

MINUTES

**California Health Facilities Financing Authority
("CHFFA")
915 Capitol Mall, Room 587
Sacramento, California 95814**

Alternate Locations for CHFFA Teleconference Participation

**QIU Accountancy Corporation
3580 Wilshire Blvd., Suite 1126
Los Angeles, CA 90010**

**Valley Health Team/Sablan Health Center
927 "O" Street
Firebaugh, CA 93622**

October 25, 2012 – 1:45 P.M.

Patricia Wynne, Chairperson, called the meeting to order 2:16 P.M.

Roll Call

Members Present: Patricia Wynne for Bill Lockyer, State Treasurer
Alan Gordon for John Chiang, State Controller
Jennifer Rockwell for Ana J. Matosantos, Director of Finance
Samuel Qiu via teleconference
Judith Frank
Jay Hansen

Absent: Ann Madden Rice
Jack Buckhorn
Dr. Oscar Sablan (Teleconference line remained open)

Chairperson Wynne declared a quorum present, and welcomed Jay Hansen to the board.

Approval of the Minutes from the September 27, 2012 Meeting

Alan Gordon moved approval of the minutes and Judith Frank seconded the motion. The motion was adopted with a 5-aye roll call vote. Mr. Hansen abstained.

Executive Director's Report

Barbara Liebert, Executive Director, submitted the fund balances for the record as of August 31, 2012 and September 30, 2012, as well as the comprehensive debt list summary of CHFFA's largest borrowers by amount of debt outstanding.

Tax-Exempt Bond Delegation of Powers Monthly Update

No actions were taken pursuant to the delegation resolution.

HELP II Loan Program Delegation of Powers Monthly Update

No actions were taken pursuant to the delegation resolution.

California Health Access Model Program (“CHAMP”) Status Update

Ms. Liebert explained to the board the CHAMP funds had not yet been moved to the CHAMP sub-account on the fund balance report, but the movement of funds was in progress and would likely be reflected in October’s report.

Barbara Webster-Hawkins, Program Manager, stated that the public comment period for the proposed regulations ended October 12. Two comments were received, one from the California Primary Care Association (CPCA) and one from the California Nurses Association (CNA). CPCA’s comments were supportive of the proposed regulations and did not recommend changes. CNA’s comments expressed concern over the definition of “health-home” and staff concurred it was best to make minor, non-substantive changes to the regulations. Staff prepared a final regulatory package for submission to the Office of Administrative Law with hopes the CHAMP program will be ready to start in January 2013.

Authority Meeting Dates for the Year 2013

Ms. Liebert noted the meeting dates for 2013 were included in the current meeting’s agenda packets.

Tax Equity And Fiscal Responsibility Act (“TEFRA”) Hearing Procedure Changes

Ms. Liebert noted recent changes had been implemented in the Authority’s TEFRA hearing process in accordance with suggestions from the Bureau of State Audits. CHFFA incorporated a telephone call-in line for all TEFRA hearings so any and all interested parties may attend the public hearing in person or by phone wherever they may be located throughout the state of California.

Item #4 City of Hope and Certain of its Affiliates (“COH”), Resolution No. 384

Ms. Frank recused herself from the agenda item due to a potential conflict of interest associated with her ownership in Wells Fargo Bank stock.

Marissa Sequeira, Staff Analyst, introduced Wael Fakhry, Senior Vice President of Financial Operations, and Mike Malewicz, Director of Treasury Operations, both from COH. Also introduced were Peter Reilly, Executive Director of J.P. Morgan, Underwriter, as well as John Myers, Bond Counsel, Orrick, Herrington & Sutcliffe, LLP.

City of Hope requested funds in an amount not to exceed \$351,000,000. Bond proceeds would be used to refinance all existing debt, with a portion to be used for reimbursements and the remainder to be used to fund capital projects over the next year.

Staff recommended the Authority approve Resolution No. 384 in an amount not to exceed \$351,000,000 subject to the conditions in the resolution. Macias Gini & O’Connell, LLP, and Public Financial Management, Inc., the Authority’s financial analysts, concurred with the Authority’s staff recommendations.

Chairperson Wynne asked if the representatives from COH had anything to add.

Mr. Fakhry thanked the board for their consideration on behalf of COH. Mr. Malewicz added that COH is very appreciative for any consideration.

Chairperson Wynne asked if there were any questions or public comment.

Mr. Hansen asked COH attendees to elaborate on a sentence written in the staff report which stated “COH also expects to explore opportunities for new community practices.”

Mr. Fakhry replied as part of COH’s 10-year strategic plan, COH planned to invest in the community rather than its Duarte site. This plan would allow patients within the community better access to medical care. He further commented that COH broke ground two weeks ago at its Antelope Valley Medical Center, a new cancer center. Also, the strategic plan outlines opening additional medical sites in years 2013, 2015, 2017 and 2019.

Mr. Gordon moved approval of Resolution No. 384 and Mr. Hansen seconded the motion. The Resolution was adopted with a 5-aye roll call vote. Ms. Frank abstained.

Item #5 Ararat Home of Los Angeles, Inc. (“Ararat”), Resolution No. 385

Paul Dulai, Staff Analyst, introduced Derik Ghookasian, Chief Financial Officer, and Michael Surmeian, Treasurer, both from Ararat, and Grant Wilson, financial advisor, H.G. Wilson Municipal Finance, Inc. Ararat is a first time borrower which plans to utilize bond proceeds to refund all of the California Statewide Communities Development Authority Series 1998 Certificates of Participation. Based on current market conditions, Ararat expects the refunding to result in an estimated net present value savings of \$286,000 over the life of the Bonds. This bond transaction would be Cal-Mortgage insured.

Staff recommended the Authority approve Resolution No. 385 in an amount not to exceed \$3,560,000 subject to the conditions stated in the resolution, including a credit enhancement to be afforded by Cal-Mortgage Insurance. Macias Gini & O’Connell, LLP, and Public Financial Management, Inc., the Authority’s financial analysts, concurred with the Authority’s staff recommendations.

Chairperson Wynne asked if there were any questions or public comment.

Ms. Frank asked if there were any plans to add rooms or beds to existing facilities. Mr. Ghookasian replied affirmatively.

Mr. Gordon moved approval of Resolution No. 385 and Ms. Frank seconded the motion. The Resolution was adopted with a 6-aye roll call vote.

Item #6 Gateways Hospital and Mental Health Center (“Gateways”), Resolution No. HII-275

Yassar Dahbour, Staff Analyst, introduced Jeff Emery, Chief Financial Officer of Gateways. Gateways secured authorization from the board in 2011 for tax-exempt revenue bonds to finance the acquisition and renovation of real property with the intention of converting it into an adult residential facility. Gateways experienced higher renovation costs than originally planned due to the age of the property, which was originally constructed in 1920. Due to the higher costs, Gateways now requests HELP II funding in the amount of \$900,000 to complete the renovation of

