

## MINUTES

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

### Alternate Location for CHFFA Teleconference Participation:

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

Sablan Medical Clinic  
927 "O" Street  
Firebaugh, CA 93622

**September 27, 2012 – 1:45 P.M.**

Patricia Wynne, Chairperson, called the meeting to order at 1:58 p.m.

### **Roll Call**

Members Present: Patricia Wynne for Bill Lockyer, State Treasurer  
Ruth Holton-Hodson for John Chiang, Controller  
Jennifer Rockwell for Ana J. Matosantos, Director of Finance  
Samuel Qiu via teleconference  
Dr. Oscar Sablan via teleconference  
Judith Frank  
Jack Buckhorn  
Ann Madden Rice

Absent: Ronald Joseph

The CHFFA board meeting began when Dr. Sablan's conference line was connected (1:58 p.m.). Dr. Sablan did not join the board meeting until 2:09 p.m. due to a medical emergency.

Chairperson Wynne declared a quorum present.

### **Approval of the Minutes from the August 30, 2012 Meeting**

Ms. Holton-Hodson moved approval of the minutes and Ms. Frank seconded the motion. The motion was adopted with a 7-aye roll call vote. Dr. Sablan was absent during the vote.

### **Executive Director's Report**

Ms. Liebert submitted the fund balances for the record as of July 31, 2012 and 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**

The public comment period for proposed regulations will close October 12. Staff will bring final versions before the board before final submission to OAL.

### **Site Visits**

The below site visits were brought to the attention of the board:

➤**Lucile Salter Packard Children’s Hospital at Stanford (“Packard”), Palo Alto, California.** Janae Davis, Staff Analyst reported that she and Jim Rennie visited Packard Children’s Hospital on September 6 for the ground-breaking ceremony marking the beginning of the facility’s \$1.2 billion expansion. CHFFA approved \$98 million in Proposition 3 grant funds for this project that would double the size of the hospital. Ms. Davis and Mr. Rennie also toured the existing hospital, including improvements made possible with Proposition 61 funds.

➤**Kings Rehabilitation Center (“KRC”), Hanford, California,** Marissa Sequeira, Staff Analyst and Martha Maldonado, Operations Manager visited this HELP II borrower on September 14. The purpose of the site visit was to see the facility that was financed with a HELP II loan. Disbursement of funds was not requested by borrower in a timely manner, and CHFFA staff had concerns about the progress of the construction. KRC was approved for \$750,000; however, KRC had only requested \$50,000 up to the time of the CHFFA visit. Staff was able to view the site and the construction was halfway completed. Staff also met the patients and staff who were excited to meet CHFFA staff and were excited about the new facility. A packet with pictures was provided to the board for its review.

### **Item #4**

#### **Chinese Hospital Association, Resolution No. 383**

Ms. Frank recused herself because she owns Wells Fargo Bank stock.

Michael Tang, Staff Analyst introduced Tom Bolger, Chief Financial Officer, and Brenda Yee, both of Chinese Hospital Association; Joe Pollock, Vice President, Bank of America Merrill Lynch; and Kathleen Leak, Bond Counsel, Orrick, Herrington & Sutcliffe. Bond proceeds would be used to finance and/or reimburse the costs of constructing and equipping a new eight-story hospital and converting the existing hospital to a multi-use facility, including administrative support, an outpatient clinic and a laboratory.

Staff recommended the Authority approve Resolution No. 383 in an amount not to exceed \$65,000,000 subject to the conditions in the resolution, including the credit enhancement to be afforded by Cal-Mortgage Insurance. Macias Gini & O’Connell, LLP, the Authority’s financial analyst, and Public Financial Management Inc., the Authority’s financial advisory, concurred with the Authority’s staff recommendations.

Chairperson Wynne asked if there were any questions for the board members or any public comment. Hearing none, Mr. Buckhorn moved approval of Resolution No. 383 and Ms. Holton-Hodson seconded the motion. The Resolution was adopted with a 7-aye roll call vote. Ms. Frank recused.

