

MINUTES

**California Health Facilities Financing Authority
September 2, 2010
915 Capitol Mall, Room 587
Sacramento, California**

Patricia Wynne, Chairperson called the meeting to order at 9:05 A.M.

Roll Call

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

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

The Chair declared a quorum present.

Approval of Minutes off the July 29, 2010 Meeting (Action Item)

Chair Wynne advised the board that minutes from the July 29, 2010 meeting would be addressed at the September 30th board meeting.

Executive Director's Report (Information Item)

Ms. Liebert reported the following as of July 31, 2010: Bonds issued: \$24,912,562,017; Bonds outstanding: \$9,446,121,156; CHFFA fund balance: \$14,682,434; HELP II fund balance: \$12,441,531, Cedillo-Alarcón Clinic: \$229,256; Anthem-WellPoint: \$298,953; Children's Hospital Bond Act of 2004: \$128,502,726 and the Children's Hospital Bond Act of 2008: \$784,989,644.

Ms. Liebert further reported the following as of June 30, 2010: Bonds issued: \$24,910,192,017; Bonds outstanding: \$9,488,847,948; CHFFA fund balance: \$14,260,033; HELP II fund balance: \$11,990,778, Cedillo-Alarcón Clinic: \$226,256; Anthem-WellPoint: \$298,953; Children's Hospital Bond Act of 2004: \$272,044,935 and the Children's Hospital Bond Act of 2008: \$771,834,044.

Delegation of Powers Monthly Update - Alliance for Community Care, Series 2003

Ms. Liebert noted she signed documentation permitting Alliance for Community Care to defease a portion of their bonds associated with the release of real property and that the AG's office concurred the proposed action fell within the parameters of the delegation resolution.

Modoc Medical Center Update

Ms. Liebert noted CHFFA has not yet disbursed the funds to the County of Modoc because of an outstanding constitutional issue remaining to be addressed by counsel for the County of Modoc.

Dr. Sablan asked whether either of the grant funds (Cedillo-Alarcón Clinic and Anthem Well Point) had funds available for allocation to possible grantees. Ms. Liebert responded that all funds have already been awarded.

Item #4

Vista Community Clinic (VCC), Resolution No. HII-253

Yassar Dahbour, Staff Analyst, introduced Michele Lambert, Chief Financial Officer of Vista Community Clinic and proceeded to summarize the proposed transaction for the board, noting that VCC offers a variety of medical, dental, mental health and health education services providing low-cost, high quality, comprehensive primary care services to residents of the Northern San Diego County area.

Ms. Holton-Hodson applauded VCC for their balance sheet notwithstanding their 79% Medi-Cal service rate.

Ms. Lambert explained that as VCC expands programs and services or additional capital expenditures, like electronic health records, staff actively pursues grant funding to cover the cost. Ms. Lambert also noted that VCC has set aside a 90-day operating reserve.

Staff recommended approval of Resolution Number HII-253 for Vista Community Clinic in an amount not to exceed \$525,000, for a term not to exceed 15 years, and contingent upon financing terms acceptable to the Authority. Yassar noted that Macias Gini & O'Connell, LLP, the Authority's financial analysts, concurred with the Authority's staff recommendations.

Chair Wynne asked if there were any additional questions from the board members or public comments. Hearing none, Ms. Sousa moved adoption of Resolution Number HII-253 and Mr. Joseph seconded the motion. The motion was unanimously adopted with a 9-Aye vote.

Long Beach Memorial Medical Center

Item #5

(Miller Children's Hospital), Resolution No. CHP-3 2010-03

Jim Rennie, Staff Analyst, introduced Diana Dooley, President of the California Children's Hospital Association and then proceeded to summarize the grant request for the board. Mr. Rennie recommended the Authority approve Resolution Number CHP-3 2010-03 to provide a grant not to exceed \$21,936,555 (less issuance and administrative costs), subject to all requirements of the Children's Hospital Program of 2008.

Ms. Dooley had no comments other than to thank staff for their efforts and the consideration their hospitals always receive.

Chair Wynne asked if there were any additional questions from the board members or public comments. Hearing none, Mr. Buckhorn moved adoption of Resolution Number CHP-3 2010-03 and Dr. Sablan seconded the motion. The motion was unanimously adopted with a 9-Aye vote.

