

MINUTES

**California Health Facilities Financing Authority
February 26, 2009 – 1:45 P.M.
915 Capitol Mall, Room 587
Sacramento, California**

Patricia Wynne, Chairperson called the meeting to order at 1:48 P.M.

Roll Call

Members Present: Patricia Wynne for Bill Lockyer, State Treasurer
Ruth Holton-Hodson for John Chiang, Controller's Office
Tom Sheehy for Michael C. Genest, Department of Finance
Harry Bistrin
Judith Frank
Ronald Joseph
Sumi Sousa
Dr. Oscar Sablan
Jack Buckhorn

Staff Present: Barbara J. Liebert, Executive Director
Ronald Washington, Deputy Executive Director
Greg Matayoshi, Macias Gini & O'Connell LLP

The Chair declared a quorum present.

Approval of the Minutes from the December January 29, 2009 Meeting (Action Item)

The minutes from the California Health Facilities Financing Authority's (CHFFA) January 29, 2009, meeting were approved as corrected. Ms. Sumi Sousa moved for approval of the minutes, Mr. Sheehy seconded the motion. The motion was adopted with a 9-aye vote.

Executive Director's Report (Information Item)

Ms. Liebert, Executive Director, reported that as of December 31, 2008, bonds issued totaled \$21,867,767,017, bonds outstanding totaled \$7,659,577,473, and the Children's Hospital of Orange County (CHOC) resolution remains outstanding.

Ms. Liebert provided the HELP II Fund balance of \$15,300,034. She also indicated the Cedillo-Alarcon Clinic Grant Fund balance as \$172,391, the Anthem-WellPoint Grant Fund balance as \$1,733,659, and the Children's Hospital Bond Act of 2004 Fund balance as \$351,378,630.

Ms. Wynne asked for clarification regarding the Children's Hospital Fund balance, which were provided by Ms. Liebert and Children's Hospital Program manager, Mr. Barry Scarff.

Lastly, Ms. Liebert indicated that as of December 31, 2008, the CHFFA Fund Balance was \$11,441,053.08.

Ms Liebert provided there was nothing to report with regard to the delegation of powers resolution passed by the Board previously.

Ms. Liebert indicated to the Board that the revised CHFFA bond application was being finalized. Ms. Liebert informed the Board members that they would receive a copy of this application electronically once it is finalized. Ms. Liebert hoped that this application could be used by a potential borrower in March 2009.

Next, Ms. Liebert discussed the inclusion of language relating to the payment of prevailing wage, or compliance to any other California law, by any potential CHFFA borrowers as it relates to its Children's Hospital Program (CHP). Ms. Liebert stated that at the Board's urging, CHFFA, working with its legal counsel, is finalizing the language to be included in CHP grant applications.

Ms. Liebert discussed the CHFFA-related legislation that was vetoed in the last legislative session. Ms. Liebert stated CHFFA continues to look for an author for legislation to clarify CHFFA's statute with regard to the issue of pass-through. Ms. Liebert also indicated CHFFA is taking parting in an omnibus bill through the office of Assembly Member Dave Jones to implement various technical changes throughout the CHFFA statute requiring clarification.

Ms. Liebert and Ms. Wynne then briefly discussed SB 99 addressing accountability and transparency issues for all conduit issuers throughout the state.

Item #4

**HELP II Loan Program Quarterly Report
(Information Item)**

Mr. Ronald Washington, Deputy Executive Director, reported the HELP II Loan Program financial summary as of December 31, 2008, amount outstanding totaled \$32,498,510, HELP II new loans totaled \$13,804,041 and the HELP II Loan Approved/Loan closures pending totaled \$1,527,000. Board members were provided with handouts articulating a breakdown of the HELP II Loan Program. Mr. Washington received several questions from the Board regarding the write-offs and delinquencies listed in the handouts and provided responses. At the request of Ms. Wynne, Ms. Sousa, as a former Executive Director of CHFFA, provided insight as to the HELP I and II programs.

Item #5

**Delegation Authority to Certain Officers of the Authority
Resolution No. 2009-01
(Action Item)**

Ms. Liebert stated that in March 2008, the Board approved Resolution No. 2008-02 which delegated authority to both the Chairperson and the Executive Director to carry out various activities in order to expedite and facilitate the refunding for various borrowers needing to quickly get out of auction variable rate demands. The initial resolution passed by the board had a one-year affective date. That one-year is elapsing on March 1st so the resolution is back for an extension for one more year. The market continues in the condition that it is and there are likely other borrowers who will need to come quickly to do further refunding.

Ms. Liebert introduced Diane Potter of Orrick, Herrington & Sutcliffe, and Bond Counsel who provided a summary of current market conditions.

Staff recommended that the Authority approve a one-year continuation of Resolution No. 2008-02.

Chair Wynne asked if there were any public comments. Hearing none, Mr. Joseph moved for adoption of the Resolution and Ms. Sousa second the motion. The motion was adopted with a 9-0 vote.