### **Item #5**

#### **Children’s Hospital Central California (“CHCC”), Resolution No. CHP-3 2012-06**

Janae Davis, Staff Analyst, introduced Michele Waldron, Vice President and Chief Financial Officer, Todd Suntrapak, President and Chief Executive Officer, both from the Children’s Hospital Central California.

CHCC was seeking grant funds for reimbursement for some of the costs of its EMR system and for the purchase and installation of patient care equipment. The EMR costs included software, hardware and capitalized consulting costs. The patient care equipment included already-installed ventilators, an ultrasound machine, infusion pumps, monitors, a computer assisted surgery navigational system and diagnostic equipment used in the areas of surgery, laboratory, clinics and radiology.

Mr. Suntrapak elaborated on how grant funds would be used, and on the needs of the children cared for at CHCC.

Ms. Holton-Hodson asked if CHCC had taken advantage of the federal funding for the EMR and how much had been received. Ms. Waldron replied affirmative and indicated federal funding was approximately \$4.7 million.

Dr. Sablan thanked CHCC for all of the services delivered.

Ms. Frank asked what were the plans for additional Proposition 3 funds, and Ms. Waldron replied the hospital has a 10-year capital plan and plans to come back annually for equipment requests.

Staff recommended the Authority approve Resolution No. CHP-3 2012-06 for Children's Hospital Central California to provide a grant not to exceed \$7,777,171 (less costs of issuance and administrative costs) subject to all requirements of the Children's Hospital Program of 2008.

Chairperson Wynne asked if there were any questions for the board members or any public comment. Hearing none, Ms. Holton-Hodson moved approval of Resolution No. CHP-3 2012-06 and Dr. Sablan seconded the motion. The Resolution was adopted with an 8-aye roll call vote.

**Item #6** **Asian American Drug Abuse Program, Inc., Resolution No. HII-270**

Chairperson Wynne stated Asian American Drug Abuse Program, Inc., the borrower, requested to be removed from the agenda and staff hopes to see them at the beginning of the next year.

**Item #7** **Foothill Health Center, d.b.a. Foothill Community Health Center, Resolution No. HII-273**

Yassar Dahbour, Staff Analyst, introduced Ramon Pena, Chief Executive Officer, and Neil Kozuma, Fund and Equipment Program Development Director, both from Foothill Health Center d.b.a. Foothill Community Health Center. Mr. Dahbour noted to the board members an error in the staff report under the header "financing structure": The 7-year fixed rate for the equipment should read the 7-year fixed rate for the renovation. Loan proceeds of approximately \$217,000 would be used to renovate and remodel a leased commercial office to transform it into a community health clinic and roughly \$353,000 would be used to purchase medical equipment and to pay for necessary permits and architect fees.

Staff recommended the Authority approve Resolution No. HII-273 for Foothill Health Center d.b.a. Foothill Community Health Center in an amount not to exceed \$570,000 for a term not to exceed seven 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.

Dr. Sablan and Mr. Kozuma discussed how students are integrated into the into the Health Maintenance Organization ("HMO") environment, as well as with their primary care providers.

Ms. Frank asked if there was a partial tenant improvement allowance. Mr. Pena replied that the clinic does not have to pay rent for the first six months.

Chairperson Wynne asked if there were additional questions from the board members or any public comment. Hearing none, Ms. Holton-Hodson moved approval of Resolution No. HII-273 and Dr. Sablan seconded the motion. The Resolution was adopted with an 8-aye roll call vote.

**Item #8** **Lifelong Medical Care, Resolution No. HII-274**

Paul Dulai introduced Nance Rosencranz, Strategic Planning Director, Lifelong Medical Care. Loan proceeds would be used to furnish and equip the West Berkeley Family Practice that is currently undergoing renovation and expansion. The increased building size would help meet the growing need for primary medical care in the service area.

Staff recommended the Authority approve Resolution No. HII-274 for Lifelong Medical Care, Inc. in an amount not to exceed \$1,000,000 for a term not to exceed five years, contingent upon approval by the Office of Statewide Health Planning and Development (OSHPD), 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.

