

**Meeting of the
EDEN HEALTH DISTRICT
BOARD OF DIRECTORS
OPEN SESSION**
March 15, 2017
Eden Health District - Conference Room.
5:30 p.m.

APPROVED

I. CALL TO ORDER

Chair Lewis called the meeting to order at 5:35 p.m.

Directors Present:

Chair Lewis
Director Friedman
Director Lorentzen
Director Gilcrest
Director Lynch

Staff Present:

Dev Mahadevan, Chief Executive Officer
Barbara Adranly, District Clerk
Michelle Robles, District Accountant

Guests:

Colin Coffey, Attorney-at-Law, Archer Norris
Laurie Nakahira, M.D., Chief Medical Director,
Davis Street Family Resources
Jonnie Banks, District Public Relations
Consultant
Four members of the public

Via Teleconference:

Brian Quint, Attorney-at-Law, Quint &
Thimmig, LLP

II. PLEDGE OF ALLEGIANCE

Pledge of allegiance was led by Director Friedman.

III. APPROVAL OF THE AGENDA

MOTION: Motion made by Director Friedman, seconded by Director Lorentzen, to approve the Agenda of the March 15, 2017 Board meeting as presented. The motion carried unanimously.

IV. APPROVAL OF MINUTES

The Open Session Minutes for the regular Board meeting of February 15, 2017 were reviewed.

MOTION: Motion made by Director Lorentzen, seconded by Director Lynch, to approve the Open Session Minutes of the February 15, 2017 regular Board meeting, as presented. The motion carried unanimously.

V. PUBLIC COMMENT

Frank Mellon, Castro Valley resident. He reported that he is involved with the Castro Valley Sports Foundation and he reported that the Castro Valley Sports Foundation raises money which it gives back to the community for sports programs or scholarships. He reported that he is not here to ask for money, but rather a possible partnership for an idea they have for a Run to the Dam event. Mr. Mellon reported that he is asking the District Board to think about whether the District would like to partner in the event to the extent that the District could provide some type of health fair at the event. He reported that they are currently looking at either May or June for the event, but that he does not have any hard details yet. He also reported that the Castro Valley Sport Foundation meets on the first Monday of each month at 7:00 p.m. at the Castro Valley Adult School and invited the District to attend an upcoming meeting.

Board requested that the item be put on the April board meeting agenda.

Jonnie Banks, District Public Relations Consultant, reported on the Castro Valley High School health event. She also reported on the upcoming eNewsletter and the upcoming Food for Life educational seminar on April 27, 2017 at the San Leandro library. Ms. Banks also reported on the tentative St. Rose Hospital event regarding recognition of the District. She also reported that she is working on helping to produce a video regarding the See Well to Learn program with the Northern California Society to Prevent Blindness, which the District has helped to fund.

VI. SPONSORSHIP REQUEST:

A. Davis Street Family Resources – 2017 Masquerade Ball Event:

Rose Johnson, Executive Director, Davis Street Family Resources, reported on upcoming annual event. She reported that this will be their only fundraising event this year and that last year they raised over \$100,000. Ms. Johnson reported that all funds go toward the Davis Street Family Resource Center programs, with the majority going to the Davis Street Health Clinic.

Dev Mahadevan reported that last year the District contributed \$500 to the Davis Street event.

MOTION: Motion made by Director Lorentzen, seconded by Director Friedman, to approve sponsorship of Davis Street Family Resources – 2017 Masquerade Ball Event in the amount of \$1000.00. The motion carried unanimously.

B. CALICO – Oakland Running Festival Fundraising Event:

Hillery Gladden, Executive Director, CALICO reported that their organization served 750 children last year. She reported on CALICO's background and the services they provide. She also reported that CALICO is a non-profit organization and have to raise all funds for their services. Ms. Gladden reported that the District typically supports CALICO through grants, but since she is new this year, they missed this year's grant deadline. She reported that 80% of their clients are served at their San Leandro location. Ms. Gladden asked the District for support for their Oakland Running Festival Fundraising Event.

MOTION: Motion made by Director Lynch, seconded by Director Gilcrest, to approve sponsorship of the CALICO Oakland Running Festival Fundraising Event in the amount of \$5000.00. The motion carried unanimously.

