

## MINUTES

**California Health Facilities Financing Authority  
Minutes June 28, 2007 – 1:45 P.M.  
915 Capitol Mall, Room 587  
Sacramento, California**

Patricia Wynne sitting for Chairperson Bill Lockyer called the meeting to order at 1:45 p.m.

Present: Designee Patricia Wynne, Deputy State Treasurer

Designee Anne Sheehan for Michael C. Genest, Department of Finance  
Designee Michael Carter for John Chiang, Controller's Office  
Judith Frank  
Dr. Oscar Sablan (via teleconference)  
Sumi Sousa  
Dr. John Hilinski (via teleconference)

Staff:

Jose Gomez, Executive Director  
Ronald Washington, Deputy Executive Director

The Chair declared a quorum present.

The minutes of the California Health Facilities Financing Authority's (CHFFA or the Authority) May 31, 2007 meeting were not approved as submitted. Judith Frank mentioned that she was not in attendance of the May 31, 2007 Authority meeting and Dr. Hilinski was present. It was moved by Sumi Sousa and seconded by Anne Sheehan to approve the amended minutes. Patricia Wynne, Deputy State Treasurer introduced Barbara J. Liebert as the new CHFFA Executive Director.

Jose Gomez reported that bonds outstanding totaled \$7,736,654,195; the bonds issued totaled 19,683,472,017 and bonds closed were \$916,585,000 as of May 31, 2007. The Anthem-Wellpoint Grant Fund balance was \$19,130,491 and the amount disbursed was \$1,801,024 as of May 31, 2007. The Executive Director also reported a HELP II Fund balance of \$21,646,699, less the loans pending of \$2,896,700, and the Cedillo-Alarcón Clinic Grant Fund balance of \$3,660,780, and there were zero disbursements as of May 31, 2007. The Children's Hospital Bond Act of 2004 Fund balance was \$445,765,099. The fund balance was \$8,817,955.77 reflecting expenditures of \$157,699.17 and income earnings of \$441,191.76. Sumi Sousa asked for clarification of the 21<sup>st</sup> Century Project. It was explained that the 21<sup>st</sup> Century Project was a statewide project spearheaded by the State Controllers Office, as a collaborative statewide effort that will replace and improve California's human resources/payroll processes and systems. Judith requested an overview of the funds and balances of the programs available through the Authority.

### **Item #4**

### **Proposed Dissolution of the STARTS 1994 Series B Bonds Program Information Item**

Kristine Scully presented the background of the Small Facilities Pooled Loan Program, commonly referred to as the STARTS 1994 Series B Bonds. Ms. Scully stated \$19.4 million in bonds were issued and insured by Cal Mortgage and that interest rates on the bonds currently range from 7.0% to 7.5%. The Bond proceeds provided loans to fifteen health facilities, totaling \$18.2 million and established a \$1.69 million debt service reserve fund. Of the fifteen borrowers, only four remain: a community clinic, a group home, a mental health facility and a drug and alcohol treatment center. Staff is asking the Board to consider utilizing HELP II funds to refinance the remaining outstanding bonds. Staff also asked that the Board make an exception for three of the four borrowers, who will be requesting loan amounts above the current \$750,000 limit and two borrowers, whose revenues are over the \$30 million limit. The proposed refinancing would provide reduced interest costs from approximately 7.5% to 3% for each borrower, eliminate ongoing fees associated with the bonds and eliminate the need for continued funding of the debt service reserve. Ms. Scully also mentioned that the financing request would be presented at the next Authority meeting that will approve HELP II loans to achieve refinancing savings for the remaining four participants and eliminate the ongoing fees associated with this bond financing and that the HELP II loan fund balance at its current level of \$24.5 million,-

providing assistance to these borrowers in the amount of \$3.2 million would not have a significant impact on prospective HELP II loan borrowers.

**Item #5**

**UCLA Medical Center Project Period Extension Request  
Resolution No. 2007-03**

Jim Rennie presented the background of the UCLA Medical Center Resolution No. 2005-22, that the Authority approved on December 2, 2005. The funds were to be used to reimburse the eligible proportional pediatric costs of constructing a 520-bed replacement hospital. The children's hospital portion of the project would consist of 44 medical/surgical beds, 22 Level III NICU beds 24 PICU beds and three of the 22 surgical suites will be dedicated to pediatric cases. The resolution's project period date was July 31, 2007. The Medical Center does not expect to receive the Office of Statewide Health Planning and Development's (OSHPD) Notice of Completion prior to July 31, 2007 due to numerous construction or regulatory delays.

Staff recommended the Authority approve to extend the project period end date to July 31, 2008.

Anne Sheehan moved for adoption of the Resolution and Sumi Sousa seconded the motion. The motion was adopted with a 7-0 vote.

**Item #6**

**Community Clinic Grant Program of 2005  
Documentation Deadline Extension Request  
Resolution No. 2007-06**

Ray Artinian presented the background of the Community Clinic Grant Program of 2005 (CCGP) Resolution No. 2006-06, that the Authority approved on May 25, 2006, which awarded a total of \$40.1 million in grants to 146 grantees under the CCGP (Grantees). The funds were to be used for capital improvement projects such as construction, remodeling, facility acquisitions, equipment purchases and information technology expenditures. Certain Extension Grantees have experienced extraordinary circumstances in obtaining the required documentation and have provided written requests to extend the date in which they will provide the documentation to the Authority. Staff recommended the Authority approve the documentation deadline requests for Extension Grantees.

Sumi Sousa moved for adoption of the Resolution and Dr. Oscar Sablan seconded the motion. The motion was adopted with a 7-0 vote.

Having no further comments, the meeting was adjourned.