

MINUTES

**California Health Facilities Financing Authority
May 27, 2010
915 Capitol Mall, Room 587
Sacramento, California**

Patricia Wynne, Chairperson called the meeting to order at 2:15 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
Jack Buckhorn
Ronald Joseph
Harry Bistrin
Sumi Sousa

Members Absent: Judith Frank
Dr. Oscar Sablan

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

The Chair declared a quorum present.

Approval of the Minutes from the April 29, 2010 meeting

Jack Buckhorn moved approval of the April 29, 2010 meeting minutes and Ruth Holton-Hodson seconded the motion. The minutes were approved with a 6-0 vote. Sumi Sousa abstained from voting.

Executive Director's Report

Ms. Liebert reported the following as of April 30, 2010: Bonds issued: \$24,421,757,017; Bonds outstanding: \$9,325,222,642; CHFFA fund balance: \$13,533,666; HELP II fund balance: \$13,064,279, Cedillo-Alarcon Clinic: \$219,948; Anthem-WellPoint: \$321,691; Children's Hospital Bond Act of 2004: \$228,847,779 and the Children's Hospital Bond Act of 2008: \$692,191,336.

Delegation of Powers Monthly Update

Ms. Liebert advised two actions were taken last month under the delegation resolution relating to the San Diego Christian Foundation and Southern California Presbyterian Homes (SCPH). There were no questions or concerns expressed by the board.

Medi-Cal Bridge Loan Program

Ms. Liebert noted two years have passed since the Authority created the Medi-Cal Bridge Loan Program in 2008 to address the lack of Medi-Cal reimbursement disbursed during the budget impasse for fiscal year 2008/2009. Ms. Liebert indicated that the Authority has been approached by various healthcare providers to discern whether the Authority may be reviving the program for fiscal year 2010/2011. After various comments from Board members regarding the program, and comments from Anne McLeod, Vice President, Finance Policy, California Hospital Association, Carmela Castellano-Garcia, Chief Executive Officer, California Primary Care Association, Chair Wynne asked Ms. Liebert to present an action item at the board's next meeting so the board can discuss the merits of reviving the program.

Children's Hospital Site Visit

Ms. Liebert related that board member Dr. Sablan and staff member Nickolas Saldivar attended a recent Children's Hospital Central California 101 Program. This program allowed Dr. Sablan and Mr. Saldivar the opportunity to tour the facility and to witness the amazing things that hospital is doing for children. In the future, as staff hears about similar programs for hospitals in Board member's areas, staff will contact board members to determine their interest in attending.

Auditing Plans

Ms. Liebert mentioned that CHFFA, as well as other Boards, Commissions and Authorities, have to go through a new auditing process pursuant to SB 99 that promotes transparency in public accountability in conduit bond transactions. CHFFA is preparing for that but also seeking to augment this audit by including a performance audit to examine each of the Authority's programs. Ms. Liebert indicated that staff is close to issuing the Request for Proposal for these services. Board member Harry Bistrin commented he was very pleased to hear of these plans to increase transparency and that he felt it a very critical endeavor.

Chair Wynne asked if there were any further questions on the Executive Directors report. There were none. Ms. Liebert took a moment to introduce Mark Wright of Macias Consulting Group, the Authority's Financial Analyst. This was Mr. Wright's first appearance before the Board.

Item #4 **Vocational Visions, Inc. (VV), Resolution No. 356**

Cheryl Ide, Staff Analyst introduced Kathryn Hebel, Executive Director, Vocational Visions, Inc. and Roy Nelson, Underwriter, Wulff, Hansen & Co. VV, incorporated in 1975, is a California nonprofit providing programs to serve the vocational, economic, and social potential of persons with developmental disabilities and to promote the life potential of full community inclusion. Ms. Ide summarized that bond proceeds would be used to refinance an existing bank loan with Citicapital Commercial Corporation in the approximate amount of \$1.8 million for two of VV's operating facilities. In addition, Ms. Ide noted that approximately \$100,000 would be used to fund capital improvements.

Staff recommended the Authority approve Resolution No. 356 in an amount not to exceed \$2,465,000 for Vocational Visions subject to a bond rating as assigned to the State of California by a nationally recognized rating agency and a final Cal-Mortgage commitment. After discussion and questions by the Board, Chair Wynne asked if there were any questions from the board members or public comment on this item. Hearing none, the vote was unanimous with 7-Ayes.

Item #5 **Odd Fellows Rebekah Children's Home., Resolution No. 356**

Odd Fellows Rebekah Children's Home, Gilroy, CA was postponed until CHFFA's June 24, 2010, meeting.

Item #6 **Venice Family Clinic (VFC), Resolution No. HII-249**

Yassar Dahbour, Staff Analyst, introduced Elizabeth Benson Forer, both Chief Executive Officer and Executive Director of VFC. VFC was founded in 1970, beginning in a borrowed storefront dental office. VFC has since grown into the largest free clinic in the nation. More than 2,000 volunteers and \$12.5 million in-kind contributions from hospitals, laboratories, specialty-care providers and pharmaceutical companies allow VFC to provide comprehensive primary health care, specialty care, dental care, mental health services, health education and child development. Summarizing the transaction, Mr. Dahbour noted that a HELP II loan in an amount not to exceed \$750,000 would be used to purchase and install a Practice Management and Electronic Health Record System.

Staff recommended the Authority approval of Resolution No. HII-249 for Venice Family Clinic in an amount not to exceed \$750,000, for a term not to exceed 5 years, and contingent upon financing terms acceptable to the Authority. Macias Gini & O'Connell, LLP, the Authority's financial analyst, concurred with the Authority's staff recommendations.

Staff recommended the Authority authorize such actions as shall be necessary to facilitate the mandatory redemption of all bonds on July 1, 2010 and the execution and delivery of all relevant documentation, including without limitation, termination agreements relating to all lease agreements, site leases and assignment agreements, and such other documents as shall be necessary to facilitate the mandatory redemption of all bonds on July 1, 2010.

Chair Wynne asked if there were any additional questions from the board members or public comments. Hearing none, Ms. Sousa moved adoption of Resolution No. 2010-02 and Mr. Joseph seconded the motion. The motion was adopted with a 6-Aye vote.

Panel to Discuss the Impact of the National Health Care Reform

Ms. Liebert welcomed the panel members to CHFPA to discuss the impact of the National Health Care Reform on health facilities throughout the State of California. Ms. Liebert further introduced the following panel:

- * Diane Potter, Counsel, Orrick, Herrington & Sutcliffe LLP
- * Gerald McGovern, Managing Partner, Sidley Austin LLP
- * John Woodward, Director, Merrill Lynch
- * Edward Prunchunas, Senior Vice President of Finance and CFO, Cedars-Sinai Medical Center
- * John Bonow, Managing Director, Public Financial Management
- * Carmela Castellano-Garcia, Chief Executive Officer, California Primary Care Association
- * Diana Dooley, Chief Executive Officer, California Children's Hospital Association
- * Anne McLeod, Vice President, Finance Policy, California Hospital Association

After the various presentations from these panel members, a discussion, question and answer period followed. Chair Wynne asked for public comment. Hearing none and with no additional business, the meeting was adjourned at 4:15 p.m.