

MINUTES

**California Health Facilities Financing Authority
April 29, 2010
915 Capitol Mall, Room 587
Sacramento, California**

Patricia Wynne, Chairperson called the meeting to order at 1:47 P.M.

Roll Call

Members Present: Patricia Wynne for Bill Lockyer, State Treasurer
Ruth Holton-Hodson for John Chiang, Controller's Office
Cynthia Bryant for Ana J. Matosantos, Department of Finance
Jack Buckhorn – Teleconference
Ronald Joseph
Harry Bistrin

Members Absent: Judith Frank
Sumi Sousa
Dr. Oscar Sablan

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

The Chair declared a quorum present.

Chair Wynne stated the Working Group Update on the Authority's bond guidelines will be moved to the following month's board meeting. Chair Wynne also provided that agenda items will be taken out of order due to traveling issues for some of the meeting attendees.

Approval of the Minutes from the March 25, 2010 meeting

Ruth Holton-Hodson moved approval of the March 25, 2010 meeting minutes and Cynthia Bryant seconded the motion. The minutes were approved with a 6-0 vote (taken by roll call).

Item #7 Stanford Hospital and Clinics (SHC), Resolution No. 340

Karma Manni, Staff Analyst, introduced Dan Morissette, CFO, SHC, Tom Malm, Director of Treasury Services, SHC, John Landers, Managing Director, Morgan Stanley and Kathleen Leak, Orrick, Herrington & Sutcliffe LLP.

Ms. Manni summarized that SHC sought a one year extension of an existing resolution to refund previously issued variable demand rate bonds. Ms. Manni indicated the refunding would remove the credit risk related to Financial Securities Assurance Inc. and Dexia and that the new bonds would issued as fixed rate bonds. Ms. Manni explained that SHC has previously been granted approval by the Authority to refund these variable rate bonds, but that SHC has not completed all of the refunding it intended to do. Ms. Manni further explained that since the existing resolution (previously extended by one year) is set to expire in May 2010, SHC seeks to extend the resolution by one additional year.

Ms. Manni recommended the Authority approve Resolution Number 340 in an amount not to exceed \$175,000,000 for Stanford Hospital and Clinics subject to financing terms acceptable to the Authority and subject to the additional conditions set forth in the staff report.

Chair Wynne asked if there were any questions from the board members. Hearing none, Chair Wynne then asked if there was any public comment. Hearing none, Ronald Joseph moved adoption of the Amended and Restated Resolution Number 340 and Harry Bistrin seconded the motion. The motion was adopted with a 6-0 vote (taken by roll call).

Item #8 **Stanford Hospital and Clinics (SHC), Resolution No. 354**

Ms. Manni, Staff Analyst, presented this SHC agenda item as well, providing that bond proceeds would be used to currently refund previously issued AMBAC/FSA insured fixed rate CHFFA 1998 Series B Bonds. The original bond proceeds were used to refinance prior obligations and finance a new ambulatory care center. Staff recommended the Authority approve Resolution Number 354 in an amount not to exceed \$175,000,000 for Stanford Hospital and Clinics subject to a bond rating of at least an “A” rating by a nationally recognized rating agency.

Mr. Landers added that this item will allow SHC to modernize documents, save money and get them out from underneath the issues surrounding defunct insurers.

Ms. Holton-Hodson asked Mr. Landers how the bond market is right now.

Mr. Landers replied the market is solid and is very attractive and with the scarcity of highly rated tax-exempt bonds the demand for bonds of a name like Stanford Hospital is very significant. Mr. Landers provided that there is an expectation there will be a tremendous retail presence. With SHC’s credit rating and reputation, Mr. Landers expects a very successful sale.

Ms. Holton-Hodson asked what kind of rate is expected. Mr. Landers replied rating in the high 4’s and low 5’s.

Chair Wynne asked if there were any additional questions from the board members. Chair Wynne then asked if there were any public comments. Hearing none, Ms. Holton-Hodson moved adoption of Resolution Number #354 and Mr. Joseph seconded the motion. The motion was adopted with a 6-0 vote (taken by roll call).

