MINUTES

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

September 25, 2014 – 1:30 P.M.

Deputy Treasurer, Michael Paparian, serving as Chairman, called the meeting to order at 1:31 P.M.

Roll Call

Members Present:	Michael Paparian for Bill Lockyer, State Treasurer
	Barbara Liebert for John Chiang, State Controller
	Eraina Ortega for Michael Cohen, Director of Finance
	Jack Buckhorn
	Judith Frank
	Ann Madden Rice
	Dr. Oscar Sablan
Members Absent:	Jay Hansen
	Pedro Reyes

Chairman Paparian declared a quorum present.

Approval of the Minutes from the August 28, 2014 Meeting

Ronald Washington, Executive Director reported a correction to the August 28th meeting minutes. On page two, under the Investment in Mental Health Wellness Grant Program Update header, the paragraph reads that Mr. Washington mentioned the permanent regulations were in place and on file with the Secretary of State. That was incorrect. The permanent regulations were at the Office of Administrative Law ("OAL") and in a 30-day review process to be completed in October.

Ms. Yang confirmed to Chairman Paparian that the meeting minutes should be approved as is because the minutes accurately reflect the comments made at that meeting. It is not a correction to the minutes, but a correction to the statements made at the meeting.

Mr. Buckhorn moved approval of the August 28, 2014 meeting minutes, Ms. Liebert seconded the motion. The motion was adopted with a 6-aye vote; Dr. Sablan abstained.

Executive Director's Report (Information Item)

Mr. Washington reported for the record there were no new expenditures, nor revenues reflected in the CHFFA Fund Balances and the Comprehensive Debt List Summaries.

Tax Exempt Bond Delegation of Powers Monthly Update

Catholic Healthcare West (CHW) dba Dignity Health (DH), 2004 Series G and 2009 Series A. DH formerly known as CHW asked CHFFA to execute two Certificates of Redemption for CHFFA Variable Rate Revenue Bonds CHW 2004 Series G and 2009 Series A bonds. CHFFA's Issuer's Counsel, reviewed the request for the execution of the Certificate and confirmed the proposed action were within CHFFA's delegation resolution. Mr. Washington executed the certificates on September 10, 2014.

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

Mr. Washington reported Sumi Sousa, Commissioner for the San Francisco Health Plan, will provide a list of options for the Authority members and staff to participate or observe in activities provided by San Francisco Health Plan. Staff will keep the Authority members updated.

Investment in Mental Health Wellness Grant Program Update

Mr. Washington reported that each county was preparing information and readiness documents for CHFFA staff. Los Angeles County has not yet gone to the Board of Supervisors. Los Angeles County challenge was securing a facility. Los Angeles County is considering leasing a facility.

Item #4 **Dignity Health ("DH"), San Francisco, California**
Resolution No. 398

Carolyn Aboubechara, staff analyst, introduced the representatives from Dignity Health. DH requested an amount not to exceed $330,000,000 in bonds. The bond proceeds will be used to current and advanced refund all or a portion of several prior bonds series and to refinance a taxable line of credit. Net present savings are expected to be $19.2 million.

Representing Dignity Health: Jean Ham, Senior Director, Debt Management at Dignity Health; Gerald McGovern, Partner at Sidley Austin LLP as Bond Counsel; and Julia Quazi, Managing Director at BMO Capital Markets GKST Inc. as Underwriter.

Staff recommended the Authority approve Resolution No. 398 in an amount not to exceed $330,000,000 for Dignity Health subject to the conditions in the resolution.

Mr. McGovern stated one of the obligated group's members, St. Francis Memorial Hospital, was recently discovered to have lost its good standing with the Secretary of State and the Franchise Tax Board, due to unintentional renewal filing errors. The Franchise Tax Board had also removed St. Francis Memorial Hospital from state tax exemption rolls. Documentation had been filed and St. Francis Memorial Hospital's good standing with the Secretary of State and the Franchise Tax Board had been retroactively reinstated. Tax exempt status reinstatement has been given priority by the Franchise Tax Board. Even though the process appears to be slow, bond counsel felt confident that the tax exempt status would be reinstated prior to the pricing of the bonds. Good standing

status from a corporate standpoint means the entity can enter into legal contracts and conduct business in the state. Reinstatement of tax exempt status would be retroactive as of August 1, 2014 as well. In the case the reinstatement cannot be completed before the transaction closes, St. Francis Memorial Hospital would have to pay income taxes on its net income to the state and management stated that it would not be a material financial burden on the Obligated Group. Mr. McGovern stated that St Francis Memorial Hospital would still be a nonprofit corporation even if it had to pay such state tax.

Chairman Paparian asked if there would be any impact on bond holders who believe that the bonds are one-hundred percent tax–exempt under state law.

Mr. McGovern replied that investors would be exempt from state income taxes. St. Francis Memorial Hospital would be the only one that would be impacted, should the tax-exempt status not be reinstated.

Chairman Paparian asked if there were any questions or public comment. Hearing none, Mrs. Rice moved approval of Resolution No. 398, Ms. Liebert seconded the motion. The motion was adopted with a 7-Aye vote.

Item #5, 6, and 7 Other Business/Public Comment/Adjournment

Chairman Paparian asked for public comment. Hearing none and with no additional business, the meeting was adjourned at 2:18 P.M.