

MINUTES

**California Health Facilities Financing Authority
July 13, 2010
915 Capitol Mall, Room 587
Sacramento, California**

Patricia Wynne, Chairperson called the meeting to order at 1:40 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
Dr. Oscar Sablan – Via Teleconference
Harry Bistrin – Via Teleconference
Ronald Joseph
Sumi Sousa

Members Absent: Judith Frank
Jack Buckhorn

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

The Chair declared a quorum present.

**County of Modoc for the benefit of the Modoc Medical Center,
Item #2 Resolution No. HII-252**

Ms. Liebert introduced Ms. Monica Derner, Chief Financial Officer and Interim Chief Executive Officer of Modoc Medical Center (MMC). Ms. Liebert further stated that the County of Modoc, for the benefit of the MMC, is seeking a HELP II loan in the amount of \$750,000.

Ms. Liebert stated to the board that the County of Modoc and MMC are in financial distress and have an urgent need for emergency working capital funding. Ms. Liebert stated that the borrower is largely unable to give the forms of security the Authority routinely requests and is also largely unable to satisfy the Authority financial benchmarks typically utilized to measure fiscal soundness.

MMC has been serving residents of Modoc County since the early 1900’s and has been in its current facility since 1951. MMC is a County operated health care facility, which provides a full complement of services ranging from general acute care, skilled nursing, outpatient diagnostic services, and rural health primary care clinic services. In August 2010, residents of the County will vote on a measure to allow MMC to become a district hospital, separate and independent from the County.

Loan proceeds will be used to assist MMC with their immediate financial needs for the months of July and August. At a minimum, MMC reports that it needs funding for accounts payable and payroll in order to stay in operation.

Staff requested the County Board of Supervisors to pass a formal resolution concerning the requirements enumerated below. Staff recommended the Authority condition the approval of a loan to the County for the benefit of MMC on receipt of a resolution confirming these items:

- Gross Revenue Pledge – Authorizing a gross revenue pledge of MMC’s revenues using the following language or some reasonable permutation thereof: “All gross revenues described as follows: All revenues, income, receipts and money received by or on behalf of the Borrower,

including (a) gross revenues derived from its operation and possession of the health facility, as defined by the California Health Facilities Financing Authority Act; (b) gifts, grants, bequests, donations, endowments and contributions, exclusive of any gifts, grants, bequest, donations, endowments and contributions to the extent specifically restricted by the donor to particular purpose inconsistent with payment of the Loan and Security Agreement; (c) proceeds with respect to or related to the health facility, as defined by the California Health Facilities Financing Authority Act derived from (i) condemnation proceeds, (ii) securities and other investments, (iii) inventory and other tangible and intangible property, (iv) insurance proceeds, (v) contract rights and other rights and assets now or hereafter owned by the Borrower; (d) accounts received including, but not limited to, any amounts receivable from third party payers such as Medicare and Medicaid, unless otherwise prohibited by law; and (e) rentals received from the lease of office space in the health facility, as defined by the California Health Facilities Financing Authority Act.”

- Directing that any proceeds of a loan provided by the Authority and received by the County for the benefit of MMC to be placed in a restricted account for the exclusive use of the MMC in accordance with the purpose articulated in the loan agreement memorializing the loan from the Authority to the County.
- Authorizing the Authority to enter into an agreement with the Department of Health Care Services permitting the Authority to intercept Medi-Cal reimbursements up to the sum of \$15,000 per month as may be owed to the County for services rendered by MMC.
- Affirming that in the event local voters vote in favor of forming a healthcare district hospital (Last Frontier Healthcare Tax District or otherwise named), the County will remain an obligor and guarantor on the debt owed to the Authority notwithstanding any agreement as may exist between the County and the new hospital district and any assignment of the debt from the County to the new district hospital.

Staff recommended approval of Resolution HII-252 for the County of Modoc for the benefit of MMC in an amount not to exceed \$750,000 for a term not to exceed 5 years and contingent upon receipt of an official resolution from the County Board of Supervisors.

After listening to the presentation by Ms. Derner with regard to the condition of MMC and its plans to improve its operation, and questions from Authority board members, Chair Wynne asked if there were any additional questions from the board members or public comments. Hearing none, Ms. Sousa moved adoption of Resolution Number HII-252 with an amendment to the motion to require reporting by Authority staff on a consistent basis, as determined by Authority staff, on the status of MMC. Dr. Sablan seconded the motion. The motion was adopted with a unanimous 7-0 vote.

Chair Wynne asked if there were any additional questions from the board members or public comments. Hearing none and with no additional business, the meeting was adjourned at 2:18 P.M.