MINUTES

California Health Facilities Financing Authority

("CHFFA" or "Authority") 5th Floor Conference Room 915 Capitol Mall, Room 587 Sacramento, California 95814

October 19, 2016 – 1:30 P.M.

Public Participation

Call-In Number: (877) 810-9415 and Participant Code: 6535126

Deputy Treasurer, Grant Boyken serving as Chairperson, called the meeting to order at 1:34P.M.

Roll Call

Members Present: Grant Boyken for John Chiang, State Treasurer

Alan LoFaso for Betty T. Yee, State Controller

Jacqueline Wong-Hernandez for Michael Cohen, Director of Finance

Judith Frank Jack Buckhorn Sumi Sousa

Members Absent: Oscar Sablan, M.D.

Jay Hansen

Chairperson Boyken declared a quorum present.

Chairperson Boyken announced in an effort to promote transparency, a live, interactive, call-in number was available to the public to provide access to Authority meetings. Open meetings would be available live to all who wish to call-in to listen and participate.

Approval of the September 22, 2016 Meeting Minutes

Chairperson Boyken asked if there were any questions or public comment. There was none.

Authority Action

Motion to approve the minutes from the October 19, 2016 meeting.

MOTION: Member Buckhorn Second: Member Sousa

AYES: Members: Sousa, Buckhorn, Frank, Wong-Hernandez, LoFaso, Boyken

MOTION ADOPTED.

Executive Director's Report

Diane Stanton, Executive Director, proposed the tentative 2017 meeting calendar to Authority members. Currently, CHFFA expects to meet the last Thursday of the month with the exception of the March and the August meetings.

Ms. Stanton reported Tom Finn, staff analyst, represented CHFFA at the Rady Children's Hospital Internship 101 Program.

Ms. Stanton also reported she attended the NAHEFFA Conference. The topic of concern was tax reform.

CHFFA Fund Balances & Comprehensive Debt List Summaries

Ms. Stanton submitted fund balances for the record as of August 31, 2016.

<u>Tax-Exempt Bonds and the HELP II Loan Program Delegation of Powers Monthly</u> Update

No action was taken pursuant to the Tax-Exempt Bonds Program nor the HELP II Loan Program Delegation of Powers Resolution.

HELP II Loan Program Update

Mr. Buckhorn inquired about how the HELP II Loan Program could help with the closing of the facilities in Sonoma, Porterville and Fairfield and the timeframe.

Ms. Stanton replied staff has been working with the Department of Development Services ("DDS") for the past 10 months. Three state hospitals are pending closure and CHFFA and DDS are looking at ways to assist with the acquisition of residential facilities for the soon to be displaced clients at the state hospitals. If possible, CHFFA staff would bring a partnership outline to the Authority for consideration.

Ms. Frank inquired about the use of the real properties after the closures. Ms. Stanton replied she didn't have information on DDS's plans with the real properties. The focus is on moving the clients into community-based housing instead of secluded housing.

Site Visits

No site visits.

Item #4 Cedars-Sinai Medical Center ("CSMC), Los Angeles, California Resolution No. 419

Brock Lewis, staff analyst, presented. CSMC requested Authority approval to issue \$775,000,000 in fixed rate bonds for the purchase of an administrative office building that CSMC is currently leasing, and to finance the costs of construction, expansion, furnishing, renovation, remodeling, and equipping certain health facilities, including 444 S. San Vicente Blvd., 4363 and 4373 Lincoln Blvd., and the campus of CSMC at and around 8700 Beverly Blvd., all located in the city of Los Angeles. Bond proceeds would also be used to advance refund the callable portion of the CHFFA Revenue Bonds Series 2009, and CSMC expected the refunding to result in a net present value savings of approximately \$46.1 million over the life of the bonds.

Attendees: Edward Prunchunas, Executive Vice President and Chief Financial Officer, Cedars-Sinai Medical Center and David Wrigley, Vice President, Finance, Cedars-Sinai Medical Center.

Mr. Prunchunas discussed CSMC's efforts to benefit the community, including active programs in the hospital.

Chairperson Boyken asked if there were any questions or public comment.

Mr. Buckhorn inquired about the impact of the Affordable Care Act ("ACA") on the hospital and if CSMC had any further data. Mr. Prunchunas responded that CSMC experienced a significant increase in patient volume due to the ACA, particularly in the commercial exchange business and Medi-Cal.

Authority Action

Motion to approve Resolution No. 419 in the amount not to exceed \$775,000,000 for Cedars-Sinai Medical Center.

MOTION: Member Frank Second: Member Buckhorn

AYES: Members: Sousa, Buckhorn, Frank, Wong-Hernandez, LoFaso, Boyken

NOES: NONE ABSTAIN: NONE RECUSE: NONE

MOTION ADOPTED.

Ms. Frank recused herself from agenda item no. 5 due to her ownership of Wells Fargo Bank stock.