Item #6**Adventist Health Systems/West 1991 Revolving Loan Pool Bonds
Resolution No. 2009-04
(Action Item)**

Mr. Ronald Washington presented this item. In 1991, CHFFA issued pooled revenue bonds to fund a revolving loan program for Adventist Health System/West and Sutter Health. Under the revolving loan program, CHFFA made loans to finance various capital equipment and building acquisitions for Adventist and Sutter Health. In early 2007 Sutter Health withdrew from the Program by redeeming the bonds relating to their loans. Adventist entities continue to participate in the remaining 28.4 million portion of the Program.

The initial loans to Adventist were for a term ending March 1, 2009 upon repayment to the Bond Trustee, such funds are again available for a new loan to Adventist for appropriate projects approved by CHFFA.

Adventist has advised staff that it is critical for Adventist to have the new loan in place by March 1, 2009 upon repayment of their existing loans. This will keep Adventist's cost of financing to a minimum while maximizing the use of the Revolving Loan Program. The Projects to be financed with the additional loan dated as of March 1, 2009 to Adventist Health System/West includes acquisition, construction, renovation, improvement (including seismic improvements and retrofitting) and equipping of White Memorial Medical Center and Glendale Adventist Medical Center.

Staff recommended the Authority approve the proposed new loan to be made to Adventist Health System/West from remaining Program proceeds, with the term of the new loan to end on August 1, 2021.

Chair Wynne asked what the pleasure of the board is. Ms. Holton-Hodson moved for approval of the resolution as amended. Dr. Sablan seconded the motion. The motion was adopted with a 9-0 vote.

Item #7**Adventist Health System/West 1998 Series B
Resolution No. 2009-05
(Action Item)**

Mr. Washington presented Item 7. In 1998 CHFFA issued the Insured Variable Rate Revenue Bonds (Adventist Health System/West), 1998 Series A, B, and C, at the request of Adventist Health System/West. The 1998 Bonds were issued for the purpose of refinancing prior bonds and for financing and refinancing certain capital improvements and equipment acquisitions at Adventist health facilities. Since issuance, the 1998A Bonds were converted to fixed rate maturity bonds in July 2008, the 1998B Bonds currently bear interest at daily rates and the 1998C bonds were redeemed in November 2008.

Adventist now requests to amend the Original Indenture and the Original Loan Agreement in order to effect a substitution of an irrevocable direct-pay letter of credit to be issued by Bank of America, or another qualifying bank, in place of the MBIA insurance policy and the standby bond purchase agreement delivered by the California State Teacher's Retirement System with respect to the 1998 B Bonds.

The Bond Insurer has indicated its willingness to consent to the Amended Indenture and the Amended Loan Agreement and will deliver written consent prior to execution of the Amended Indenture and Amended Loan Agreement.

Staff recommends the Authority approve the proposed amendments to the Adventist Indenture and Loan Agreement.

Chair Wynne asked if there were any public comment. There were none. She further asked what the pleasure of the board is. Ms. Holton-Hodson moved for adoption of the Resolution and Ms. Frank seconded the motion. The motion was adopted with a 9-0 vote.

Item #8

**Kings Rehabilitation Center, Inc.
Resolution No. HII-235
(Action Item)**

Ms. Karma Manni, Staff, introduced Ms. Carol Rogers, Executive Director, and Ms. Lubov Pavluk, Controller, Kings Rehabilitation Center, Inc., which was established in 1965. KRC is a licensed nonprofit Adult Day Care Center. KRC's mission is to enhance the lives of adults with development, physical and emotional disabilities by providing employment opportunities, vocational training and recognizing their client's importance and involvement in the community. The HELP II loan proceeds are intended to construct a new Adult Day Care Center on its main property to relieve overcrowding at its current facility, as well as to provide for additional capacity.

Staff recommends the Authority approve the resolution for a HELP II loan for Kings Rehabilitation Center, Inc. in an amount not to exceed \$750,000 for a term not to exceed 15 years, and contingent upon financing terms acceptable to the Authority.

Dr. Sablan moved for adoption of the Resolution and Mr. Buckhorn seconded the motion. The motion was adopted with a 9-0 vote.

Item #9

**California Family Life Center
Resolution No. HII-236
(Action Item)**

Ms. Thera Hearne, Staff, introduced Ms. Sheila Stephenson, Group Home Director, California Family Life Center (CFLC). CFLC is a not-for-profit organization, incorporated in 1982 and has 25 years of experience serving juvenile offenders, group home youth, foster children, kin care youth, high school dropouts, and pregnant and parenting and parenting teens. Through their residential treatment program, CFLC serves over 175 adolescent boys and girls every year. Along with their corporate office and three group homes in Riverside County, CFLC also operated two group homes in San Diego County.

Loan Proceeds will be used to purchase a 2,180 square foot home for use as a group home for adolescents in San Diego County. This will allow CFLC to transition one of their existing group homes in San Diego County from its current leased facility.

Staff recommends approval of a HELP II loan for CFLC in an amount not to exceed \$350,000 for a term not to exceed 15 years, and contingent upon financing terms acceptable to the Authority.

Ms. Holton-Hodson moved for adoption of the Resolution and Mr. Jack Buckhorn seconded the motion. The motion was adopted with a 9-0 vote.

Item #10

**Shasta Community Health Center
Resolution No. HII-237
(Action Item)**

The Shasta Community Health Center, Redding, California was withdrawn from the agenda.

With no other business or public comment, the meeting was adjourned at 3:23 P.M.