

1630 N. Main St., #258
Walnut Creek, CA 94596-4609
September 1, 2015

HAND DELIVERED

City Council
City of San Pablo
13831 San Pablo Ave.
San Pablo, CA 94806

Re: City Council Agenda Item #15-0380
Conference with Real Property Negotiators about 2000 Vale Road, San Pablo

Dear Mayor Rothberg and City Councilmembers:

The purpose of this letter is to alert you to the fact that the City's purchase of Doctors Medical Center appears improper because the West Contra Costa Healthcare District ("District") currently lacks authority to sell it.

In 2011 the District borrowed \$40 million from investors via sale of securities called certificates of participation. The hospital located at 2000 Vale Road was used as an asset underlying sale of these securities. Accordingly, as a condition of the issuance the District agreed not to sell the hospital during the term of the Installment Agreement.

This promise not to sell the hospital was disclosed to investors in an Official Statement that is available online at the following link: <http://emma.msrb.org/ER546481-ER423315-ER825444.pdf>. The Official Statement for the District's 2011 Certificates of Participation includes a "Summary of Principal Legal Documents - Appendix C." Page 12 of Appendix C states, in part:

*"The Installment Sale Agreement may not be assigned by the District, and **the Facilities may not be sold by the District during the Term of the Installment Sale Agreement.**" (Emphasis added.) ("Facilities" is defined as "all of the District's health care facilities commonly known as Doctors Medical Center-San Pablo, located at 2000 Vale Road, San Pablo, CA 94806, and situated on the real property described in the Installment Sale Agreement." This definition appears in Appendix C, page 2.)*

The District's 2011 Certificates of Participation could not have existed without the hospital, which may be why the District is prohibited from selling Doctors Medical Center during the term of the Installment Sales Agreement. Without the hospital, the District likely would not have been able to borrow \$40 million in 2011.

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The District lacks authority to sell the property until its obligations to investors are met. Further, the City cannot participate in a transaction that could be illegal.

If the City chooses to go forward with purchasing this property under present conditions, despite the potential risks and ramifications of doing so, then the City must provide the residents of San Pablo a thorough explanation.

Sincerely,

/s/

Wendy Lack
Contra Costa resident

Enclosure: Excerpt from “Official Statement: \$40,000,000 Certificates of Participation (2011 Financing Program) Evidencing the Direct, Undivided Fractional Interests of the Owners Thereof in Installment Payments to Made by the WEST CONTRA COSTA HEALTHCARE DISTRICT (Contra Costa County, California) As the Purchase Price for Certain Property Pursuant to an Installment Sale Agreement with the WCCHD Financing Corporation II” (143 pages) <http://emma.msrb.org/ER546481-ER423315-ER825444.pdf>