

AMENDED MINUTES

**California Health Facilities Financing Authority
January 27, 2011
915 Capitol Mall, Room 587
Sacramento, California 95814**

Patricia Wynne, Chairperson called the meeting to order at 1:54 P.M.

Roll Call

Members Present: Patricia Wynne for Bill Lockyer, State Treasurer
Ruth Holton-Hodson for John Chiang, Controller's Office
Fred Klass for Ana J. Matosantos, Department of Finance
Judith Frank
Dr. Oscar Sablan - Teleconference
Ronald Joseph
Jack Buckhorn
Samuel Qiu

Members Absent: Ann Madden Rice

Staff Present: Barbara J. Liebert, Executive Director
Rosalind Brewer, Deputy Executive Director

Chairperson Wynne declared a quorum present.

Chairperson noted a new name in the roll call. She welcomed Samuel Qiu to the CHFFA board. The board was very happy to welcome Mr. Qiu and expressed recognition and appreciation for his efforts.

Approval of the Minutes from the January 6, 2011, Meeting (Action Item)

Mr. Buckhorn moved for approval of the minutes and Ms. Frank seconded the motion. The minutes were unanimously approved with an 8-Aye vote (taken by roll call).

Executive Director's Report (Information Item)

Ms. Liebert welcomed Samuel Qiu with an in depth introduction. Mr. Qiu was recognized as a great asset to CHFFA and Ms. Liebert encouraged each board member to introduce themselves.

Delegation of Powers Monthly Update

Ms. Liebert reported that no prior action was taken pursuant to the delegation resolution.

Ms. Liebert reported the following as of December 31, 2010: Bonds issued: \$24,912,562,017; Bonds outstanding: \$9,327,343,120; CHFFA fund balance: \$13,837,485; HELP II fund balance: \$12,632,868, Cedillo-Alarcón Clinic: \$50,797; Anthem-WellPoint: \$274,317; Children's Hospital Bond Act of 2004: \$163,831,102 and the Children's Hospital Bond Act of 2008: \$713,457,440.

Children's Hospital Program Annual Reports

Ms. Liebert further reported that at last month's CHFFA board meeting the annual CHP Annual Report was circulated. She noted to the Board that they were welcome to ask questions, but that CHFFA would have a formal agenda item concerning the CHP program in the coming months.

A copy of Harry Bistrin's (former board member) resolution was circulated to the board members. The original resolution has been mailed to Mr. Bistrin.

Chairperson Wynne suggested that CHFFA staff prepare a resolution for Sumi Sousa who also served a number of years as a board member and as an Executive Director for CHFFA.

Ms. Liebert suggested to the Board that reading the numbers into the record is not a statutory requirement and would like to dispense with the practice. Chairperson Wynne and Mr. Buckhorn agreed.

Ms. Liebert further reported the Sutter transaction has priced and closed successfully. There was a lot of nervousness throughout the transaction due to the poor market.

Mr. Buckhorn asked if Sutter had gone out for the entire amount requested.

Ms. Liebert replied that Sutter elected not to refund some of the bonds but they went out to the market simultaneously with the CSCDA bonds.

Item #4

The Respite Inn, Resolution No. HII-262

Paul Dulai, Staff Analyst, introduced Maureen Wright, Executive Director and Barbara Maizie, Treasurer of the Respite Inn (RI). Mr. Dulai then summarized that loan proceeds would be used to refinance debt existing on RI's single family dwelling. The current mortgage has a fixed interest rate of 8.125%, thus RI will save approximately \$36,000 over the life of the loan (comparing a 15-year fixed interest rate of 3% versus 8.125%).

Staff recommended approval of Resolution Number HII-262 for the Respite Inn, in an amount not to exceed \$75,000 for a term not to exceed 15-years, and contingent upon financing terms acceptable to the Authority. Macias Gini & O'Connell, LLP, the Authority's financial analyst concurs with the Authority's staff recommendation.

Ms. Liebert noted that a board member was curious about the patients and patrons that come to the RI and if they are from Alameda and Contra Costa Counties. Ms. Wright replied that they serve all over California but mainly service Alameda and Contra Costa Counties.

Ms. Frank inquired if there were any other operating facilities that offer the same services as RI. Ms. Wright replied that RI is the only one of its kind and it is very hard to make a facility like this survive.

Mr. Klass inquired if part of the facilities' income comes from the fees.

Ms. Wright replied that most of the income is received by State funding through the Regional Center of the Department of Developmental Services. If an individual qualifies for respite care due to the severity of their disability and the needs of the family, then RI receives funding through the Regional Center and then supplements it with RI's fund raising. There are no fees to the family.

Ms. Holton-Hodson noted that the Regional Centers took a budget hit, were about to take another hit and these hits were clearly reflected in RI's budget. She asked how much of a hit did RI take and how much will RI anticipate to lose in the future? Ms. Wright responded that RI was affected last year and there was a cap on the amount of services that were available. Income dropped 35% overnight and stayed steady for nine months. RI is trying to survive and part of the survival efforts is reducing the expenses and the refinance with RI's efforts.

Mr. Qiu asked how many unduplicated clients were being served. Ms. Wright replied approximately 72-82 a year.

Dr. Sablan asked what is the average day for the clients and is it covered by Medi-Cal?

