

MINUTES

**California Health Facilities Financing Authority
February 25, 2010
915 Capitol Mall, Room 587
Sacramento, California**

Patricia Wynne, Chairperson called the meeting to order at 2:23 P.M.

Roll Call

Members Present: Patricia Wynne for Bill Lockyer, State Treasurer
Ruth Holton-Hodson for John Chiang, Controller's Office
Cynthia Bryant for Ana J. Matosantos, Department of Finance
Ronald Joseph
Jack Buckhorn
Judith Frank
Harry Bistrin
Sumi Sousa
Dr. Oscar Sablan – Via Teleconference

Staff Present: Barbara J. Liebert, Executive Director
Rosalind Brewer, Deputy Executive Director

The Chair declared a quorum present.

Approval of the Minutes from the January 28, 2010 meeting

Ruth Holton Hodson moved approval of the January 28, 2010 meeting minutes, Jack Buckhorn seconded the motion. The minutes were approved with a 9-0 vote.

Executive Director's Report

Ms. Liebert reported the following as of January 31, 2010: Bonds issued: \$24,194,717,017; Bonds outstanding: \$9,119,135,887; CHFFA fund balance: \$13,496,380; HELP II fund balance: \$12,759,277, Cedillo-Alarcón Clinic: \$210,659; Anthem-WellPoint: \$556,274; Children's Hospital Bond Act of 2004: \$231,738,037 and the Children's Hospital Bond Act of 2008: \$687,618,362.

Delegation of Powers Monthly Update

Ms. Liebert reported two delegation of powers actions. The first action involved True to Life Children's Services, Series 2000A bond in the amount of \$240,000,000, which consented to the change of trustee from The Bank of New York to U.S. Bank.

The second action involved Cedars-Sinai Medical Center. The board approved the use of bond proceeds to pay for capitalized interest. The Authority executed a supplemental indenture and a supplemental tax certificate referencing the change. The amendment reflects the use of bond proceeds to pay capitalized interest.

CHFFA Mission Statement

A copy of a proposed mission statement was circulated to the board. Ms. Liebert then provided the history of CHFFA's mission statement, indicating that to her knowledge there has not been a formal mission statement. The proposed statement was developed by looking at the Authority's statute, discussing with Authority staff, and conferring with Authority counsel. She asked the board members for their comments, changes, and thoughts regarding the mission statement.

Ms. Liebert also commented that to enhance the Authority's website, she would like to post the biography and picture of each board member.

Ms. Holton Hodson thought the mission statement was very succinct. Chair Wynne noted the Authority mission is dynamic and that the mission statement can always be amended.

Chair Wynne moved agenda item #4 to the end of the agenda in order to accommodate board members needing to leave early.

Item #5 **Childrens Hospital Los Angeles, Resolution No. 352**

Ms. Liebert introduced John Bonow, Financial Advisor, Public Financial Management, Gail Margolis, Vice President of Government Business Relations, Childrens Hospital of Los Angeles (CHLA), Keith Grundy, Financial Advisor, Childrens Hospital of Los Angeles-Sr. Vice President, Shattuck Hammond Partners, Jenna Magan, Bond Counsel and Diane Potter from Orrick, Herrington & Sutcliffe LLP. CHLA is a grant recipient of the Children's Hospital Bond Program and seeks approval of Resolution Number 352 to permit Childrens Hospital of Los Angeles to publicly market up to \$265,000,000 in tax-exempt bonds subject to a bond rating of at least a BBB rating by a nationally recognized rating agency.

Ms. Liebert mentioned CHLA two ratings (a triple B plus from S&P and B/AA2 from Moody's) and that staff was recommending the board adopt a resolution permitting bond issuance at the minimum rating requirement of BBB, giving CHLA the flexibility for cost effective financing. Ms. Liebert further mentioned CHLA desires to publicly market bonds to investors in \$5,000 denominations which trigger the various guidelines and recommended exceptions thereto as set forth with more particularity in the staff report. Ms. Liebert thereafter recommended the Authority approve Resolution Number 352 in an amount not to exceed \$265,000,000 for Childrens Hospital Los Angeles subject to a bond rating of at least a "BBB" rating by a nationally recognized rating agency. Macias Gini & O'Connell, LLP., the Authority's financial analyst, reviewed all relevant financial documentation submitted by CHLA and has concurred with the Authority's staff recommendations.

Mr. Bonow answered various questions from board members after a detailed explanation regarding risk profiles and market receptivity to BBB rated, publicly market bonds in \$5,000 denominations.

Chairperson Wynne asked if there were any questions or comments from the board members and the public.

Ms. Liebert stated for the record that board member Judith Frank will recuse herself from this transaction because of ownership interest in Citibank stock.

Ms. Holton-Hodson moved approval of the Resolution and Mr. Bistrin seconded the motion. The motion was adopted with an 8-0 vote.

Item #6 Children's Hospital & Research Center at Oakland, Resolution No. 2010-01

Mr. Jim Rennie, Staff Analyst, introduced Carol Brosgart, MD, Senior Vice President/Chief Medical Officer and Colleen Reed, CPA, Controller, both from the Children's Hospital & Research Center at Oakland (CHO). CHO is a non-profit 501 (c) (3) general acute care hospital with a current license from the Department of Health Services. The 2008 (year ending December 31) audit was submitted and it was free of "going concern" language. CHO is seeking grant funds for three projects, which include 1) Cardiology and Radiology Angiography and Interventional Suite (Cath Lab), 2) Peri-operative Information Management System, and 3) Patient Care Equipment. Based on the review of the application and other submitted materials, staff evaluated CHO's projects using the six factors identified in Proposition 61 language.

Staff recommended the Authority approve Resolution No. 2010-01 for Children's Hospital & Research Center at Oakland to provide a grant not to exceed \$25,133,999 (less costs of issuance), subject to all requirements of the Children's Hospital Program.

Chair Wynne asked if there were any questions from the board members or if there was any public comment. Hearing none, Mr. Joseph moved approval of the Resolution and Mr. Buckhorn seconded the motion. The motion was adopted with a 9-0 vote.

Item #4 Late Payment Collection Protocol

Ms. Liebert presented an overview of the Authority's late payment collection protocol. At the January 28, 2010 meeting, the board directed staff to return to the board with a comprehensive plan for debt collection practice so that members might have an opportunity to discuss the Authority's collection practices.

Ms. Liebert provided the Board with a collection protocol that mirrored the accounts receivable collection procedure provided in the State Administrative Manual (SAM) (sections 8776, et seq) and Government Code (sections 16580-16586 and 13940-13944).

Board members discussed the proposed policy. Staff noted direction from the board to pursue the collections practices outlined in the SAM manual on a more expeditious schedule than recommended by the SAM manual.

Board members also discussed a pending HELP II delinquency and the various options available to the Board to address that delinquency. Chair Wynne stated that Authority staff should take the appropriate steps to address the delinquent borrower and report back to the Board next month.

Chair Wynne asked for public comment. Hearing none and with no additional business, Chair Wynne adjourned the meeting at 3:21 P.M.