

MINUTES

**California Health Facilities Financing Authority
("CHFFA")
915 Capitol Mall, Room 587
Sacramento, California 95814**

Alternate Location for CHFFA Teleconference Participation

**QIU Accountancy Corporation
3580 Wilshire Blvd., Suite 1126
Los Angeles, CA 90010**

January 14, 2013 – 1:30 P.M.

Patricia Wynne, Chairperson called the meeting to order at 1:31 P.M.

Roll Call

Members Present: Patricia Wynne for Bill Lockyer, State Treasurer
Ruth Holton-Hodson for John Chiang, State Controller
Pedro Reyes for Ana J. Matosantos, Director of Finance
Samuel Qiu via teleconference
Ann Madden Rice
Jack Buckhorn

Absent: Jay Hansen
Dr. Oscar Sablan

Chairperson Wynne declared a quorum present. Jack Buckhorn joined the meeting at 1:33 P.M.

Executive Director's Report (Information Item)

CHFFA Fund Balances and Comprehensive Debt List Summaries

Ms. Liebert submitted the Executive Director's Report as of November 30, 2012 and the Comprehensive Debt List Summary of the top 15 borrowers in excess of \$100 million. Ms. Liebert noted City of Hope was a recent addition to the list.

Site Visits

Ms. Liebert visited Kaiser Hospital of Oakland on December 19, 2012 to encourage Kaiser to bring its bond business back to CHFFA. She believed the meeting was productive.

Mr. Buckhorn recused himself from agenda item #3. He indicated he had a conflict-of-interest. His wife is currently employed with Adventist Health System/West.

Item #3 Adventist Health System/West ("AHS/W"), Resolution No. 386

Carolyn Aboubechara of staff introduced Douglas Rebok, Sr. Vice President & Chief Financial Officer and Rodney Wehtje, Vice President of Finance & Treasurer, both representing AHS/W; Adrian Balderrama, Vice President at Wells Fargo Securities as underwriter and Diane Potter of Orrick, Herrington & Sutcliffe, LLP as bond counsel.

AHS/W requested an amount not to exceed \$355 million in bonds. Bond proceeds would be used to refund its CHFFA Variable Rate Bonds Series 2002A and B and its CHFFA Fixed Rate Bonds Series 2003A and to finance or refinance the cost of various capital expenditures at various locations including the construction and equipping of a replacement hospital, the expansion and remodeling of an emergency department and intensive care unit, the purchase of equipment for an imaging center, the acquisition of various clinical information technology projects, the construction of a new women's hospital and the construction and equipping of a gastrointestinal center.

With the refunding of its previous debt, AHS/W expected to experience an estimated debt service savings of \$20 million over the life of the bonds.

Staff recommended the Authority approve Resolution No. 386 in an amount not to exceed \$355,000,000, subject to the conditions in the resolution. Macias Gini & O'Connell, LLP, and Public Financial Management, Inc., the Authority's financial analysts, concurred with the Authority's staff recommendations.

Chairperson Wynne asked if there were any questions or public comment. She commented that loan terms of up to 40-years were hardly seen.

Ms. Potter replied CHFFA's statute allows for 40-years, but the custom has been 30-year bonds.

Mr. Reyes moved approval of Resolution No. 386 and Ms. Holton-Hodson seconded the motion. Resolution No. 386 was adopted with a 5-aye roll call vote. Mr. Buckhorn rejoined the CHFFA board meeting at 1:42 P.M.

Item #4 Mayers Memorial Hospital ("MMH"), Amendment to Resolution No. HII-271

In June 2012, the Authority approved a HELP II loan for MMH in the amount of \$685,310 to be secured by a second position lien behind Cal-Mortgage on MMH real property. MMH incorrectly identified the address and the error was not discovered until after the Authority approved the resolution.

Staff recommended the Authority approve the amendment to Resolution No. HII-271 to change the address of its security interest from a second lien position on the real property located at 20597 Commerce Way, Burney, California 96013 to a second lien position on the real property located at 20641-20647 Commerce Way, Burney, California 96013. All other provisions and conditions of the HELP II loan will remain the same and in full effect.

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

Ms. Holton-Hodson asked if something so minor as this request could be added to the delegation authority.

Ms. Liebert replied yes and at the end of the month the board would consider the HELP II delegation resolution with proposed changes to the security provision authority.