Item #6

UCLA Medical Center (Mattel Children's Hospital), Resolution No. CHP-3 2010-04

Jim Rennie, Staff Analyst, introduced James Atkinson, MD, Medical Director and Professor of Surgery, UCLA Health Center and Anne-Marie Spataru, Director, Special Projects of UCLA Capital Programs and thereafter proceeded to summarize the grant request for the board noted that proceeds of the grant would be used by UCLA Medical Center to reimburse the eligible proportional pediatric costs of constructing a 266-bed, 344,000 square foot replacement hospital for the hospital campus located at 1250 16th Street, Santa Monica, CA 90404.

Mr. Rennie recommended the Authority approve Resolution Number CHP-3 2010-04 for the UCLA Medical Center to receive a grant not to exceed \$25,000,000 (less issuance and administrative costs), subject to all requirements of the Children's Hospital Program of 2008.

Dr. Atkinson provided an overview of the project to Board members.

Dr. Sablan queried whether residents would be trained at the new facility. Dr. Atkinson replied residents are already in place and teaching services have already been established.

Ms. Frank asked if the facility is currently open. Dr. Atkinson replied affirmatively, indicating the hospital has been open for two years. He added that the Santa Monica project was built around a working hospital and that it is fully functional with 15 beds. Dr. Atkinson noted there would be an additional 26 beds once the project is completed.

Ms. Holton-Hodson queried about their 14% Medi-Cal service rate and whether there might be additional uncompensated care provided by the facility. Mr. Atkinson replied that he believes the figured noted by Ruth is related to the entire population, which includes adults. He then noted that the pediatric program is probably 70% Medi-Cal and CCS or otherwise unfunded patients.

Chair Wynne asked if there were any additional questions from the board members or public comments. Hearing none, Ms. Holton-Hodson moved adoption of Resolution Number CHP-3 2010-04 and Mr. Bistrin seconded the motion. The motion was unanimously adopted with a 9-Aye vote.

Item #7 The George G. Glenner Alzheimer’s Family Centers, Incorporated, Resolution No. 2010-06

Yassar Dahbour, Staff Analyst, introduced Kelly Focht, Chief Executive Officer of The George G. Glenner Alzheimer’s Family Centers, Incorporated and then proceeded to summarize the proposed transaction for the board, noting specifically that loan proceeds would be used to offset Medi-cal reimbursement delays due to the State’s budget impasse.

Mr. Dahbour recommended the Authority approve Resolution Number 2010-06 in an amount not to exceed \$130,192 for The George G. Glenner Alzheimer’s Family Centers, Incorporated including a waiver of the Authority’s application fee and subject to financing terms acceptable to the Authority.

Ms. Liebert added generally for each transaction, that the resolution should be amended to reflect repayment would occur to the Authority within 45-days of “enactment” rather than “adoption” of the state budget.

Ms. Ingenito then explained the difference between “enactment” and “adoption” and its potential impact on the repayment obligation of the borrower, thereby underscoring the benefit of modifying the Authority’s resolutions on this point.

Ms. Liebert mentioned that staff is also asking the board to waive the application fee of \$50.00.

After discussion amongst Board members as to both this borrower and the Medi-Cal Bridge Loan Program in general, Chair Wynne asked if there were any additional questions from the board members or public comments. Hearing none, Mr. Joseph moved adoption subject to waiving the application fee and the suggested change in the resolution language concerning the term “enactment” as suggested by Ms. Liebert. Ms. Holton-Hodson seconded the motion. The motion was unanimously adopted with a 9-Aye vote.

Innovative Health Care Services

Item #8 dba The Peg Taylor Center for Adult Day Health Care, Resolution No. 2010-07

Thera Hearne, Staff Analyst, introduced Diane Cooper-Puckett, Executive Director of Innovative Health Care Services dba The Peg Taylor Center for Adult Day Health Care and then proceeded to summarize the transaction for the board, noting specifically that loan proceeds would be used to offset Medi-Cal reimbursement delays due to the State’s budget impasse.