Ms. Wright replied that it is usually a weekend at the end of the month. But some people come for a couple of weeks depending on their need. If there is a family emergency, for example, many of these families have an aging single parent who are in their 80's while their child/caregiver is in their 60's. When

that child/caregiver becomes ill the parent needs a place to stay and staff to take care of their needs. These services are not covered by Medi-Cal funding; however many are matched with Federal Medicaid Waiver dollars. The Federal matched dollars are matched at the DDS' level not with RI.

Dr. Sablan commented that it is a wonderful program and it is too bad California doesn't have it available in all of the Regional Centers.

Chairperson Wynne asked if there were any public comments on this item. Mr. Joseph moved for approval of the Resolution and Ms. Holton-Hodson seconded the motion. The Resolution was adopted with an 8-Aye vote (taken by roll call).

Item #5 University of California, San Diego Medical Center, Resolution No. CHP 2011-01

Barbara Webster-Hawkins, Program Manager (CHP) provided some initial background concerning agenda items five and six, noting that both hospitals are located in San Diego, CA. The University of California San Diego, including its Medical Center and Rady Children's Hospital are working together under a former affiliation agreement. Between the two of them, they will provide the fullest range of important medical services to children regionally including pediatric medical research and to train future pediatricians and their medical professionals.

Jim Rennie, Staff Analyst, introduced Lori Donaldson, Chief Financial Officer, University of California, San Diego Medical Center. The Medical Center is seeking grant funds as reimbursement for the eligible proportional pediatric costs for renovating Thornton Hospital, constructing a new 245-bed tower adjacent to Thornton Hospital, and construction of the central utility plant. Staff recommended that the Authority approve Resolution No. CHP 2011-01 for the University of California San Diego Medical Center to receive a grant not to exceed \$30,000,000 (less costs of issuance and administrative costs), subject to all requirements of the Children's Hospital Program of 2004.

Ms. Holton-Hodson asked how the borrower determines costs for under and uninsured care. Ms. Donaldson replied that some patients qualify for uninsured care due to lack of health insurance or those assisted by medi-caid throughout the County.

Mr. Joseph commented that this seems like a very positive project but queried whether moving the location of the hospital would hinder patients from utilizing the new facility due to its distant location.

Ms. Donaldson replied that all of the prenatal care will continue to be provided across the community, inpatient stay will be moved to the La Jolla facility, about 15-miles apart. Ms. Donaldson expressed her belief that the changed location would not serve as a deterrent to their patient population.

Chairperson Wynne asked if there were any public comments on this item. Mr. Buckhorn moved for approval of the Resolution and Mr. Qiu seconded the motion. The Resolution was adopted with an 8-Aye vote (taken by roll call).

Item #6 Rady Children's Hospital-San Diego, Resolution No. CHP-3 2011-01

Ms. Webster-Hawkins, Program Manager introduced Barbara Ryan, Vice President of Government Affairs and Lisa Lomas, Coordinator Government Grants & Community, of Rady Children's Hospital – San Diego (RCHSD). RCHSD was seeking grant funds to reimburse a portion (\$9,468,055 or 38.75%) of its overall costs (\$24,434,905) for the purchase of a ground lease which included a four-story pediatric specialist medical office building (PSMOB) on RCHSD's hospital campus. Staff analyzed the grant request and was satisfied that it is eligible and meets the requirements of the Children's Hospital Program of 2008.

Staff recommends the Authority approve Resolution No. CHP-3 2011-01 to provide a grant not to exceed \$9,468,055 (less costs of issuance and administrative costs) subject to all requirements of the Children's

Hospital Program of 2008. Chairperson Wynne asked why proposition 61 was used. Ms. Lomas responded that the money was used for construction of an acute pavilion which opened last October. And the second increment will be using Proposition 3.

Dr. Sablan asked if they are receiving any other patients from other than the San Diego area or whether they are limited to San Diego. Ms. Ryan replied patients come from Imperial, San Diego and Southern Riverside Counties.

Ms. Holton-Hodson commented that RCHSD provides 75% of the care and RCHSD is the only teaching and training hospital for pediatric medicine in the San Diego area. Ms. Holton-Hodson asked, do the residents come from the San Diego Hospital? Ms. Lisa Lomas replied that the pediatric rotations are done at the hospital.

Mr. Buckhorn noted the unusual arrangement of RCHSD owning the land and then leasing the land to someone else for development. Mr. Buckhorn asked for a bit more background which Ms. Lomas then provided.

Mr. Rennie noted the lessor owned and operated the facility for approximately 17 years before Rady's decided to purchase the building and the remaining value of the leasehold interest.

Chairperson Wynne asked if there were any public comments on this item. Ms. Holton-Hodson moved for approval of the Resolution and Dr. Sablan seconded the motion. The Resolution was adopted with an 8-Aye vote. (taken by roll call).

Ms. Liebert commented that Ms. Frank found an error in agenda item number five Exhibit A described the project as the University of California, Irvine instead of San Diego.

CLOSED SESSION

Item #7, Litigation (Government Code Section 11126(e)(1)) – Conference with legal counsel regarding pending litigation as authorized by Government Code Section 11126(e)(2)(C)

After the closed session, Chairperson Wynne re-opened the Open Session.

Chairperson Wynne asked for public comment. Hearing none and with no additional business, the meeting was adjourned at 3:22 p.m.