

MINUTES

California Health Facilities Financing Authority

(A Portion of this Meeting was held Jointly
with the California Educational
Facilities Authority (CEFA))

August 27, 2009 – 1:30 P.M.
915 Capitol Mall, Room 587
Sacramento, California

Patricia Wynne, Chairperson called the meeting to order at 1:35 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
Jack Buckhorn – Teleconference
Dr. Oscar Sablan arrived at 1:52 P.M.
Judith Frank

Staff Absent: Ronald Joseph
Harry Bistrin
Sumi Sousa

Staff Present: Barbara J. Liebert, Executive Director
Ronald Washington, Deputy Executive Director

The Chair declared a quorum present.

Approval of CHFFA Minutes from the July 30, 2009 Meeting

The minutes from the California Health Facilities Financing Authority (CHFFA) July 30, 2009 meeting were approved. Mr. Sheehy moved approval, and Ms. Holton-Hodson seconded the motion. Chair Wynne asked for a roll call for Board approval. The minutes were unanimously approved by the Board members present.

CHFFA's Executive Director's Report

Ms. Liebert reported the following as of July 31, 2009: Bonds issued \$22,918,637,017; Bonds outstanding \$8,240,844,318; HELP II \$11,715,948; Cedillo-Alarcón Clinic \$191,921; Anthem-WellPoint \$849,578, Children's Hospital Bond Act of 2004 \$351,226,549; Children's Hospital Bond Act of 2008 \$979,992,668; and CHFFA's fund balance of \$12,084,575.23.

Ms. Liebert further reported the following as of June 30, 2009: Bonds issued \$22,768,637,017; Bonds outstanding \$8,037,798,436; HELP II fund balance \$12,166,587; Cedillo-Alarcón Clinic \$188,921; Anthem-WellPoint \$1,074,578, Children's Hospital Bond Act of 2004 \$351,248,123; and CHFFA's fund balance of \$11,483,684.21.

Delegation of Powers Monthly Update

Ms. Liebert report no delegation actions were taken this last month.

Proposition 3 Update re Regulations

Ms. Liebert reminded the Board that Mr. Barry Scarff of Children's Hospital Program (CHP) Staff has been working diligently on getting its regulations established with the Office of Administrative law. These regulations are now established and the program is ready to go but remains contingent upon the issuance of bonds.

Trustee Confirmation of Outstanding Bond Issues

Ms. Liebert mentioned CHFFA is considering the merits of performing a full scale audit similar to the annual audit conducted by CEFA.

Validation Action Update for Loma Linda University Children's Hospital

Ms. Liebert informed the Board that time has expired for any objecting parties to come forward to the pending validation action. No objections were filed which means CHFFA is on a shorter time scale as far as getting resolution on that action.

Working Group Update: Bond Guidelines and Templization of Bond Documents

Ms. Liebert updated both CEFA and CHFFA Boards on its two working groups, reporting that staff has continued to meet with at least 20 different constituent members looking at both CEFA and CHFFA's bond documents and guidelines. Ms. Liebert stated that the working groups are making progress and hope to bring something before the CEFA and CHFFA Boards within the next couple of months.

American Recovery and Reinvestment Act of 2009 Update

Ms. Liebert provided an update with regard to the previously discussed concept of leveraging some of its HELP II Loan Program funds to obtain matching funds, on a 5 to 1 basis, through the American Recovery and Reinvestment Act of 2009, to provide loans for electronic health systems. Since the last meeting, CHFFA has been informed that regrettably, there would be no matching federal funds.

Dr. Sablan joined the meeting and Ms. Liebert asked that the record reflect his arrival

Ms. Liebert indicated that the lack of federal matching funds did not necessarily mean that CHFFA would not examine the possibility of looking at earmarking its funds for this type of program.

Prevailing Wage

Ms. Liebert provided an update on the issue of prevailing wage. Ms. Liebert indicated that conversations between staff, STO Legal Counsel, as well as Attorney General staff, has resulted in the determination that posting a notice on CHFFA's website with regard to the potential application of prevailing wage upon a borrower's or grantees receipt of Authority money would be an appropriate course of action. Mr. Sheehy asked Mr. Buckhorn if he was satisfied with this proposed prevailing wage policy as he knew this was an important issue to him. Mr. Buckhorn replied that he was very satisfied with this resolution.

Ms. Liebert indicated that it was staff's intention to bring this proposed language to the Board at its next meeting for review as well as discussion of where it might be placed.

Item #8

Conflict of Interest Presentation by the Attorney General's Office

Deputy Attorneys General Ted Prim and Erin Peth of the Attorney General's Office made a presentation regarding Government Code Section 1090 and its application to each of the board members and staff of both CEFA and CHFFA. Following the presentation, there was a question and answer period to address concerns or issues generated by the discussion.

At the conclusion of the Conflict of Interest presentation, Chair Wynne again congratulated Mr. Washington for his appointment as the new Executive Director of CEFA and invited him to say a few words to the Board.

At the conclusion of Mr. Washington's comments, Chair Wynne asked if there were any public comments for CEFA. Hearing none, the CEFA meeting was adjourned at 2:45 p.m. The CHFFA meeting continued.

Item #11

HELP II Quarterly Report

Mr. Washington presented the HELP and HELP II Loan Programs Quarterly Report to the Board members. Ms. Holton-Hodson asked about the cuts in funding for health funding and the potential for more of these facilities to experience financial difficulties and possibly fail. Ms. Liebert indicated that the California Primary Care Association (CPCA) has been tracking these financial statistics very closely but indicated to CHFFA that it is premature to release any findings as the funding cuts are too recent. CPCA invited CHFFA staff to re-contact them in a month.

At the conclusion of Mr. Washington's report and discussion among Board member, Chair Wynne asked if there was any public comment. Hearing none and with no other business, Chair Wynne adjourned the meeting at 2:57 P.M.