

MINUTES

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

January 31, 2013 – 1:45 P.M.

Patricia Wynne, Chairperson called the meeting to order at 2:25 P.M.

Roll Call

Members Present: Patricia Wynne for Bill Lockyer, State Treasurer
Ruth Holton-Hodson for John Chiang, State Controller
Pedro Reyes for Ana J. Matosantos, Director of Finance
Jack Buckhorn
Jay Hansen
Dr. Oscar Sablan

Absent: Samuel Qiu
Ann Madden Rice

Chairperson Wynne declared a quorum present. She further announced Dr. Sablan was featured in a recent article published in the LA Times highlighting the medical services he provides to the community.

Approval of the Minutes from the December 6, 2012 Meeting

Jack Buckhorn moved approval of the minutes and Ruth Holton-Hodson seconded the motion. The minutes were unanimously adopted with a 6-Aye vote.

Executive Director's Report

Barbara Liebert, Executive Director, stated year-end statements of the CHFFA fund balances were not yet available but that a more complete report would likely be provided to the board next month.

CHFFA Fund Balances and Comprehensive Debt List Summaries

Ms. Liebert submitted the fund balances for the record as of December 31, 2012, the CHAMP fund balance, as well as the comprehensive debt list summary of CHFFA's top 15 borrowers by amount of debt outstanding. The City of Hope was recently added to the list.

Tax Exempt Bond Delegation of Powers Monthly Update

A delegation action was taken pursuant to the delegation resolution. Bond counsel notified the Authority of The Episcopal Home's intention to refund its CHFFA bonds with California Statewide Communities Development Authority bonds and requested the Authority execute bond documents for the refunding of CHFFA's Insured Revenue Bonds Series 2002A and Series 2002B, including (1) escrow agreements establishing escrow accounts to accomplish the current refunding of the Series 2002A bonds and the advance refunding of the Series 2002B bonds, (2) release of loan agreements and indentures and (3) closing certificates. The Attorney General's Office confirmed the documents be executed by the Executive Director pursuant to the Authority's delegation authority and the requisite documentation was executed on December 10, 2012.

A second delegation action was taken pursuant to the delegation resolution. Providence Health System – Southern California – defeased a portion of its CHFFA Series 2008C bonds associated with an anticipated change in use of certain assets financed or refinanced with the proceeds of the bonds. As part of the defeasance process, the IRS requires notification of the intended defeasance within 90 days of its occurrence. Providence and its counsel recently discovered the notice was not timely delivered and forthwith prepared the appropriate notice for signature by Providence and CHFFA. Providence requested CHFFA to execute the prepared notice and advised it expected no penalty or other repercussion from the IRS arising from the delayed filing. Legal counsel confirmed the delegation resolution permitted such documentation executed January 4, 2013.

HELP II Loan Program Delegation of Powers Monthly Update

No actions were taken.

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

Ms. Liebert reported staff continues to wait for word from the Office of Administrative Law (“OAL”). The program is ready and regulations are complete. The regulations should be returned in a couple of weeks. CHFFA will soon be in position to notify potential interested parties of the opportunity to submit a Letter of Interest. Staff will provide a full update to the board at the March meeting.

Site Visits

Children’s Hospital of Orange County (“CHOC”) – Ms. Liebert, Barbara Webster-Hawkins, Program Manager, Jay Hansen, CHFFA board member and the manager from the Children’s Hospital Grant Program toured the new 7-story tower at CHOC. Ms. Liebert commented that the building is a beautiful state-of-the-art facility. There is an area for children to access Disneyland for one to two hours a day and talk directly to Disneyland characters. Mr. Hansen added that actually seeing where the grants were dispersed and the finished facility made all the difference.

Chairperson Wynne encouraged the board members to go on upcoming site visits with Ms. Liebert and staff.

Item #4 Adventist Health System/West (“AHS/W”), Amendment to Resolution No. 386

AHS/W was removed from the agenda. AHS/W successfully priced its fixed rate bonds. AHS/W did not need the variable rate portion or private placement that was originally intended.

Item #5 Children’s Hospital & Research Center at Oakland (“CHO”), Resolution No. CHP-3 2013-01

Jim Rennie, Staff Analyst introduced Kathy Cain, Chief Financial Officer and Colleen Reid, Controller, Children’s Hospital & Research Center at Oakland. The Children’s Hospital & Research Center at Oakland requested a grant amount not to exceed \$12,081,786 for a patient care clinic and renovation of three buildings associated with its Federally Qualified Health Center (“FQHC”).

