



SACHI A. HAMAI  
EXECUTIVE OFFICER

# COUNTY OF LOS ANGELES BOARD OF SUPERVISORS

KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 383  
LOS ANGELES, CALIFORNIA 90012  
(213) 974-1411 • FAX (213) 620-0636

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August 26, 2009

Mr. Russell S. Gould, Chairman  
Board of Regents  
University of California  
Office of the Secretary and  
Chief of Staff to the Regents  
1111 Franklin Street, 12th Floor  
Oakland, CA 94607

Dear Mr. Gould:

We are writing to urge the University of California (UC) Regents to take action at your September 2009 meeting to approve the joint initiative developed by Los Angeles County and UC for a new Martin Luther King, Jr. (MLK) hospital in South Los Angeles. As you know, the County and UC staffs have been working over the past several months on the MLK initiative and have developed an innovative, private, nonprofit structure that all parties agree would have very strong financial viability.

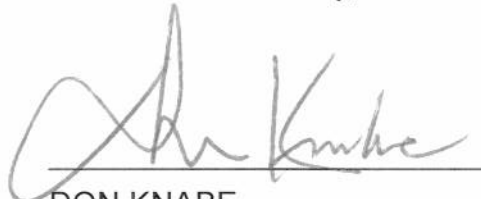
The MLK hospital initiative reflects the safety net responsibilities of the County and is consistent with the UC's mission to provide high quality medical services and medical training. It is important to note that the plan entails no financial contribution by the UC to the new hospital, and the UC is not financially liable for the non-profit which would operate the hospital. The County is making substantial financial commitments, including \$63 million in annual operating support, \$50 million in start-up funds, \$28 million in reserve and cash flow funding support, and more than \$200 million in capital improvements to the seismically compliant inpatient tower at the MLK site. We also intend to commit an additional \$145.3 million to build a new Multi-service Ambulatory Care Center and Ancillary Services building adjacent to the inpatient tower for a total capital project commitment of \$353.8 million. The County is prepared to make the annual operating financial commitments in a binding manner which will protect future funding for MLK.

Mr. Russell S. Gould  
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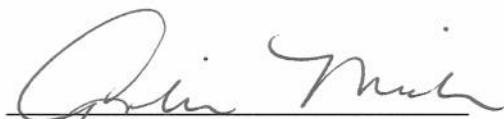
A decision by the Regents in September is critical, because the County's \$353.8 million capital project for constructing a fully renovated, seismically compliant hospital campus is linked to accessing Federal American Recovery and Reinvestment Act (Stimulus) financing which would provide a significant discount on our financing costs. This special rate, however, is only available for a short time period and the County will not move forward to access this program without an agreement with UC. If action by the Regents is deferred beyond September, and we delay our application for Stimulus assistance, we may miss the Federal window and our long-term financing costs could increase significantly.

We are very grateful for the extraordinary cooperation provided by the UC team in developing this proposal. We believe that all issues of concerns raised by both parties have been fully addressed. We respectfully request that the Regents take action on this MLK proposal at your September 2009 meeting so that we can begin to implement the critically needed restoration of health services to the South Los Angeles area.

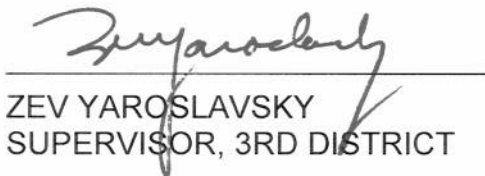
Sincerely,



DON KNABE  
CHAIRMAN  
SUPERVISOR, 4TH DISTRICT



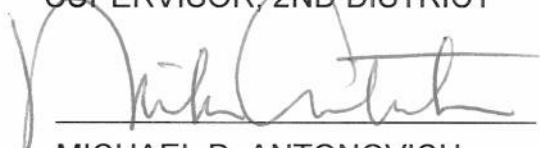
GLORIA MOLINA  
SUPERVISOR, 1ST DISTRICT



ZEV YAROSLAVSKY  
SUPERVISOR, 3RD DISTRICT



MARK RIDLEY-THOMAS  
SUPERVISOR, 2ND DISTRICT



MICHAEL D. ANTONOVICH  
SUPERVISOR, 5TH DISTRICT

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c: Each member, University of California  
Board of Regents