Ms. Hearne recommended the Authority approve Resolution Number 2010-07 in an amount not to exceed \$150,000 for Innovative Health Care Services, Inc. dba Peg Taylor Center for Adult Day Health Care including a waiver of the Authority’s application fee and subject to financing terms acceptable to the Authority.

After an overview by Ms. Cooper-Puckett of the organization and the services they provide, discussion amongst the Board members ensued. Chair Wynne asked if there were any additional questions from the board members or public comments. Ms. Liebert reminded the board of the amendment to the resolution to change the wording from adoption to enactment, as well as the waiver of the application fee. After that, Ms. Holton-Hodson moved adoption of amended Resolution Number 2010-07 and Mr. Joseph seconded the motion. The motion was unanimously adopted with a 9-Aye vote.

Item #9 Acacia Adult Day Services, Resolution No. 2010-08

Cheryl Ide, Staff Analyst, introduced Mallory Vega, Executive Director of Acacia Adult Day Services and proceeded to summarize the transaction for the board, specifically noting that loan proceeds would be used to offset Medi-Cal reimbursement delays due to the State’s budget impasse.

Ms. Liebert noted that Acacia's existing HELP II loan is in default due to Acacia's failure to notify the Authority of an assignment of real property despite a covenant in the loan agreement requiring Acacia to notify and seek consent from the Authority. In light of the foregoing, Ms. Liebert recommended proceeding with the loan, subject to satisfactorily resolving the default.

Chair Wynne asked Kristin Smith, STO Legal Counsel, to come before the Board. Ms. Smith indicated that one of the remedies for the default would be the consent of the lender (the Board). If consent is an avenue the Board would like to pursue, the matter must be heard another day following appropriate notice and publishing of an agenda. Ms. Smith stated that the next meeting is at the end of September so the Authority may want to consider an earlier meeting.

After questions and discussion by the Board, Chair Wynne asked if was possible to approve this Medi-Cal Bridge Loan today and provide staff the opportunity to address the technical default. The Authority could then schedule a follow-up meeting to provide resolution to that issue. Chair Wynne directed staff and legal counsel to work towards a solution that works within existing Authority rules and statutes.

Chair Wynne stated that the Board is going to move the resolution as amended, conditioned upon resolving the outstanding issues related to the technical default. Chair Wynne asked if there were any additional questions from the board members or public comments. Hearing none, Ms. Holton-Hodson moved adoption of Resolution Number 2010-08 as amended and Mr. Buckhorn seconded the motion. The motion was unanimously adopted with a 9-Aye vote.

Item #10 **Rehabilitation Services of Northern California, Resolution No. 2010-09**

Marissa Sequiera, Staff Analyst, introduced Margo Dutton, Chief Executive Director of Rehabilitation Services of Northern California and proceeded to summarize the transaction for the board, noting specifically that loan proceeds would be used to offset Medi-Cal reimbursement delays due to the State's budget impasse.

Ms. Sequiera recommended the Authority approve Resolution Number 2010-09 in an amount not to exceed \$195,309 for Rehabilitation Services for Northern California, including a waiver of the Authority's application fee and subject to financing terms acceptable to the Authority.

After hearing an overview of their programs from Ms. Dutton, Chair Wynne asked if there were any additional questions from the board members or public comments. Ms. Liebert reminded the board of the amendment to the resolution to change the wording from adoption to enactment, as well as the waiver of the application fee. Hearing no other questions or comments, Mr. Joseph moved adoption of Resolution Number 2010-09 as amended and Dr. Sablan seconded the motion. The motion was unanimously adopted with a 9-Aye vote.

Item #11 **Humboldt Senior Resource Center, Incorporated, Resolution No. 2010-10**

Summer Nishio, Staff Analyst, introduced Monique Belanger, Finance Director of Humboldt Senior Resource Center and proceeded to summarize the transaction for the board, noting specifically that loan proceeds would be used to offset Medi-Cal reimbursement delays due to the State's budget impasse.

Ms. Nishio recommended the Authority approve a Resolution Number 2010-10 in an amount not to exceed \$200,000 for Humboldt Senior Resource Center, including a waiver of the Authority's application fee, subject to financing terms acceptable to the Authority, and for a term no longer than 45 days following the enactment of a 2010/2011 budget by the State of California.

