

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
AMENDMENT OF INDENTURE**

**CEDARS-SINAI MEDICAL CENTER
RESOLUTION NO. 2010-01A**

Summary of Issue

On June 25, 2009 the Authority approved a resolution in favor of Cedars-Sinai Medical Center (CSMC) authorizing CSMC to issue revenue bonds in an amount not to exceed \$600 million for the purpose of making various facility improvements and upgrades, including the implementation of an electronic medical records system and the construction of a 390,000 square foot Advanced Health Sciences Pavilion. CSMC Series 2009 bonds closed on October 21, 2009.

CSMC now asks the Authority to execute a First Supplemental Indenture to amend a provision within the Indenture relating to the Series 2009 Bonds which currently prohibits using bond proceeds to pay interest on the Series 2009 Bonds. CSMC desires to amend the Indenture to permit the bond proceeds to pay interest on the Series 2009 Bonds and CSMC requests this item be heard at the Authority's January 28, 2010 meeting.

CSMC has expressed that delaying the amendment request until the Authority's next scheduled meeting at the end of February would prohibit CSMC from using bond proceeds to pay the first scheduled interest payment on the Series 2009 Bonds due on February 15, 2010 (approximately \$8 million). Delaying the amendment would require CSMC to utilize its own internal funds to make this interest payment.

Government Code section 11125.3(a)(2) permits the Authority to hear this item on January 28, 2010, absent compliance with the aforementioned Government Code section 11125 (which requires a minimum of 10 days notice), if two-thirds of its governing body or, if less than two-thirds of the members are present, a unanimous vote of those members present, determine that there exists a need to take immediate action and the need for immediate action came to the attention of the Authority subsequent to the date the Authority's agenda was disseminated with proper notice (January 15, 2010).

Authority staff concurs with CSMC's conclusion that an immediate need has presented itself and further confirms for the board that the need for CSMC's amendment of the Indenture came to staff's attention subsequent to January 15, 2010.

So long as there exists an immediate need and the need came to the attention of the Authority subsequent to the timely posting of the original agenda, Government Code section 11125.3(b) allows for additional items to be heard with notice given as soon as practicable after the need presents itself and within 48 hours of the scheduled meeting. Staff provided the requisite notice on January 25, 2009 at or around the time of 1:00 p.m. via an amended agenda reflecting additional items for CSMC to interested parties and news organizations as required by Section 11125.3(b) of the Government Code.

Staff Recommendation:

Staff recommends the Authority find, pursuant to Section 11125.3(a)(2) of the Government Code, that a need exists for the Authority to take immediate action and further, that the need for action came to the attention of the Authority after the agenda had already been properly noticed pursuant to Government Code section 11125.