

MINUTES

**California Health Facilities Financing Authority
August 28, 2008 – 1:45 P.M.
915 Capitol Mall, Room 587
Sacramento, California**

Patricia Wynne sitting for Chairperson Bill Lockyer called the meeting to order at 1:45 p.m.

Present: Designee Patricia Wynne, Deputy State Treasurer
Designee Anne Sheehan for Michael C. Genest, Department of Finance
Designee Ruth Holton-Hodson for John Chiang, Controller's Office
Harry Bistrin
Judith Frank (via teleconference)
Ronald Joseph
Dr. Oscar Sablan
Sumi Sousa
Jack Buckhorn

Staff: Barbara J. Liebert, Executive Director

The Chair declared a quorum present.

Item #2

Executive Director's Report Fund Balance and Pending Legislation Update (Information Item)

Barbara Liebert reported that as of July 30, 2008 bonds issued were \$21,123,897,017 with a total debt outstanding of \$7,722,068,603. Ms. Liebert provided the Fund balance as of May 31, 2008 as \$8,771,295.68.

Ms. Liebert updated the Board as to the status of the refunding resolutions approved at the March and July meetings. These resolutions were granted in response to auction and variable rate challenges faced by hospitals. Ms. Liebert indicated Catholic Healthcare West, Scripps Health, Stanford Hospital, Sutter Health and Lucille Salter Packard Children's Hospital have all gone back out to the market and acted on their resolutions.

Ms. Liebert provided an update on the Authority's Short-Term Medi-Cal Loan Program, informing the Board that CHFFA is in position to fund the initial resolutions for Glenn Medical Center, Kingsburg District Hospital, Mayers Memorial Hospital District, Palm Drive Health Care District, Seneca Healthcare District, and Surprise Valley Health Care District. Ms. Liebert indicated CHFFA is able to fund one of the community clinics as well, Siskiyou Family Healthcare. Disbursement to these hospitals and the community clinic is set for, August 29, 2008.

Item #3

HELP II Loan Program Quarterly Report (Information Item)

Chairperson Wynne indicated Item 3 has been put over and that it may be heard at the September 25, 2008, Board meeting.

Item #4

**Memorial Health Services
Resolution 2008-20
(Action Item)**

Ms. Liebert informed the board that this item was determined not to require formal board action.

Item #5

**Children's Hospital of Orange County
Resolution 334
(Action Item)**

Karma Manni introduced John Landers, Morgan Stanley Underwriter for Children's Hospital of Orange County and Diane Potter, Bond Counsel for the Authority. Ms. Liebert stated Children's Hospital of Orange County requested the Authority to approve the refunding of Revenue Bonds in an amount not to exceed \$130,000,000.

Ms. Liebert indicated staff recommends approval of the refunding in an amount not to exceed \$130,000,000; with the Authority waiving the pass-through requirement as it has for other March and July refundings and finally, allowing them a one-half reduction in their initial fee with a \$100,000 cap.

Ms. Sheehan moved for adoption of the Resolution and Ms. Holton-Hodson seconded the motion. The motion was adopted with a 7-0 vote. (Ms. Sumi Sousa and Mr. Jack Buckhorn were not present at the time of the vote.)

Item #6

**Samaritan House
Resolution No. H II-228
(Action Item)**

Thera Hearne introduced Jolie Bou, Director of Finance for Samaritan House. Ms. Liebert explained that loan proceeds will be used to refinance an existing 7.5% fixed interest rate loan. Ms. Liebert indicated that staff recommends approval of this loan subject to the terms and conditions set forth in the staff report. Ms. Bou provided a brief presentation to the Authority of what Samaritan House does for the community it serves.

Mr. Joseph moved for adoption of the Resolution and Ms. Sousa seconded the motion. The motion was adopted with a 9-0 vote.

Item #7

**Seneca Healthcare District
Resolution No. 2008-25
(Action Item)**

As a preface to agenda items #7 through #13, Ms. Liebert indicated that she advised rural hospitals their attendance was not necessary since the Board had already reviewed and questioned the representatives about their financial statements in the prior Board meeting. Ms. Liebert indicated however, that members of the California Hospital Association were present to provide answers to any questions the board might have.

Ms. Liebert related that the resolutions for the rural hospitals heard at the July 31st Board meeting were approved for specific amounts equivalent to roughly sixty percent of the Medi-Cal reimbursements they had historically received over a six-week period. Ms. Liebert also indicated that now that the funding for these same type loans were finalized for community clinics, additional funds were available for the rural

hospitals in accordance with previous direction from the Board to augment rural hospital allocation with any remaining funds that had been dedicated to the community clinics. Pursuant to previous direction from the Board, the rural hospitals were surveyed as to whether they desired their original sixty percent allocation to be augmented. All of the rural hospitals, with the exception of Glenn Medical Center, indicated they were interested in receiving additional funding. With this additional money, these rural hospitals will be receiving one-hundred percent of their estimated six-week Medi-Cal reimbursement amount.

Accordingly, Ms. Liebert expressed Staff's recommendation to approve Seneca Healthcare District's request for an augmentation in their loan amount not to exceed \$89,000.

Chair Wynne asked if there was a motion on the approval of Resolution #2008-25. Ms. Sheehan moved for adoption of the Resolution and Ms. Holton-Hodson seconded the motion. The motion was adopted with a 9-0 vote.

