

FILED

DEC 31 2018

**COALINGA REGIONAL MEDICAL CENTER  
A Local California Health Care District  
March 2019 MEASURE "R"  
LEASE WITH OPTION TO SELL HOSPITAL/MEDICAL CENTER  
NON-REAL PROPERTY ASSETS**

DEPUTY

**AMENDED**

**(IMPARTIAL ANALYSIS BY COUNTY COUNSEL PURSUANT TO  
SECTION 9313 OF THE ELECTIONS CODE)**

This measure seeks voter approval allowing the board of directors ("Board") of the Coalinga Regional Medical Center, A Local California Health Care District, ("District") to: 1) enter into a lease and option to purchase agreement with Coalinga Medical Center, LLC ("Lessee/Purchaser"), a California for-profit entity, for the lease and possible sale of the Coalinga Regional Medical Center real property ("Medical Center") and 2) allowing the sale of District's Medical Center equipment and non-real property assets to Lessee/Purchaser. The measure was placed on the ballot by the Board.

The District is a local public health care district, organized under California's Health Care District Law. California law states that a health care district may "transfer, at fair market value, any part of its assets to one or more corporations to operate and maintain the assets." A transfer is deemed to be at fair market value if a qualified independent consultant/appraiser determines that the consideration to be paid is "fair and reasonable." Before transferring a substantial portion of its assets to a private party, a health care district's board of directors must submit to the voters of the district a measure approving the transfer by a simple majority vote. This measure implements the requirement to seek voter approval.

According to the resolution of the Board calling for the election, the Medical Center has been in a state of on-going closure due to severe financial problems. The District has negotiated a lease of the Medical Center with the option to sell to Lessee/Purchaser the District's real property associated with the Medical Center ("agreement") with the intent to reopen a local general acute care hospital including the emergency room and skilled nursing facility. The terms of the proposed lease and the details of the proposed sale of the District's Medical Center/real property assets have not been finalized in a signed agreement. According to the District, it expects to have the final, signed agreement prior to the election date. If the voters approve the measure, the District may enter into the agreement with Lessee/Purchaser which authorizes the District to (1) lease the Medical Center to Lessee/Purchaser, and, (2) sell the Medical Center to Lessee/Purchaser for the greater of \$1,000,000.00 or fair market value. This proposed transaction is subject to approval by the bankruptcy court.

The District also proposes to sell its equipment and other non-real property assets to Lessee/Purchaser. Prior to the consummation of this sale of the District's non-real property assets, the Board will obtain an opinion of a licensed appraiser on the fair and reasonable value of the equipment/non-real property assets.

For Measure R to be approved, a majority of voters voting on the measure must vote “yes”. The measure makes no change to existing law.

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