

OFFICIAL MINUTES
California Health Facilities Financing Authority

915 Capitol Mall, Room 587
Sacramento, California
Thursday, August 25, 2005
1:45 PM

The meeting was called to order by Mark Paul sitting for Chairman Philip Angelides. Members present were Anne Sheehan (sitting for Tom Campbell), Cindy Aronberg (sitting for Steve Westly), Harry Bistrin, Judith Frank and Dr. Oscar Sablan. Sumi Sousa arrived during the presentation of Catholic Healthcare West. Also present were staff members Sandra Simpson-Fontaine, Executive Director, Greg Rogers, Deputy Executive Director, and Peggy Arrivas, Financial Advisor, PricewaterhouseCoopers LLP.

The minutes of the July 28, 2005 meeting were approved as submitted.

The Executive Director's Report was presented covering the month of June 2005. As of June 30, 2005, bonds outstanding totaled \$5,943,375,800 and the fund balance was \$8,214,768.65. There were 10 borrowers with over \$100 million in CHFFA debt with a combined balance outstanding of \$4,420,995,000, which represents 74% of all CHFFA debt outstanding, and 8 equipment financings with a total balance outstanding of \$31,759,588. The Executive Director also reported a HELP II fund balance of \$16,769,842, a HealthCAP balance of \$0.00, a Cedillo-Alarcón Clinic Grant Fund balance of \$3,368,329, and the Anthem-Wellpoint Grant Fund balance of \$35,347,181, as of June 30, 2005.

Resolution No. F-312 and F-313 – Catholic Healthcare West (CHW) requested the Authority approve two resolutions in a combined amount not to exceed \$611 million. Resolution No. F-312, in the amount of \$411 million, will be issued as fixed or variable rate bonds. Resolution No. F-313, in the amount of \$200 million, will be issued as variable rate demand bonds for a revolving loan program. CHW will use the bond proceeds to refinance outstanding existing California bonds in the amount of approximately \$106 million, of which \$59 million is Authority debt (insured bonds). This refinancing will result in an estimated net present value savings of \$9.9 million or 9% of the outstanding balance. In addition, CHW wishes to issue \$469 million in new money for various capital improvement projects and equipment purchases. Following this transaction, CHW will have a total of \$2.2 billion of Authority debt outstanding, an increase of approximately \$552 million. CHW will have approximately \$810 million of Authority bonds not enhanced by credit compared to \$710 million currently. Staff recommended the Authority approve Resolution No. F-312 and F-313 in a total amount not to exceed \$611 million for Catholic Healthcare West, subject to a bond rating of at least an "A" category rating by a nationally recognized rating agency. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Resolution No. HII-176 – Phoenix Programs, Inc. ("Phoenix") requested the Authority approve a HELP II resolution in an amount not to exceed \$500,000. Phoenix will use the loan proceeds to refinance a bank line of credit loan obtained to purchase land in October 2004. In addition, loan proceeds will be used to refinance a short-term construction

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loan, which was obtained to construct a custom-built manufactured home that will replace an existing leased facility. Staff recommended the Authority approve a resolution for a HELP II Loan in an amount not to exceed \$500,000 for a term not to exceed 15 years for Phoenix Programs, Inc., subject to final approval of the NCB loan or other acceptable lender to the Authority and the standard HELP II loan provisions. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Resolution No. 2005-12 – Staff requested the Authority approve the proposed Children’s Hospital Program (“Program”) permanent regulations for submission to the Office of Administrative Law. The emergency regulations implementing the Program are due to expire September 24, 2005. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Resolution No. 2005-13 – The Authority’s staff requested the Authority approve Resolution No. 2005-13, the Interagency Agreement with the State Treasurer’s Office for the fiscal year 2005-06 in an amount not to exceed \$269,474. The Resolution authorizes the State Treasurer’s Office to provide administrative services including accounting, budgeting, data processing, personnel and business services to the Authority for fiscal year 2005-06. Staff recommended the Authority approve a resolution for the Interagency Agreement with the State Treasurer’s Office. After discussion by the Authority, a motion was made and seconded for the staff proposal and the resolution was unanimously approved.

Staff presented the quarterly report of the HELP II Loan Program.

Other Business -

Kurt Schaefer, Deputy Director, Facilities Development Division, of the Office of Statewide Health Planning and Development (OSHPD), presented to the Authority updated seismic requirements for acute care hospitals pursuant to SB 1953. After the presentation, Mr. Schaefer answered questions from members of the Authority.

Having no other business, the meeting was adjourned.