Chairperson Boyken noted that Treasurer Chiang's recent announcement of the Treasurer's Office's suspension of certain business activities with Wells Fargo does not extend to conduit financing because the borrower selects the finance team.

Item #5 El Camino Hospital ("ECH"), Mountain View, California Resolution No. 420

Jameson Mitchell, staff analyst, presented. ECH requested Authority approval to issue \$325,000,000 to reimburse, finance and/or refinance the cost of acquisition, construction, expansion, remodeling, renovation, furnishing and equipping of certain health facilities located at or on the campus generally located at 2500 Grant Road, Mountain View, California 94040.

Attendees: Iftikhar Hussain, Chief Financial Officer, El Camino Hospital; Bryan Victor, Partner, Orrick, Herrington & Sutcliffe, LLP; and Chad Kenan, Director, Citigroup Global Markets, Inc.

Staff noted that the discussion of "material consistency" from the draft audit to the final audit has been redacted from the staff recommendation as the final audit was received prior to the Authority meeting.

Mr. Hussain discussed El Camino Hospital's various community benefit efforts.

Chairperson Boyken asked if there were any questions or public comment. There was none.

Authority Action

Motion to approve Resolution No. 420 in the amount not to exceed \$325,000,000 for El Camino Hospital.

MOTION: Member Sousa Second: Member Buckhorn

AYES: Members: Sousa, Buckhorn, Wong-Hernandez, LoFaso, Boyken

NOES:NONE ABSTAIN:NONE

RECUSE: Member Frank

MOTION ADOPTED.

Item #6 Asian Community Center of Sacramento Valley, Inc. ("ACC"), Sacramento, California, Resolution No. 422

Erin Lane, staff analyst, presented. ACC requested Authority approval to issue \$20,000,000 for the advanced refund of CHFFA Bonds, Series 2007A. The purpose of the refunding was to take advantage of the historically low interest rates being offered in the marketplace and the significant savings. The 2007 bonds financed the acquisition of a 166-unit apartment complex, which has both independent living and assisted living units for seniors and was operated in conjunction with a skilled nursing facility. ACC expects to achieve a net present value of approximately \$3.55 million in debt service savings from the proposed refunding over the life of the bonds.

Attendees: Bill Clearwater, Chief Operations Officer, Asian Community Center of Sacramento Valley, Inc.; Raymond Gee, Controller/Housing Specialist, Asian Community Center of Sacramento Valley, Inc.; and Roy Nelson, Advisor to Corporation, Wulff Hanson & Company.

Mr. Gee discussed ACC's history, his personal work history, current services offered at ACC and the purpose and advantages of the advance refunding. He also discussed future projects ACC is looking at after this financing.

Mr. LoFaso commented that he visited the Rush River facility and congratulated Mr. Gee.

Chairperson Boyken asked if there were any questions or public comment. There was none.

Authority Action

Motion to approve Resolution No. 422 in the amount not to exceed \$20,000,000 for Asian Community Center of Sacramento Valley, Inc.

MOTION: Member LoFaso Second: Member Wong-Hernandez

AYES: Members: Sousa, Buckhorn, Frank, Wong-Hernandez, LoFaso, Boyken

MOTION ADOPTED.

Item #7 Resolution of the California Health Facilities Financing Authority Relating to the Approval of an Interagency Agreement with the State Treasurer's Office for Fiscal Year 2016-2017 in the amount of \$444,818

Yuanyuan Wei, staff analyst, presented. Resolution No. 2016-03 would authorize the execution of an interagency agreement with the State Treasurer's Office (STO) to provide support services, including accounting, budgeting, data processing, information technology, personnel, and business services to the Authority for fiscal year 2016-17. The Authority relies on the STO for the expertise and staff necessary to perform services that would otherwise require substantial additional staffing and expense by the Authority. The Authority executes an interagency agreement with the STO for each fiscal year. The proposed interagency agreement amount for fiscal year 2016-17 is \$444,818, reflecting a decrease of 4% from the prior fiscal year. The interagency agreement amount was derived from a formula that allocates costs based on the number of staff at the Authority as a percentage of the total number of staff for all boards, commissions, and authorities receiving services from the STO.

Chairperson Boyken asked if there were any questions or public comment. There was none.

Authority Action

Motion to approve Resolution No. 2016-03 for an Interagency Agreement with the State Treasurer's Office for Fiscal Year 2016-2017 in the amount not to exceed \$444,818.

MOTION: Member Sousa Second: Member Buckhorn

AYES: Members: Sousa, Buckhorn, Frank, Wong-Hernandez, LoFaso, Boyken

NOES: NONE ABSTAIN: NONE RECUSE: NONE

MOTION ADOPTED.

Item #8, #9, #10 Other Business/Public Comment/Adjournment

Chairperson Boyken asked for public comment. Hearing none and with no additional business, the meeting adjourned at 2:10 P.M.