

OFFICIAL MINUTES
California Health Facilities Financing Authority

915 Capitol Mall, Room 587
Sacramento, California
Thursday, September 29, 2005
1:30 PM

The meeting was called to order by Mark Paul sitting for Chairman Philip Angelides. Members present were John Lloyd (sitting for Tom Campbell) and Harry Bistrin. Members on teleconference were Cindy Aronberg (sitting for Steve Westly) and Judith Frank, located at 304 S. Broadway, Los Angeles, CA, Dr. Oscar Sablan, located at 927 "O" Street, Firebaugh, CA, and Dr. Theodore Hariton, located at 65344 East Rocky Mesa Drive, Tucson, AZ. Sumi Sousa arrived after the approval of Resolution No. 2005-17. Also present were staff members Sandra Simpson-Fontaine, Executive Director, Greg Rogers, Deputy Executive Director, Julia Bilaver, Counsel to the Authority, and Peggy Arrivas, Financial Advisor, PricewaterhouseCoopers LLP.

The minutes of the August 25, 2005 and August 31, 2005 meetings were approved as submitted.

The Executive Director's Report was presented covering the month of August 2005. As of August 31, 2005, bonds outstanding totaled \$6,224,050,975 and the fund balance was \$8,549,634.92. There were 10 borrowers with over \$100 million in CHFFA debt with a combined balance outstanding of \$4,757,605,000, which represents 76% of all CHFFA debt outstanding, and 8 equipment financings with a total balance outstanding of \$29,849,763. The Executive Director also reported a HELP II fund balance of \$17,246,765, a HealthCAP balance of \$0.00, a Cedillo-Alarcón Clinic Grant Fund balance of \$3,393,329, and the Anthem-Wellpoint Grant Fund balance of \$35,347,181, as of August 31, 2005.

Resolution No. 2005-15 – Front Porch Communities and Services ("Front Porch") requested the Authority approve a Resolution to assume the obligations for Authority bond debt issued on behalf of its affiliate, Sunny View Lutheran Homes. There was a policy issue noted. The Authority's bond issuance guidelines call for debt service coverage tests based on maximum annual debt service coverage. Front Porch has requested tests based on the most recent fiscal year's debt service, which is identical to the tests applicable to Front Porch's non-Authority bond debt. Staff recommended approval of the resolution based on the financial strength of Front Porch and the fact that Cal-Mortgage has indicated its acceptance of this covenant. Staff recommended the Authority approve Front Porch's assumption of Sunny View's 1997 and 1999 Authority bond obligations, subject to an opinion from bond counsel that the amendments to the various bond documents are authorized under each of such documents and will not cause interest on the bonds to become includable in gross income for federal income tax purposes, a bond rating of at least an "A" rating by a nationally recognized rating agency, and a final Cal-Mortgage Insurance commitment. Approval was also subject to compliance with the bond issuance guidelines, with a policy exception to allow debt service coverage ratios based on the most recent fiscal year rather than maximum annual debt service. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

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Resolution No. 2005-16 – Children’s Hospital - San Diego (CHSD) requested the Authority approve a resolution for grant funds in the amount of \$1,122,880 (less costs of issuance) to reimburse the costs of its remodeled Hematology/Oncology clinic (Clinic). The purpose of the project was to increase the number of outpatient treatment rooms and to locate the outpatient services close to the inpatient unit. Other improvements included a child friendly waiting room, physician dictation room, a lab draw room and equipment to support the operations. The new outpatient service area is now located in an under-utilized gymnasium. Staff recommended the Authority approve a resolution for Children’s Hospital – San Diego to provide a grant not to exceed \$1,122,880 (less costs of issuance), subject to all requirements of the Children’s Hospital Program. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Resolution No. 2005-17 – Children’s Hospital of Orange County (CHOC) requested the Authority approve a resolution in the amount of \$4,508,947 (less costs of issuance) for grant funds to reimburse expenditures for patient care equipment, information systems technology and remodeling construction. These capital expenditures were necessary for CHOC to meet the growing demand for its services while continuously improving the quality of services delivered to patients. The capital expenditures for which CHOC is seeking reimbursement increased CHOC’s capacity to care for patients by updating its facility and replacing inefficient equipment and technology. Staff recommended the Authority approve a resolution for Children’s Hospital of Orange County to provide a grant not to exceed \$4,508,947 (less costs of issuance), subject to all requirements of the Children’s Hospital Program. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Other Business –

Peggy Arrivas of PricewaterhouseCoopers LLP made a presentation to the Authority regarding the Financial Status of the CHFFA borrowers.

Having no other business, the meeting was adjourned.