VII. DAVIS STREET FAMILY RESOURCES REPORT:

Laurie Nakahira, M.D., Chief Medical Director, Davis Street Family Resources, reported on the Medical Clinic and Behavior Health programs at the Davis Street Family Resource Center for the month of February, 2017. She reported that of the patients treated in February with diabetes, 28.5% had HbA1C higher than 9 and 71.5% with HbA1C less than 9.

Dr. Nakahira also reported on nutrition classes being held at Davis Street.

VIII. TEFRA HEARING – BRIAN QUINT, QUINT & THIMMIG, LLP

A. Presentation and Purpose of Hearing

Brian Quint, Attorney-at-Law, Quint & Thimmig LLP, reported this is a municipal bond issue which will be sold to refinance the 4000 Dublin Blvd. building. He reported that this financing is being done to refinance the current U.S. Bank loan with tax exempt financing. He also reported that this transaction is being structured as a lease/leaseback transaction with additional funding for tenant improvements of approximately \$1.3 million. Mr. Quint reported that at the time of financing, title of the Dublin Gateway property will transfer to the District, the District will lease the property to the non-profit corporation, and the non-profit corporation will then be subleasing the building back to the District. Mr. Quint reported that lease payments will be assigned directly to be paid to the investor which is First Northern Bank. He reported that this is being structured as Certificates of Participation financing. He also reported that this is basically a loan by the First Northern Bank to the District which refinances the current U.S. Bank loan, plus approximately \$1.3 million, and the costs to the District will be reduced.

Dev Mahadevan reported the motivation for this refinancing and the reduction in principal will be approximately \$5 to \$6 million over the term of the loan. Mostly due to the interest rate differential as well as the fact that the District will be making larger principal payments. He also reported that this is a 20 year amortization loan, but matures in 10 years. The District will have a financing decision to make again in 10 years.

Brian Quint reported that this is a private placement rather than a public offering. By doing a private placement it is more advantageous to the District with fewer financial covenants being placed on the District.

Dev Mahadevan reported that with this transfer title of the property from the LLC to the District, and from the date it transfers title, the County will be statutorily restricted from sending the District property tax bills and there will be no further property taxes on the property.

Brian Quint also reported that because the property will continue to be rented to PAMF which is a 501(c)3 non-profit corporation, this requires this public hearing.

Discussion held regarding the structure of the financing.

Dev Mahadevan reported that this is a take-out loan which has been pending since 2008 and which was been postponed due to the financial crisis of 2007-2009 and the litigation with Sutter. He also reported that the Board is being asked to hold March 22, 2017 open in case there is the need for a special meeting if there are any material changes to the loan documents.

B. Public Comment

Chair Lewis opened the public hearing and asked for any public comment. There was no public comment.

C. Closure of Public Hearing

Chair Lewis closed the public hearing.

IX. ORGANIZATIONAL ACTIONS FOR EDEN TOWNSHIP HEALTHCARE DISTRICT FINANCING CORPORATION AND APPOINTMENT OF BOARD MEMBERSHIP:

No organizational actions for Eden Township Healthcare District Financing Corporation and Appointment of Board Membership needed.

X. REVIEW OF FINANCE TERMS AND FINANCE SCHEDULE:

No review of finance terms and finance schedule needed.

XI. PRESENTATION, DISCUSSION & APPROVAL OF RESOLUTION NO. 419 RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF A LEASE/LEASEBACK TRANSACTION BY AND BETWEEN THE EDEN TOWNSHIP HEALTHCARE DISTRICT AND THE EDEN TOWNSHIP HEALTHCARE DISTRICT FINANCING CORPORATION – BRIAN QUINT

MOTION: Motion made by Director Lorentzen, seconded by Director Friedman, to approve Resolution 419, Resolution Approving the Execution and Delivery of a Lease/Leaseback Transaction by and Between the Eden Township Healthcare District and the Eden Township Healthcare District Financing Corporation, as presented.

Resolution 419 roll call vote:

Director Lorentzen	-	Yes
Director Friedman	-	Yes
Director Lynch	-	Yes
Director Gilcrest	-	Yes
Chair Lewis	-	Yes

The motion carried unanimously.