Item #8

**Mayers Memorial Hospital District
Resolution No. 2008-26
(Action Item)**

Ms. Liebert expressed Staff's recommendation to approve Mayers Memorial Hospital District's request for an augmentation in their loan amount not to exceed \$240,000.

Chair Wynne solicited public comment. Hearing none, Chair Wynne asked if there was a motion on the approval of Resolution #2008-26. Ms. Sheehan moved for adoption of the Resolution and Ms. Holton-Hodson seconded the motion. The motion was adopted with a 9-0 vote.

Item #9

**Mountain Communities Healthcare District dba Trinity Hospital
Resolution No. 2008-27
(Action Item)**

Ms. Liebert expressed Staff's recommendation to approve Mountain Communities Healthcare District's request for an augmentation in their loan amount not to exceed \$202,000.

Chair Wynne solicited questions and comments from Board members and the public. Hearing none, Chair Wynne asked if there was a motion on the approval of Resolution #2008-27. Ms. Sheehan moved for adoption of the Resolution and Ms. Holton-Hodson seconded the motion. The motion was adopted with a 9-0 vote.

Item #10

**Palm Drive Health Care District
Resolution No. 2008-28
(Action Item)**

Ms. Liebert expressed Staff's recommendation to approve Palm Drive Health Care District's request for an augmentation in their loan amount not to exceed \$125,000.

Chair Wynne called for public comment. Hearing none, Chair Wynne asked if there was a motion on the approval of Resolution #2008-28. Ms. Holton-Hodson moved for adoption of the Resolution and Ms. Sheehan seconded the motion. The motion was adopted with a 9-0 vote.

Item #11

**Kingsburg District Hospital
Resolution 2008-29
(Action Item)**

Ms. Liebert expressed Staff's recommendation to approve Kingsburg District Hospital's request for an augmentation in their loan amount not to exceed \$138,000.

Chair Wynne solicited questions and comments from Board members and the public. Hearing none, Chair Wynne asked if there was a motion on the approval of Resolution #2008-29. Ms. Sheehan moved for adoption of the Resolution and Ms. Holton-Hodson seconded the motion. The motion was adopted with a 9-0 vote.

Item #12

**Surprise Valley Health Care District
Resolution 2008-30
(Action Item)**

Ms. Liebert expressed Staff's recommendation to approve Surprise Valley Health Care District's request for an augmentation in their loan amount not to exceed \$95,000.

Chair Wynne solicited questions and comments from Board members and the public. Hearing none, Chair Wynne asked if there was a motion on the approval of Resolution #2008-30. Ms. Sheehan moved for adoption of the Resolution and Ms. Holton-Hodson seconded the motion. The motion was adopted with a 9-0 vote.

Item #13

**Eastern Plumas Health Care
Resolution 2008-31
(Action Item)**

Ms. Liebert expressed Staff's recommendation to approve Eastern Plumas Health Care's request for an augmentation in their loan amount not to exceed \$252,000.

Chair Wynne solicited questions and comments from Board members and the public. Hearing none, Chair Wynne asked if there was a motion on the approval of Resolution #2008-31. Ms. Sheehan moved for adoption of the Resolution and Ms. Holton-Hodson seconded the motion. The motion was adopted with a 9-0 vote.

Item #14

**Loma Linda University Medical Center
Resolution 2008-05
(Action Item)**

This agenda item was actually heard by the Board after the closed session described in agenda item #15.

Jim Rennie introduced the following representatives of Loma Linda University: Zareh Sarrafian, Administrator, Ruthita Fike, Chief Executive Officer, and Kent Hansen, General Counsel. Ms. Liebert provided a brief summary for the Board, indicating that Loma Linda University Medical Center and the Loma Linda University Children's Hospital seeks to obtain \$3,232,634, of their \$73,000,000 appropriation under the Proposition 61 grant allocation. Ms. Liebert indicated Staff recommends approval of this grant subject to two conditions arising from counsel recommendations.

One condition makes the grant subject to filing a validation action in a local venued court to obtain a formal determination that the Authority is taking appropriate action in granting these funds. The second condition would be to require Loma Linda's indemnification of the Authority for any and all attorneys' fees and costs imposed on the Authority as a result of pursuing this validation action. Mr. Hansen responded that these conditions were satisfactory to Loma Linda University.

Chair Wynne solicited questions and comments from Board members. Dr. Sablan commended Loma Linda University for what they do. Chair Wynne asked for any other comments on this item. Hearing none, Chair Wynne asked if there was a motion on the approval of Resolution #2008-05. Ms. Sheehan moved for adoption of the Resolution and Ms. Sousa seconded the motion. The motion was adopted with an 8-0 vote. (Ms. Sousa abstained from voting.)

Item #15

**Litigation (Closed Session)
(Action Item)**

Prior to hearing item #14 on the agenda, the Authority met with its legal counsel to decide whether to initiate litigation as authorized by Government Code section 11126(e)(2)(C). This was a **Closed Session**.

Public Comment

Chair Wynne indicated that was the last action item. Chair Wynne asked for public comment. There was none.

Adjournment

MOTION: Ms. Sheehan moved to adjourn the meeting; seconded by Ms. Sousa. The motion carried unanimously with a 9-0 vote.