

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY  
CHILDREN'S HOSPITAL BOND ACT OF 2004  
APPROVE REQUESTS FOR FINANCE COMMITTEE BOND ISSUANCE AND  
POOLED MONEY INVESTMENT BOARD LOANS**

**Resolution No. 2005-07  
March 30, 2005**

**ISSUE:**

Discussions with hospitals eligible for Children's Hospital Program (the "Program") grants indicate that there are several facilities ready to file applications. Because this is a new program, the Authority must delegate authorization to its Executive Director to perform certain administrative functions associated with implementing the Program including:

- ◆ Determining the amount of funds necessary to meet the purposes of the Program (not to exceed \$750 million).
- ◆ Requesting the Children's Hospital Bond Act Finance Committee ("the Committee") to issue bonds for purposes of the Program.
- ◆ Applying for Pooled Money Investment Account (PMIA) loans to provide interim financing until bonds are issued and sold.
- ◆ Executing any applications, documents or certificates relating to the Program, as appropriate.

This proposed resolution, No. 2005-07, authorizes the Executive Director to take the necessary steps to ensure that hospital grant funds are available upon request and to administer the Program.

**OVERVIEW OF FUNDING PROCESS:**

The initial steps involved in securing upcoming financing include:

- ◆ Scheduling a Committee meeting to approve a resolution authorizing the issuance of bonds.
- ◆ Submitting a PMIA loan request to provide interim funding.
- ◆ Reviewing and approving requests for hospital grants and presenting to Authority for approval.

Each section below provides more detailed information regarding the funding process.

## **Finance Committee**

Pursuant to the passage of Proposition 61, the Committee was created for the sole purpose of authorizing the issuance and sale of general obligation bonds for the Program. Its members consist of the Controller, Director of Finance, and the Treasurer. Committee meetings can be scheduled in conjunction with the PMIB meetings as necessary since its members sit on both Boards.

- ◆ CHFFA staff intends to seek a 3-year resolution from the Committee authorizing the sale of bonds in the estimated amount of \$589 million.

Although the Program is authorized to award grants up to \$750 million, it is not necessary for all of the bonds to be issued or sold all at once. The resolution amount is based on estimated project expenses and timelines provided by the eligible hospitals for the 3-year period through 2007. This information also provides the basis for the 12-month interim loan request described below.

## **Pooled Money Investment Board (PMIB)**

The approved Committee resolution provides the ability to apply for loans through the PMIB. These loans serve as an interim funding mechanism until general obligation bonds are issued and sold for the Program. The interim funding process is consistent with similar state-administered programs and is governed by the State General Obligation Bond Law. The PMIB meets on the third Wednesday of every month.

## **Pooled Money Investment Account (PMIA) Initial Loan Request**

CHFFA staff intends to submit an application requesting a PMIA loan in the estimated amount of \$379 million to be considered at the next PMIB meeting scheduled for April 20, 2005.

The attached 2005 PMIA Loan Request for General Obligation Bond Programs Funding Summary includes:

- ◆ A breakdown of the hospitals funding needs for the first year through March 2006 with a brief project description.

Hospitals provided the estimated costs, which include reimbursement expenses for projects already completed as well as projects underway. PMIA loans must be renewed annually. Each new loan application will be updated every year with the latest hospital financing needs prior to submission of the loan request.

Funds are typically available two days following the date of approval by the PMIB.

### **Program Grant Applications**

CHFFA staff anticipates receiving grant applications as early as April 1<sup>st</sup>, and expects to present eligible grant requests to the Authority for approval at the May 2005 meeting.

### **Upcoming 2005 Timeline**

- April 20<sup>th</sup>** Committee meets to consider 3-year resolution in the estimated amount of \$589 million, and
- PMIB meeting to consider 12-month PMIA loan request in the estimated amount of \$379 million.
- April 22<sup>nd</sup>** PMIA loan funds expected to be available for disbursement.
- May 26<sup>th</sup>** CHFFA staff anticipates presenting eligible hospital projects to Authority for approval of grant requests.

### **RECOMMENDATION:**

Staff recommends the Authority approve a resolution delegating authority to its Executive Director to request the Children's Hospital Bond Act Finance Committee to issue bonds and to apply for Pooled Money Investment Board loans, as well as any other necessary tasks related to the Program, all as detailed in the attached Resolution.