XII. PRESENTATION, DISCUSSION & APPROVAL OF RESOLUTION NO. 420 RESOLUTION APPROVING THE FORM AND AUTHORIZING AND DIRECTING THE EXECUTION OF CERTAIN LEASE FINANCING DOCUMENTS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF CERTIFICATES OF PARTICIPATION TO REFINANCE THE COSTS OF THE ACQUISITION BY THE DISTRICT OF A MEDICAL OFFICE BUILDING LOCATED AT 4000 DUBLIN BOULEVARD IN DUBLIN, CALIFORNIA, AND MAKING TENANT IMPROVEMENTS THERETO AND TO OTHER PROPERTIES OF THE DISTRICT, AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO – BRIAN QUINT

MOTION: Motion made by Director Lorentzen, seconded by Director Friedman, to approve Resolution 420, Resolution Approving the Form and Authorizing and Directing the Execution of Certain Lease Financing Documents in Connection with the Execution and Delivery of Certificates of Participation to Refinance the Costs of the Acquisition by the District of a Medical Office Building Located at 4000 Dublin Boulevard in Dublin, California, and Making Tenant Improvements Thereto and to Other Properties of the District, and Authorizing and Directing Certain Actions with Respect Thereto

Resolution 420 roll call vote:

Director Lorentzen	-	Yes
Director Friedman	-	Yes
Director Lynch	-	Yes
Director Gilcrest	-	Yes
Chair Lewis	-	Yes

The motion carried unanimously.

XIII. ADJOURN TO EDEN TOWNSHIP HEALTHCARE DISTRICT FINANCING CORP. SPECIAL MEETING:

Adjourned to Eden Township Healthcare District Financing Corp. special meeting at 6:28 p.m.

XIV. RETURN FROM EDEN TOWNSHIP HEALTHCARE DISTRICT FINANCING CORP. SPECIAL MEETING:

Returned from Eden Township Healthcare District Financing Corp. special meeting at 6:32 p.m.

XV. COMMUNITY HEALTH ADVISORY COMMITTEE REPORT:

A. District Residency Requirement of Members

Director Lynch reported the CHAC prefers that members of the CHAC be residents of the District. She reported the CHAC is asking the Board to confirm this preference for CHAC membership on the Committee.

MOTION: Motion made by Director Lorentzen, seconded by Director Friedman, to prefer that members of the Community Health Advisory Committee to be residents of the District. The motion carried unanimously.

B. New Members – Ratification

Director Lynch reported the CHAC is recommending for ratification the following members to the Community Health Advisory Committee: Adrienne Sommers, Rodica Motoc Fofiu, and Chike Udemezue.

MOTION: Motion made by Director Lynch, seconded by Director Lorentzen, to ratify Adrienne Sommers, Rodica Motoc Fofiu, Chike Udemezue as members of the Community Health Advisory Committee. The motion carried unanimously.

C. Meeting Schedule – Ratification

Director Lynch reported that the CHAC will hold regular meetings every other month at the District office and special meetings will be held three times per year at other locations such as libraries, community centers, senior centers, community health centers, or Chambers of Commerce. She also reported that the meeting time for the CHAC regular meetings will be changed to 6:00 p.m. and is asking the Board for ratification of these changes.

MOTION: Motion made by Director Lynch, seconded by Director Lorentzen, to ratify meeting schedule of the Community Health Advisory Committee to regular meetings every other month, special meetings three times per year at other locations, and meeting time to be changed to 6:00 p.m. The motion carried unanimously.

XVI. LAFCO REVIEW OF THE DISTRICT:

Dev Mahadevan reported that the final consultant's report has been sent to staff. He also reported that the correction was made that most healthcare district's no longer operate hospitals.

Chair Lewis reported that the public hearing will be held on April 11th at 6:00 p.m. at the Castro Valley Library regarding the final consultant's report.

Colin Coffey, Attorney-at-Law, Archer Norris reported on ACHD webinar held on March 2, 2017. He reported that ACHD described the AB 645, Assembly Member Quirk's new bill, which was described as a placeholder bill pending the outcome of the LAFCo proceeding regarding the District.