A discussion amongst board members on primary care, free dentistry and other health issues followed.

Chairperson Wynne asked if there were any questions or public comment. Hearing none, Ms. Holton-Hodson moved approval of Resolution No. HII-274 and Ms. Frank seconded the motion. The Resolution was adopted with a 7-aye roll call vote.

**Item #9 Strategies for Change ("SFC"), Amendment to Resolution No. HII-191**

Carolyn Aboubechara, Staff Analyst, introduced Cathy Lage-Woods, Fiscal Manager of SFC, being present via phone. Ms. Aboubechara reminded the Board that SFC had requested assistance through a modification of its existing loan at the June 2012 board meeting. In response to the request, Authority staff, based on direction from the board, met with SFC along with Macias, Gini & O'Connell, the Authority's financial analyst, and assessed SFC's financial situation. Ms. Aboubechara then noted staff's recommendation to approve extending the existing maturity date from November 1, 2022 to November 1, 2027, contingent upon certain conditions identified in the Amendment to Resolution HII-191.

Ms. Madden-Rice asked Ms. Lage-Woods what was the likelihood that the County of Sacramento ("the County") would honor the financial obligations to SFC, and if SFC was never paid by the County, would the agency have the funds to repay the loan.

Ms. Lage-Woods replied that the County had started to pay the outstanding amounts and the County reported that what could not be paid out of last year's budget would be paid out of this year's budget. Replacement claims were being processed, and SFC believed all of the claims would be paid. Ms. Lage-Woods stated that the funds were federally funded Medi-Cal and stated that a new software system at the County was causing the delayed claims.

Ms. Rockwell asked if those funds were from the realignment, and Ms. Lage-Woods replied affirmatively. Ms. Rockwell confirmed that those funds are not general fund monies, but rather from a special fund which automatically goes out to the County.

Ms. Frank asked if the funds were never received from the County, what would happen. Ms. Lage-Woods replied that it would not be within her authority to decide what to do if the funds were never received, but rather SFC's board of directors. However, Ms. Lage-Woods would give a recommendation to cut costs. Gregory Matayoshi, Assistant Director, Macias Gini & O'Connell, LLP, the Authority's financial analyst, stated there was reasonable expectation that the County would reimburse and it was just a matter of when the funds would be received.

Mr. Qiu commented that it was apparent that the County had delayed those claims and questioned whether there was a timeline requirement from the federal government. Ms. Lage-Woods replied the County has due process requirements that limit the amount of time it has to process replacement claims.

Ms. Aboubechara commented that she spoke with a SFC board member who shared with her that SFC has been operating without those funds and they will continue to operate in a similar fashion, pay-check to pay-check.

Mr. Buckhorn asked if the Authority's loan modification would close the gap caused by the County's delay in reimbursements. Ms. Aboubechara stated the modification would be helpful but would not ultimately solve the entirety of SFC's problems.

Ms. Madden-Rice stated that the loan was already outstanding and the modification increased the likelihood that it would be paid. She supported the recommendation.

Ms. Lage-Woods stated that the Executive Director was expected to return from leave on October 18<sup>th</sup>.

Chairperson Wynne asked if there were any public comment. Hearing none, Mr. Buckhorn moved approval of Amendment to Resolution No. HII-191 and Ms. Holton-Hodson seconded the motion. The Resolution was adopted with a 6-aye roll call vote.

**Item #10**

**Other Business**

Charity Bracy, Vice President, Government Relations & Policy, California Children's Hospital Association gave an overview of the revenue of California's private, not-for-profit children's hospitals, and provided handouts. A strong commitment to underserved children is a core part of the mission of children's hospitals. Medi-Cal insures 55% of patients and other funding includes California Children's Services, Healthy Families, Healthy Kids, and commercial insurance.

**Item #11**

**Other Business**

Chairperson Wynne asked for public comment. Hearing none, the meeting was adjourned at 2:53P.M.