FINANCING CORPORATION II ADOPTION OF AMENDED ARTICLES OF INCORPORATION AND BYLAWS

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**RECOMMENDATION(S):**

Acting as the Governing Board of the WCCHD Financing Corporation II, ADOPT Resolution No. 2019/15 approving amended Bylaws and Articles of Incorporation for the WCCHD Financing Corporation II.

**FISCAL IMPACT:**

No fiscal impact.

**BACKGROUND:**

**West Contra Costa Healthcare District History and Governance**

The West Contra Costa Healthcare District (the “District”) struggled financially for decades, experiencing increasing costs, declining reimbursements, and growing service demand from uninsured and underinsured populations. After emerging from bankruptcy in 2006, the District fell deeper into debt. In 2015, it closed its hospital, Doctors Medical Center, which was a full-service acute care facility with 124 general acute care beds.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

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Action of Board On: **03/19/2019** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

**VOTE OF SUPERVISORS**

AYE: John Gioia, District I Supervisor  
Candace Andersen, District II Supervisor  
Federal D. Glover, District V Supervisor

ABSENT: Diane Burgis, District III Supervisor  
Karen Mitchoff, District IV Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: March 19, 2019

David Twa, County Administrator and Clerk of the Board of Supervisors

By: Stephanie Mello, Deputy

Contact: Timothy M. Ewell, (925)  
335-1036

## BACKGROUND: (CONT'D)

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On October 20, 2016, the District again filed for bankruptcy under chapter 9 of the Bankruptcy Code. Through the bankruptcy, the District sought the bankruptcy court's approval of a plan that allowed the District to modify its debts and on-going costs, emerge from bankruptcy, and begin the process of repaying creditors. The bankruptcy court approved the District's Plan of Adjustment on January 2, 2018, allowing the District to repay certain creditors over a series of years.

The District was governed by an elected board of directors, pursuant to Health and Safety Code sections 32100 et seq. Effective January 1, 2019, the Board of Supervisors became the appointed Board of Directors for the District. (Agenda Item D.3 on September 11, 2018 agenda.)

### Financing Corporations

The District issued municipal securities over time to facilitate capital improvements to its facilities, specifically the former Doctor's Medical Center. During that period, the WCCHD Financing Corporation and WCCHD Financing Corporation II (collectively the "Financing Corporations") were formed to assist with the issuance of those securities. The Financing Corporations are nonprofit public benefit corporations organized under California Corporations Code section 5100 et seq. Pursuant to these corporations' respective bylaws, the District Board of Directors also serves as the Board of Directors for each corporation.

Since the Board of Supervisors elected to become the District Board of Directors, effective January 1, 2019, the Board, by operation of law, also became the Board of Directors of each corporation at that time.

On December 4, 2018, the Board of Supervisors formally acknowledged that they would become the Board of Directors of WCCHD Financing Corporation and the Board of Directors of WCCHD Financing Corporation II. In accordance with the Board's responsibilities in these new roles, it also directed staff to make necessary filings with state and federal agencies that may require a change in governance as a reportable event on or after January 1, 2019.

Today's action will approve amended Bylaws and Articles of Incorporation of the WCCHD Financing Corporation II to recognize: 1) change in governance of the corporation, 2) establish meeting schedules concurrent with the Board of Supervisors' meeting schedule; 3) appoint officers of the corporation consistent with the officers of the District.

Once the amended Bylaws and Articles of Incorporation are approved, staff will make the requisite filings with the California Secretary of State (i.e. filing of Statement of

Information (CA Form SI-100)) to update business addresses, corporate officers, and contact information for service of process. Similarly, the corporation's responsible party and address information will be updated with the California Franchise Tax Board (FTB) and the Internal Revenue Service (IRS).

CONSEQUENCE OF NEGATIVE ACTION:

The existing Bylaws and Articles of Incorporation will remain in place. These documents will continue to reflect the prior governance and leadership structure of the Corporation, which is no longer in place due to the District now being operated by the Board of Supervisors. Additionally, the regular meeting schedule will not be updated to reflect the District's meeting schedule.

ATTACHMENTS

Resolution 2019/15

Resolution No. 2019/15 - Exhibit A - Amended Bylaws - WCCHD Financing Corporation II

Resolution No. 2019/15 - Exhibit B - Amended and Restated Articles of Incorporation - WCCHD Financing Corporation II