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

**September 24, 2015 – 1:45 P.M.**
Public Participation
Call-In Number: 877.810.9415 and Code: 6535126

Deputy Treasurer, Vincent P. Brown, serving as chairperson, called the meeting to order at 1:46 P.M.

**Roll Call**

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| Members Present: | Vincent P. Brown for John Chiang, State Treasurer |
| | Alan LoFaso for Betty T. Yee, State Controller |
| | Eraina Ortega for Michael Cohen, Director or Finance |
| | Judith Frank |
| | Ann Madden Rice |
| | Jack Buckhorn |
| | Jay Hansen |
| Members Absent: | Pedro Reyes |
| | Oscar Sablan, M.D. |

Chairperson Brown declared a quorum present.

**Approval of the Minutes from the August 27, 2015 California Health Facilities Financing Authority Meeting**

Chairperson Brown asked for public comment. There was none.

*Authority Action*
Motion to approve the minutes from the August 27, 2015 CHFFA meeting.

MOTION: Member Buckhorn SECONDED: Member Hansen

AYES: ..... Members: Buckhorn, Rice, Hansen, Frank, Ortega, LoFaso, Brown
NOES: ..... None
ABSTAIN: ... None
RECUSE: ..... None

MOTION ADOPTED.

**Executive Director's Report**

**CHFFA Fund Balances and Comprehensive Debt List Summaries**
Diane Stanton, Executive Director submitted the fund balances for the record for the month of August with revisions to the months of July and June 2015, which included the Comprehensive Debt Limit Summaries of CHFFA's top 15 borrowers.

**Tax-Exempt Bond Delegation of Powers Monthly Update**
No Actions were taken pursuant to the Tax-Exempt Bond Delegation Resolution.

**HELP II Loan Program Delegation of Powers Monthly Update**
No Actions were taken pursuant to the HELP II Loan Program Delegation Resolution.

**California Health Access Model Program ("CHAMP") Status Update**
San Francisco Health Plan provided CHFFA with their fourth Quarterly Report and requested a second disbursement of approximately $300,000 to cover budgeted expenses for the next six months.

**California Health Access Model Program Sequel Update (SB315)**
Ms. Stanton reported that there is a legislative update. On September 11th SB 315 CHAMP Sequel was amended coming out of the Appropriations Committee and joined with AB 648, which is for virtual dental services. The amendments moved the grant administration from the Department of Public Health to CHFFA and that $3 million (of the $6.5 million in SB 315) from the HELP II program be used as one-time funds for AB 648. There will be conversations in the upcoming weeks on expectations and how the program would work.

**Site visits**
No site visits were taken.

Ms. Stanton reported that management is actively recruiting for two analyst positions and she would continue to meet with borrowers, underwriters and associations to have discussions on HELP II Loan Program.

Ms. Stanton further reported that the fourth funding round for Investment in Mental Health Wellness Grant program closed on September 15th and that CHFFA received eight applications for approximately $24 million. Staff plans to have a discussion on the program and bring applications back for approval as action items at the December 3rd Authority meeting.

Also, she reported that the California State Auditor's report on the Children's Hospital Program was published on the 15th of September and has been distributed.

Ms. Stanton noted she attended the NAHEFFA Fall conference in Seattle, Washington.

Chairperson Brown noted for the record that staff would be working through the fall on the HELP II Loan Program.

Judith Frank recused herself from agenda item #4 because of her investment interest in Wells Fargo Bank, who will be bond trustee and party to a bond indenture with the Authority.

**Item #4** **Sutter Health, Sacramento, California**
**Resolution No. 407**

Brock Lewis, staff analyst introduced representatives from Sutter Health. Bond proceeds would be used to refund all outstanding California Statewide Communities Development Authority Series 2005A Revenue Bonds. Sutter expected the net present value savings resulting from the refunding of the Series 2005A bonds to be approximately $19.0 million.

Representing Sutter Health: Svend Ryge, Vice President and Treasurer and Jonathan Ma, Vice President, Morgan Stanley.

Mr. Lewis noted the following two corrections to the Staff Report and one correction to the Resolution:

- Under the "Particular Facts to Note" section on page 8 of the Staff Report, the first bullet point should read, "…to approximately "$887 million in FY 2013…" as opposed to "…to approximately $887 in FY 2013…" Under the "Particular Facts to Note" section on page 10 of the Staff Report, the first bullet point should read, "…Sutter's contribution of approximately $240 million…" as opposed to "…Sutter's contribution of approximately $140 million…"
- Under SECTION 1 on page 2 of the Resolution, the Series name of the bonds should read, "…Series 2015A…" as opposed to "…Series 2015…"

Staff recommended the Authority approve Resolution No. 407 in an amount not to exceed $212,000,000 subject to the conditions in the resolution, including a rating of at least investment grade by a nationally recognized rating agency.

Chairperson Brown asked for public comment. There was none.

*Authority Action*

Motion to approve Resolution No. 407 for Sutter Health.

MOTION: Member Rice SECONDED: Member Ortega

AYES: ..... Members: Buckhorn, Rice, Hansen, Ortega, LoFaso, Brown
NOES: ..... None
ABSTAIN: ... None
RECUSE: ..... Member Frank

MOTION ADOPTED.

