

HEALTH SERVICES COMMITTEE

July 20, 2023

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

ACQUISITION OF GENERAL ACUTE CARE HOSPITAL ASSETS, SAN FRANCISCO CAMPUS

The Committee recommends that:

- A. Subject to satisfactory completion of due diligence and the requirements set forth in Section B below, the following actions are authorized:
 - (1) UCSF Health (UCSFH) may acquire certain assets controlled by CommonSpirit Health (CSH), including St. Mary's Medical Center (SMMC), Saint Francis Memorial Hospital (SFMH), select supporting outpatient clinics, and select real property assets as listed in Attachment 1.
 - (2) At conclusion of the Proposed Transactions the Regents, through UCSFH, will control all operations of SMMC, SFMH and the other assets included as described above either directly or through an entity controlled by the Regents.
- B. The following business terms will be required in connection with the closing of the Proposed Transactions:
 - (1) Purposes/Mission: The Proposed Transactions shall be in furtherance of UCSFH's mission of promoting health and expanding access to healthcare services for a broad cross-section of the community and consistent with its clinical and academic purposes.
 - (2) Capital Commitment: UCSFH will commit no more than \$100 million in consideration to acquire the assets included as part of the Proposed Transaction. In the event UCSFH does not commit to pay the total negotiated consideration at closing, UCSFH will pay the balance of the total consideration, as may be adjusted by customary post-closing adjustments and indemnification obligations, over no longer than a seven-year term.
 - (3) Excluded Liabilities: Except for the specific liabilities negotiated in connection with the definitive agreements executed to effectuate the Proposed Transactions, UCSF will not assume or be liable or responsible for any of the liabilities of CSH (or any affiliate of CSH), including debt and other liabilities relating to the assets included in the Proposed Transaction, incurred prior to the closing of the Proposed Transaction.
 - (4) Policies Applicable to Acquired Assets: As a condition to closing the Proposed Transaction, all assets will be deconsecrated. Thus, as of the closing date, neither

the Ethical and Religious Directives nor the Statement of Common Values will apply to the facilities nor govern facility operations, policies, or staff.

- (5) Systemwide Initiatives: Nothing in any agreement signed in connection with the Proposed Transaction shall bind the University as a whole, UC Health, or any UC campus or medical center other than UCSF; and all definitive agreements shall preserve UCSF's right to participate directly or through new companies in systemwide (i.e., UC Health) initiatives.
- C. The President or his designee, after consultation with the Office of the General Counsel, and following action pursuant to the California Environmental Quality Act, be authorized to approve and execute any agreements reasonably required to implement the foregoing, including any subsequent agreements, modifications, or amendments thereto, provided that such agreements, modifications, amendments or related documents are materially consistent with the terms above, and do not otherwise materially increase the obligations of the Regents or materially decrease the rights of the Regents.

Committee vote: Regents Drake, Leib, Makarechian, Park, Pérez, Reilly, Sherman, and Sures voting "aye."

Board vote: Regents Anguiano, Cohen, Drake, Elliott, Ellis, Hernandez, Kounalakis, Lee, Leib, Makarechian, Matosantos, Pérez, Reilly, Sarris, Sherman, Sures, and Tesfai voting "aye."

Real Property Included in the Proposed Transaction

The combined owned parcels on the St. Mary's Medical Center and Saint Francis Memorial Hospital campuses to be included in the Proposed Transaction reflects a total of 7.95 acres.

Dignity Health, SMMC, owns the following parcels, to be included in the Proposed Transaction:

Address	Type	Building Size (Sq ft)	Key Features
450 Stanyan St., San Francisco, CA	Acute Care Hospital	402,799	<p><u>Licensed Space:</u></p> <ul style="list-style-type: none"> ▪ 167 Med Surg Beds ▪ 37 Intensive Care Beds ▪ 36 Acute Rehabilitation Beds ▪ 9 Operating Rooms ▪ 3 Cath Labs <p><u>Leased Space:</u></p> <ul style="list-style-type: none"> ▪ Kentfield Long Term Acute Care Unit: Lease Expires in 2026; Space - 27,297 sq ft; 60 beds (6th floor) ▪ Crestwood Stabilization Unit: Lease Expires in 2028; Space – 26,857 sq ft; 54 beds (5th floor)
2200 Hayes St., San Francisco, CA	Psychiatric Hospital	41,198	35 Beds
One Shrader St., San Francisco, CA	Medical Office Building	55,000	10 medical offices/clinics; parking
2250 Hayes St., San Francisco, CA	Medical Office Building	75,362	24 clinic / administrative spaces; parking

Dignity Community Care, SFMH owns the following parcels, to be included in the Proposed Transaction:

Address	Type	Building Size (Sq ft)	Key Features
900 Hyde St., San Francisco, CA	Acute Care Hospital	470,856	<p><u>Licensed Space:</u></p> <ul style="list-style-type: none"> ▪ 205 Medical/Surgical Beds ▪ 20 Acute Rehabilitation Beds ▪ 10 Intensive Care Beds ▪ 8 Coronary Care Beds ▪ 16 Intensive Burn Care Beds ▪ 11 Operating Rooms ▪ 35 Psychiatric Beds
909 Hyde St., San Francisco, CA	Medical Office Building	93,796	35 medical offices/clinics; administrative spaces; parking
1199 Bush St., San Francisco, CA	Medical Office Building	80,987	21 medical offices/clinics; administrative spaces; parking
1234 Pine St., San Francisco, CA	Parking Lot	11,600	Freestanding, attended parking garage

St. Mary's Medical Center



Saint Francis Memorial Hospital



Dignity Health, St. Mary's Medical Center, leases the following parcels, which will be included as a lease transfer in the Proposed Transaction:

- San Francisco International Airport, International Terminal, Level 3, San Francisco, CA: Medical Clinic

Dignity Community Care, Saint Francis Memorial Hospital leases the following parcels, which will be included as a lease transfer as part of the Proposed Transaction:

- 24 Willie Mayes Plaza, San Francisco, CA: Medical Clinic known as "Saint Francis Health Center at the Ballpark" which currently has three clinic units: (1) Occupational Health Center (lease expires 12/2029), (2) Outpatient Physical Therapy Clinic (lease expires 11/2024), and (3) the Dignity Health Medical Foundation Clinic (lease expires 11/2024)
- 1777 Botelho Drive, Walnut Creek, CA: Medical Clinic that is a Center for Sports Medicine and Therapy.