Staff recommended the Authority approve Resolution No. CHP-3 2013-01 for Children’s Hospital & Research Center at Oakland to provide a grant not to exceed \$12,081,786 (less issuance and administrative costs), subject to all requirements of the Children’s Hospital Program of 2008.

Chairperson Wynne asked if there were any questions or public comment. Hearing none, Mr. Reyes moved approval of Resolution No. CHP-3 2013-01 and Ms. Holton-Hodson seconded the motion. The Resolution was unanimously adopted with a 6-Aye vote.

Item #6 University of California, Davis Medical Center, Resolution No. CHP-3 2013-02

Janae Davis, Staff Analyst introduced Michael Boyd, Executive Director, Facilities Services Division and Kimberlie Brooks, Manager, Budget Services/Capital Finance, University of California, Davis Medical Center. The University of California, Davis Medical Center requested grant funds to construct and equip the pediatric portion of its expanded Comprehensive Cancer Center, which opened in October 2012.

Staff recommended the Authority approve Resolution No. CHP-3 2013-02 for the University of California, Davis Medical Center to receive a grant not to exceed \$10,422,010 (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 or public comment.

Mr. Hansen was curious why UC was asking for the money after project completion. Mr. Boyd replied that it is a statutory requirement.

Mr. Rennie explained tax law basically precludes advances to the UCs.

Mr. Reyes commented he visited the Cancer Center and it was a very nice facility. He noted for the record that he is involved with the Mind Institute through the advisory council and he receives no compensation nor is he responsible for any of the financial decisions and; therefore, sees no conflict.

Mr. Reyes moved approval of Resolution No. CHO-3 2013-02 and Mr. Hansen seconded the motion. The resolution was unanimously adopted with a 6-Aye vote.

Item #7 Master Delegation Resolution for Bond Financings, Resolution No. 2013-02

Authority staff requested approval of a new resolution, identifying essentially the same (with some variances recommended by counsel to the Authority) powers and duties for delegation as presently exist in the Authority's existing delegation resolution, with a proposed expiration date of January 31, 2015.

Staff recommended the Authority approve Resolution No. 2013-02 authorizing the delegation of certain functions to the Executive Director and Deputy Executive Director.

Chairperson Wynne asked if there were any questions or public comment. Hearing none, Mr. Reyes moved approval of Resolution No. 2013-02 and Mr. Buckhorn seconded the motion. The resolution was unanimously adopted with a 6-Aye vote.

Item #8 Master Delegation Resolution for Loan Financings, Resolution No. 2013-03

Authority staff requested approval of a new resolution, identifying essentially the same (with some variances recommended by counsel to the Authority) powers and duties for delegation as exist in the Authority’s current delegation resolution, with a proposed expiration date of January 31, 2015. One notable addition to the proposed delegation resolution from the prior version concerns the substitution of real property. The additional section has been added and was reflected in the resolution.

Staff recommended the Authority approve Resolution No. 2013-03 authorizing the delegation of certain functions relating to the HELP II Loan Program to the Executive Director and Deputy Executive Director.

Chairperson Wynne asked if there was any public comment, hearing none, Mr. Reyes moved approval of Resolution No. 2013-03 and Mr. Buckhorn seconded the motion. The vote was unanimous.

**Item #9 Children’s Hospital Program Annual Report 2012
Annual Report-Children’s Hospital Program of 2004**

Staff presented the 2012 Children’s Hospital Program Annual Report to the board.

Item #10 Bureau of State Audits Children’s Hospital Program 6-Month Response

Staff presented a letter written to Elaine Howle, State Auditor, Bureau of State Audits (“BSA”) constituting the second of three requested responses to the Bureau of State Audits’ Report 2012-042 pertaining to the Children’s Hospital Program administered by CHFFA. In a cover letter transmitting the BSA report to the Authority, the BSA requested the Authority respond in 60-day, six month, and one year intervals to the recommendations within the Report. Staff included the six month report in the board’s agenda packet. Responses within the letter to the BSA indicated the Authority’s continuing plan for implementation of the BSA recommendations.

Item #11 Other Business

Chairperson Wynne announced the next CHFFA board meeting is scheduled for February 28th. She further asked for public comment. Hearing none and with no additional business, the meeting was adjourned at 3:04 P.M.