**Item #5 Loma Linda University Children's Hospital ("LLUMC"), Loma Linda, California, Resolution No. CHP 2015-01**

Patrick Waterman, staff analyst, introduced representatives from Loma Linda University Children's Hospital. Mr. Waterman stated that LLUMC was seeking $67,902,990 in Proposition 61 grant funds to construct a new Children's Hospital Nursing Tower, renovate and expand the current Neonatal Intensive Care Unit in the existing tower, renovate/retrofit the separation between the existing Children's Hospital and University Hospital to address current seismic requirements, and purchase equipment for the renovated and newly constructed facilities. Mr. Waterman reported the project is part of the wider $1,048,895,134 Loma Linda University Medical Center Campus Transformation Project, which will replace the existing adult and children's acute care functions in seismically non-compliant space.

Representatives for Loma Linda University Children's Hospital: Kerry Heinrich, Chief Executive Officer; Kevin Lang, Chief Financial Officer; and Sondra Leno, Assistant Vice President.

Staff recommended that the Authority approve Resolution No. CHP 2015-01 for Loma Linda University Children's Hospital to receive a grant not to exceed $67,902,990, subject to all requirements of the Children's Hospital Program of 2004.

Chairperson Brown asked for public comment. There was none.

*Authority Action*
Motion to approve Resolution No. CHP 2015-01 for Loma Linda University Children's Hospital.

MOTION: Member Hansen SECONDED: Member Buckhorn

AYES: ..... Members: Buckhorn, Rice, Hansen, Frank, Ortega, LoFaso, Brown
NOES: ..... None
ABSTAIN: .... None
RECUSE: ..... None

MOTION ADOPTED.

**Item #6 Loma Linda University Children's Hospital ("LLUMC"), Loma Linda, California, Resolution No. CHP-3 2015-03**

Mr. Waterman stated that LLUMC was seeking $98,000,000 in Proposition 3 grant funds to construct a new Children's Hospital Nursing Tower, renovate and expand the current Neonatal Intensive Care Unit in the existing tower, renovate/retrofit the separation between the existing Children's Hospital and University Hospital to address current seismic requirements, and purchase equipment for the renovated and newly constructed facilities. Mr. Waterman reported that the project is part of the wider $1,048,895,134 Loma Linda University Medical Center Campus Transformation Project, which will replace the existing adult and children's acute care functions in seismically non-compliant space.

Representatives for Loma Linda University Children's Hospital: Kerry Heinrich, Chief Executive Officer; Kevin Lang, Chief Financial Officer; and Sondra Leno, Assistant Vice President.

Staff recommended that the Authority approve Resolution No. CHP-3 2015-03 for Loma Linda University Children's Hospital to receive a grant not to exceed $98,000,000, subject to all requirements of the Children's Hospital Program of 2008.

Chairperson Brown asked for public comment. There was none.

*Authority Action*
Motion to approve Resolution No. CHP-3 2015-03 for Loma Linda University Children's Hospital.

MOTION: Member Buckhorn SECONDED: Member Hansen

AYES: ..... Members: Buckhorn, Rice, Hansen, Frank, Ortega, LoFaso, Brown
NOES: ..... None
ABSTAIN: ... None
RECUSE: ..... None

MOTION ADOPTED.

**Item #7 Resolution of the California Health Facilities Financing Authority Relating to the Approval of an Interagency Agreement with the State Treasurer's Office for Fiscal Year 2015-2016 in the Amount of $462,377, Resolution No. 2015-06**

Matthew Saha, staff analyst, presented the Interagency Agreement. Resolution No. 2015-06 authorizes the execution of an Interagency Agreement with the State Treasurer's Office (STO) to provide support services, including accounting, budgeting, data processing, information technology (IT), personnel and business services to the Authority for the Fiscal Year 2015-16.

Mr. Saha reported the Authority executes an Interagency Agreement for each fiscal year. He stated that the Authority relies on the STO for the expertise and staff necessary to perform services that would otherwise require substantial additional staffing and expense by the Authority.

Mr. Saha stated that the Fiscal Year 2015-16 proposed contract amount is $462,377, reflecting an increase of 70.6% from the prior year. He stated that this increase over 2014-15 is primarily due to additional IT costs. The contract amount is derived from a formula that allocates costs based on the number of staff at the Authority as a percentage of the total number of staff for all boards, commissions, and authorities receiving services from the STO.

Staff recommended approval of the proposed Interagency Agreement.

Chairperson Brown asked for public comment. There was none.

*Authority Action*
Motion to approve Resolutions No. 2015-06 to enter into an Interagency Agreement with the State Treasurer's Office.

MOTION: Member Ortega SECONDED: Member LoFaso

AYES: ..... Members: Buckhorn, Rice, Hansen, Frank, Ortega, LoFaso, Brown
NOES: ..... None
ABSTAIN: ... None
RECUSE: ..... None

MOTION ADOPTED.

**Item #8 HELP II Loan Program Bi-Annual Report**

Mr. Lewis gave a brief presentation regarding the HELP II loan portfolio fund balance and the portfolio performance over the previous six months.

CHFFA entered into closed session at 2:47 P.M.

**Item #9 Litigation – Government Code section 11126(e)(2)(C):**

Adjournment to a closed session to confer with and receive advice from legal counsel pertaining to initiation of litigation, as authorized by Government Code section 11126(e)(2)(C).

At 3:00 P.M., the closed session concluded and CHFFA held open session.

**Items #10, 11, 12 Other Business, Public Comment, Adjournment**

Representatives from the Children's Partnership and the California Dental Association, both co-sponsors of AB 648, the virtual dental program spoke to the Authority about the program, and shared their support of SB 315 and AB 648.

A representative from Assembly-member Evan Low's office was also present in support of AB 648.

Chairperson Brown asked for any other public comment. Hearing none and with no other business, the meeting adjourned at 3:16 P.M.