Colin Coffey also reported on the California State Assembly Committee on Local Governance oversight hearing regarding the Evolution of Healthcare Districts which was held on March 8, 2017.

XVII. ALAMEDA LAFCO – NOTICE OF ALTERNATE SPECIAL DISTRICT SEAT CANDIDATE NOMINATION:

Dev Mahadevan reported that the District can nominate a District Board Member for the Alameda LAFCo Alternate Special District seat, and that there will be an election for this Alternate Special District seat in the near future. He reported that if any District Board Member is interested in serving, a Board Member can nominate another Board Member.

No Board Members were nominated for the Alameda LAFCo Alternate Special District seat.

XVIII. ADDITIONAL FISCAL YEAR 2017 GRANT CYCLE:

Dev Mahadevan reported that staff is not recommending there be any additional grants this year, since the District's cash outflows are greater than anticipated and the District would have to draw on reserves that are already lower than they have been at any time in the last ten years.

Additional grant cycle for 2017 was not approved at this time.

XIX. FINANCIAL STATEMENTS – FEBRUARY, 2017:

Michelle Robles presented the financial statements for the period ending February 28, 2017.

On a cash basis, the District had a cash gain of \$149,347 for the month of February, 2017. For the medical office buildings the District owns, Dublin Gateway had a cash gain of \$145,618, San Leandro Medical Arts Building had a cash gain of \$25,557, and the Eden Medical Building had a cash gain of \$23,060. Community Services expenses were \$45,267. The District Office expenses were better than budget by \$8,253, primarily due to higher than budget interest income, coupled with lower than budget consultant expense.

The District had a net loss of \$40,746. The main difference between the net loss of \$40,746 and the cash gain of \$149,347 is depreciation and amortization.

MOTION: Motion made by Director Friedman, seconded by Director Gilcrest, to accept the Financial Statements for February, 2017, as presented. The motion carried unanimously.

XX. DISTRICT HOLIDAY SCHEDULE:

Dev Mahadevan reported the District looked at the current holiday schedule compared to the other local districts and the District has fewer holidays than other Districts in the area. He reported that after comparing the holiday schedules of other local districts and other healthcare districts, he is suggesting adding Martin Luther King Day, Veteran's Day, and the day after Thanksgiving to the District holiday schedule. He reported also that adding these holidays would still put the District at the lower end of holidays compared to the other local districts and other healthcare districts. Mr. Mahadevan reported that there would be no additional cost to the District, since all employees are non-exempt salaried employees.

ACTION: Motion made by Director Lynch, seconded by Director Gilcrest, to approve Martin Luther King Day, Veteran's Day, and the day after Thanksgiving as holidays for the District. The motion carried unanimously.

XXI. CHIEF EXECUTIVE OFFICER RETIREMENT & RECRUITMENT OF REPLACEMENT:

Dev Mahadevan reported that job posting has been placed on CSDA job board. He also reported that a press release has gone out regarding his retirement. He reported that at this time there are two possible candidates for the position.

XXII. CHIEF EXECUTIVE OFFICER MONTHLY REPORT

Dev Mahadevan reported on City of Dublin development agreement extension. He also reported on tenant at Dublin Gateway which the District may give an early lease termination. He also reported on new property management employee from Bayside Realty Partners who will be taking over the Dublin and Castro Valley properties. Mr. Mahadevan reported that the new property manager is Roger Martins, a long-term Bayside Realty Partners employee, who has been managing a building in San Francisco. He reported that Mr. Martins lives in San Ramon and applied for this position, which is closer to home. Mr. Mahadevan reported that tenant improvement construction which will be starting on the 2nd floor of the Eden Medical Building for a new tenant, for which the tenant is the client and manager.

XVII. CHAIRMAN'S REPORT

No Chairman's report given.

XVIII. CORRESPONDENCE

No correspondence was reported on.

XIX. OTHER BUSINESS

The next meeting to be held will be Wednesday, April 19, 2017 at the Eden Health District, Conference Room.

XX. ADJOURNMENT

There being no further business, the meeting was adjourned at 7:06 p.m.

Attest:

Roxann Lewis
Chair, Board of Directors
Eden Health District

Charles Gilcrest
Secretary, Board of Directors
Eden Health District