Item #9 **Children’s Hospital Los Angeles (CHLA), Resolution No. 355**

Ms. Manni, Staff Analyst, introduced Keith Grundy, Sr. Vice President, Shattuck Hammond Partners and Jenna Magan, Orrick, Herrington & Sutcliffe.

Ms. Liebert summarized for the board that CHLA came to the board in February and the board issued an approval of \$265,000,000 in tax-exempt fixed rate bonds and that CHLA would now like to adjust their financing plan slightly to incorporate \$52,000,000 in variable rate bonds. Ms. Liebert further added that nothing materially has changed since staff’s last analysis of this transaction and that the same guideline exceptions that were granted in February are recommended in this instance. Ms. Liebert mentioned the addition of a Bank of America Letter of Credit and insurance provided by Assured Guaranty Municipal Corporation.

Staff recommended the Authority approve Resolution Number 355 in an amount not to exceed \$52,000,000 for Childrens Hospital Los Angeles subject to a bond rating of least a “BBB” rating by a nationally recognized rating agency.

After a question from Mr. Bistrin and a response by Mr. Grundy, Chair Wynne asked if there were any other questions from the board members. Chair Wynne then asked if there were any public comments. Hearing none, Mr. Bistrin moved adoption of Resolution Number #355 and Ms. Holton-Hodson seconded the motion. The motion was adopted with a 6-0 vote (taken by roll call).

Item #10 **Rady Children’s Hospital – San Diego, Resolution No. CHP-3 2010-01**

Jim Rennie, Staff Analyst, introduced Lisa Lomas, Coordinator, Government Grants and Community, Rady Children’s Hospital – San Diego. Mr. Rennie summarized that Rady Children’s Hospital – San Diego was requesting a grant in the amount of \$15,437,693 for an equipment acquisition project to be installed in the new Acute Care Pavilion (154 new beds), including bedside monitors, an ultrasound machine, sterilizers for surgical equipment, and infusion pumps for chemotherapy.

Staff recommended the Authority approve Resolution No. CHP-3 2010-01 to provide a grant not to exceed \$15,437,693 (less issuance and administrative costs), subject to all requirements of the Children’s Hospital Program of 2008.

Chair Wynne asked the board members and the public if there were any questions or comments. There were none.

Mr. Joseph moved adoption of Resolution Number CHP-3 2010-01 and Ms. Bryant seconded the motion. The motion was adopted with a 6-0 vote (taken by roll call).

Executive Director’s Report

Ms. Liebert reported the following as of March 31, 2010: Bonds issued: \$24,421,757,017; Bonds outstanding: \$9,328,457,141; CHFFA fund balance: \$13,550,493; HELP II fund balance: \$12,596,807, Cedillo-Alarcón Clinic: \$216,659; Anthem-WellPoint: \$321,093; Children’s Hospital Bond Act of 2004: \$228,864,935 and the Children’s Hospital Bond Act of 2008: \$763,438,517.

Ms. Liebert further stated that next month, CHFFA will hear from a panel of knowledgeable speakers concerning the potential impact of federal health care legislation.

Delegation of Powers Monthly Update

Ms. Liebert advised of one action taken related to the Citrus Valley Medical Center agenda item from last month’s calendar. The board approved a \$5,000,000 equipment transaction that was a private placement with GE Government Finance and Siemens. Subsequent to that placement and as part of the common place way of transacting business, GE Government Finance assigned its rights, but not any of its obligations, to one of its related companies, which Ms. Liebert formally acknowledged. The AG’s Office reviewed the transaction and concluded it was within the authority granted by the delegation resolution to the Executive Director.

Proposed Changes to Staff Report Format

Ms. Liebert summarized for the Board the proposed changes to the format of the staff report format. Board members provided their feedback and comments.

HELP II Priorities

Ms. Liebert generally discussed the concept of identifying funding priorities for the HELP II program. After discussion amongst the Board, with input from the State Treasurer’s Office General Counsel, Mark Paxson, Chair Wynne asked for public comment. Hearing none and with no additional business, the meeting was adjourned at 2:43 P.M.