

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
CHILDREN'S HOSPITAL BOND ACT OF 2008
APPROVE REQUESTS FOR FINANCE COMMITTEE BOND ISSUANCE AND
POOLED MONEY INVESTMENT BOARD LOANS**

**Resolution No. CHP 2009-06
March 26, 2009**

ISSUE:

Pursuant to the passage of Proposition 3 in November 2008, the Authority must delegate authorization to its Executive Director to perform certain administrative functions associated with implementing the Children's Hospital Program of 2008 (the "Program") including:

- ◆ Determining the amount of funds necessary to meet the purposes of the Program (not to exceed \$980 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. CHP 2009-06, 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

CHFFA staff intends to seek a resolution from the Committee authorizing the sale of bonds. Pursuant to the passage of Proposition 3, 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.

Although the Program is authorized to award grants up to \$980 million, it is not necessary for all of the bonds to be issued or sold all at once. It is anticipated the initial Committee resolution will be for an amount needed to fund the Program in its first three years and will be based on estimated project expenditures and timelines provided by the eligible hospitals. This information will also provide the basis for the 12-month interim loan request described below.

Pooled Money Investment Board (PMIB)

CHFFA staff has been informed no cash will be available to fund new PMIA loans for an indefinite period of time. Staff intends to submit an application requesting a PMIA loan at the earliest possible opportunity.

The approved Committee resolution will provide 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.

Hospitals will provide the estimated project expenditures, 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

Although Program funding may not be available for some time, CHFFA may accept grant applications at any time. Applications may therefore be presented for approval as early as CHFFA's May 2009 meeting.

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.