After Ms. Belanger thanked the Authority for offering this program, Chair Wynne asked if there were any questions from the board members or public comments. Hearing none, Ms. Sousa moved adoption of Resolution Number 2010-10 as amended and Mr. Buckhorn seconded the motion. The motion was unanimously adopted with a 9-Aye vote.

Item #12 **Samuel Dixon Family Health Center, Inc., Resolution No. 2010-11**
REMOVED FROM AGENDA

Item #13 **Mendocino Coast Clinics, Inc., Resolution No. 2010-12**

Cheryl Ide, Staff Analyst, introduced Paula Cohen, Executive Director of Mendocino Coast Clinics, Inc. and proceeded to summarize the transaction for the board, noting specifically that loan proceeds would be used to offset Medi-Cal reimbursement delays due to the State's budget impasse.

Ms. Ide recommended the Authority approve Resolution Number 2010-12 in an amount not to exceed \$400,000 for Mendocino Cost Clinics, Inc., including a waiver of the Authority's application fee, subject to financing terms acceptable to the Authority and for a term no longer than 45 days following the enactment of a 2010/2011 budget by the State of California.

After hearing an overview of their programs from Ms. Cohen, Chair Wynne asked if there were any questions from the board members or public comments. Hearing none, Mr. Joseph moved adoption of Resolution Number 2010-12 as amended and Mr. Bistrin seconded the motion. The motion was unanimously adopted with a 9-Aye vote.

Item #14 **Lifelong Medical Care, Resolution No. 2010-13**

Yassar Dahbour, Staff Analyst, introduced Nance Rosencranz, Director of Strategic Planning and Business Development of Lifelong Medical Care and proceeded to summarize the transaction for the board, noting specifically that loan proceeds would be used to offset Medi-Cal reimbursement delays due to the State's budget impasse.

Mr. Dahbour recommended the Authority approve Resolution Number 2010-13 in an amount not to exceed \$335,600 for Lifelong Medical Care, Inc. including a waiver of the Authority's application fee, subject to financing terms acceptable to the Authority, and for a term no longer than 45 days following the enactment of a 2010/2011 budget by the State of California.

After hearing an overview of their programs from Ms. Rosencranz and questions from the Board, Chair Wynne asked if there were any further questions from the board members or public comments. Hearing none, Ms. Holton-Hodson moved adoption of Resolution Number 2010-13 as amended and Ms. Frank seconded the motion. The motion was unanimously adopted with a 9-Aye vote.

Item #15 **Mountain Health & Community Services, Inc., Resolution No. 2010-14**

Summer Nishio, Staff Analyst, introduced Judith Shaplin, Chief Executive Officer of Mountain Health & Community Services, Inc. and proceeded to summarize the transaction for the board, noting specifically that loan proceeds would be used to offset Medi-Cal reimbursement delays due to the State's budget impasse.

Staff recommends the Authority approve a Resolution Number 2010-14 in an amount not to exceed \$350,000 for Mountain Health and Community Services, Inc., including a waiver of the Authority's application fee, subject to financing terms acceptable to the Authority and for a term no longer than 45 days following the enactment of a 2010/2011 budget by the State of California.

After hearing an overview of their programs from Ms. Shaplin, Chair Wynne asked if there were any questions from the board members or public comments. Hearing none, Ms. Holton-Hodson moved adoption of Resolution Number 2010-14 as amended and Mr. Buckhorn seconded the motion. The motion was unanimously adopted with a 9-Aye vote.

To answer an earlier question as to whether or not the Authority would be accepting more applications, Ms. Liebert provided that the Board has approved \$1,912,109 of the CHFFA Fund balance for the purpose of the Medi-Cal Bridge Loan Program. The resolution for this program previously approved by the Board allowed for complete use of the CHFFA Fund, reserving \$5,000,000. Ms. Liebert indicated this calculation would leave approximately \$7,000,000 in remaining funds to continue the program. Ms. Liebert asked for Board direction as to whether or not they would like to continue this program. The Board provided their support to continue with the loan program.

Chair Wynne asked for public comment. Hearing none and with no additional business, the meeting was adjourned at 10:34 a.m.