

## MINUTES

### California Health Facilities Financing Authority

March 24, 2011

915 Capitol Mall, Room 587

Sacramento, California 95814

Patricia Wynne, Chairperson called the meeting to order at 1:45 P.M.

#### **Roll Call**

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

Members Absent: Judith Frank  
Ann Madden Rice (arrived at 2:08p)

Chairperson Wynne declared a quorum present.

#### **Approval of the Minutes from the February 24, 2011 Meeting (Action Item)**

Mr. Reyes moved for approval of the minutes and Ms. Holton-Hodson seconded the motion. The minutes were unanimously approved with a 7-Aye vote (taken by roll call).

#### **Executive Director's Report (Information Item)**

Ms. Liebert noted the monthly summary was not provided for publication this month. The summary will be provided to the board next month.

#### **Delegation of Powers Monthly Update**

Ms. Liebert further reported that Providence Health and Services was allowed to remove the existing trustee (The Bank of New York Mellon) servicing the CHFFA Series 1996, 2008C and 2009B bonds and to appoint a new successor trustee (US Bank). The successor trustee requested the Authority to execute replacement bonds for the Series 1996 bonds and to execute exchange bonds for the Series 2008C bonds.

Victor Valley Community Hospital (VVCH) filed bankruptcy in September 2010 and named the Authority, in addition to Cal-Mortgage, as secured creditors. The bankruptcy plan included the retirement of the Series 2000A bonds which contemplated application of all sums the trustee had on deposit, as well as a direct principal contribution from VVCH. Appropriate documentation to instruct the trustee to retire the bonds were executed by the Executive Director.

Ms. Liebert announced Tamara McNary had been promoted to the Staff Services Analyst position for the Children's Hospital Program. She will be starting on April 1, 2011.

Ms. Liebert announced that staff would soon begin reporting, on a quarterly basis, of all existing defaults and bankruptcies so the board can be more informed as to their frequency, duration and status.

Ms. Liebert also announced staff would soon consider how to stress test existing HELP II loans to determine their likelihood for future default and to then formulate a plan for discussing the results with the relevant borrowers and what steps, if any, borrowers may be taking to avoid the risk of default. A board discussion ensued and concluded with Chairperson Wynne directing staff to work with relevant

associations to expand the Authority's access to information regarding particular borrowers and to help inform the board about other actions potentially being taken to help borrowers. Ms. Liebert replied that staff will also include Macias Gini & O'Connell LLP, the Authority's financial analyst, for direction on how best to make the stress test assessment.

**Item #4** **Social Science Services, Inc., Resolution No. 361**

Item #4 was removed from the Agenda pursuant to Underwriter request.

**Item #5** **Beacon House Association of San Pedro, Resolution No. 362**

Item #5 was removed from the Agenda pursuant to Underwriter request.

**Item #6** **Santa Cruz Women's Health Center, Resolution No. HII-264**

Michael Tang, Staff Analyst, presented the Santa Cruz Women's Health Center project and related that the purpose of the refinancing is to consolidate four existing loans into a HELP II loan to reduce interest rates and monthly payments. Loan proceeds will be used to refinance four existing loans, which currently have a balance of approximately \$530,000. Refinancing will reduce monthly loan payments from roughly \$12,370 to \$7,003, resulting in a monthly savings of approximately \$5,367.

Staff recommended approval of Resolution Number HII-264 for Santa Cruz Women's Health Center in an amount not to exceed \$530,000 for a term not to exceed seven 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 recommendations.

Ms. Liebert commended Mr. Tang and Ray Artinian, Program Manager for their dedication and creativity on this project. Chairperson Wynne commended them also.

Chairperson Wynne asked if there were any public comments and if there were any questions from the board members. Hearing none, Mr. Joseph moved for approval of the Resolution and Ms. Holton-Hodson seconded the motion. The Resolution was adopted with a 7-Aye vote (taken by roll call).

Ms. Ann Madden Rice arrived for the board meeting at 2:08PM.

**Item #7** **Sequoia Community Health Foundation/Clinica Sierra Vista, Resolution No. 2011-01**

Paul Dulai, Staff Analyst, introduced Emily Garcia, Deputy Chief Financial Officer of Clinica Sierra Vista. Mr. Dulai then explained that Sequoia Community Health Foundation (SCHF) was a 2006 awardee of the Community Clinic Grant Program (CCGP) and in 2008 received 90% of the funds awarded by the Authority. Five months after receiving 90% of the funds awarded, SCHF filed for bankruptcy. During the course of the bankruptcy, SCHF was acquired by Clinica Sierra Vista (CSV). The Authority is a creditor of the pending bankruptcy and has been represented by the Attorney General's office throughout the entire proceeding. Fortunately, for the Authority and the community serviced by Sequoia Community Health Foundation, Clinica Sierra Vista completed the original project as originally contemplated (construction of a dental facility).

Staff recommends the Authority permit the release of the remaining CCGP 10% retention to CSV in the amount of \$75,000 following (1) staff's review of and finding that CSV has submitted all of the requisite documentation demonstrating CSV's completion of the originally contemplated project and (2) staff's visit to CSV's site to confirm the project has been completed to the satisfaction of the Authority.

A board discussion ensued amongst staff and the grantee.

Chairperson Wynne asked if there were any public comments and if there were any further questions from the board members. Hearing none, Mr. Reyes 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).

**CLOSED SESSION** began at 2:17PM – Litigation (Government Code Section 11126(e)(1)) – Conference with legal counsel regarding pending litigation (California Health Facilities Financing Authority vs. Health for All, Inc.; et al, Case No.: 34-2010-000972737, County of Sacramento) as authorized by Government Code Section 11126(e)(2)(A)

Chairperson Wynne ended the closed session, opened the regular session and noted for the record that no action was taken.

Chairperson Wynne then asked for public comment. Hearing none and with no additional business, the meeting was adjourned at 2:45PM.