



Contra
Costa
County

To: West Contra Costa Healthcare District

From: Anna Roth, Health Services Director

Date: April 16, 2019

Subject: WEST CONTRA COSTA HEALTHCARE DISTRICT – BUSINESS FUNCTIONS

RECOMMENDATION(S):

Acting as the Governing Board of the West Contra Costa Healthcare District Board of Directors:

1. ACCEPT the calendar year 2018 Audit Report prepared by JWT & Associates, LLP.
2. ADOPT Resolution No. 2019/127 converting the financial reporting time frame of the District from a calendar year basis to a July to June fiscal year basis effective January 1, 2019.
3. AUTHORIZE the Health Services Director or designee to sign an amendment with MidAmerica, the third-party administrator for the California Nurses Association (CNA) health and education benefits, allowing CNA to give direction to MidAmerica with respect to future administration of the plan.
4. AUTHORIZE an expenditure amount of \$30,000 to secure a Standard and Poor's credit assessment of the District for the purpose of an advance refunding evaluation of the District's 2011 Certificates of Participation.

FISCAL IMPACT:

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **04/16/2019** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Diane Burgis, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V 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: April 16, 2019

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

By: Stacey M. Boyd, Deputy

Contact: Anna Roth, (925)
335-5100

Authorizes a \$30,000 expenditure for a credit assessment. 100% West Contra Costa Healthcare District funds

BACKGROUND:

West Contra Costa Healthcare District History

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.

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.

Senate Bill 522 (Glazer)

Senate Bill 522 was introduced by Senator Steve Glazer and proposed the dissolution of the existing elected board of directors of the District, effective January 1, 2019, and required that the Board of Supervisors of the County, at its election, either serve as the District’s governing board or appoint a governing board for the District, as specified. Governor Brown signed the bill into law on July 18, 2018.

Board of Supervisors as Governing Board

On September 11, 2018, the Board of Supervisors determined that it would serve as the governing board of the District effective January 1, 2019. Government Code section 54954(a) requires local agencies (including special districts) to provide for the time and place for holding regular meetings.

On January 15, 2019, the Board established the District's regular meeting schedule consistent with that of the Board of Supervisors' meeting schedule. In addition, the Board appointed the Executive Director, Secretary and Treasurer of the District. Specifically, the resolution appoints the County Administrator as Executive Director, the Chief Assistant Clerk of the Board as Secretary and the Auditor-Controller as Treasurer of the District.

Today's Actions

1. Accept the 2018 audit report prepared by JWT & Associates, LLP. No adverse findings are identified in the attached report. No further action is needed.
2. Modify the financial reporting period. The District financial reporting currently operates on a January to December time period. Converting the District to a July to June fiscal year basis will align the financial reporting and budgeting time period with the County structure. No further action is needed.
3. Authorize signature for plan amendment. Mid-America is the third-party administrator for the CNA health and educational benefits. Per the bankruptcy

settlement the District is responsible for making payments to Mid-America who then in turn distributes funds to the CNA members. The amendment will allow CNA to go directly to Mid-America, instead of the District, for any questions or issues regarding the payment of funds to individual CNA members.

4. Authorize \$30,000 for a credit assessment. The District has \$40 million in outstanding 2011 Certificates of Participation (COP). Given today's low interest rate environment it may be financially advisable to proceed with an advance refunding of the debt. Preliminary numbers indicate a potential savings of \$4 million over the life of the COP. The first step in this process is securing a Standard and Poor's credit assessment of the District. If the assessment is favorable we will return to the Board with a full report and recommended actions.

CONSEQUENCE OF NEGATIVE ACTION:

The business functions of the District will be adversely impacted.

ATTACHMENTS

Resolution 2019/127

DRAFT WCCHD Audited Financial Statements, period ending December 31, 2018