

OFFICIAL MINUTES
California Health Facilities Financing Authority

915 Capitol Mall, Room 587
Sacramento, California
Thursday, October 27, 2005
1:30 PM

The meeting was called to order by Mark Paul sitting for Chairman Philip Angelides. Members present were Molly Arnold (sitting for Tom Campbell), Cindy Aronberg (sitting for Steve Westly), Judith Frank and Sumi Sousa. Members on teleconference were Dr. Oscar Sablan, located at 927 "O" Street, Firebaugh, CA, and Dr. Theodore Hariton, located at 65344 East Rocky Mesa Drive, Tucson, AZ. 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 amended minutes of the August 31, 2005 meeting and the minutes of the September 29, 2005 meeting were approved as submitted.

The Executive Director's Report was presented covering the month of September 2005. As of September 30, 2005, bonds outstanding totaled \$6,218,445,177 and the fund balance was \$8,448,077.51. There were 10 borrowers with over \$100 million in CHFFA debt with a combined balance outstanding of \$4,754,505,000, which represents 76% of all CHFFA debt outstanding, and 8 equipment financings with a total balance outstanding of \$28,888,965. The Executive Director also reported a HELP II fund balance of \$18,024,794, 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 September 30, 2005.

Resolution No. HII-177 – The Yolo Family Service Agency ("YFSA") requested the Authority approve a HELP II resolution in an amount not to exceed \$320,000. YFSA will use the loan proceeds to restructure its two existing HELP II loans and finance a roof replacement. Staff recommended the Authority approve a resolution for a HELP II loan in an amount not to exceed \$320,000 for a term not to exceed 15 years for Yolo Family Service Agency, subject to 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. 2005-18 – Staff recommended the Authority approve the template of a grant agreement for the Children's Hospital Program. Grant recipients will be required to execute the agreement as a condition of their award and to execute a disbursement request to receive funding. The agreement will contain information relevant to the recipient's award, including dollar amount, description of grant project, and any special conditions that may have been set for a particular grant. Staff also recommended changes to the form of agreement presented in the staff report based on comments received after the staff report was mailed to the Authority members. In order to clarify when unused grant funds would revert to the Authority, staff proposed that the last line of Section 5.2 be changed to read: "At the end of the Project Period, any unused Grant funds revert to and shall be paid to the Authority" and that in Section 5.3, the words "...and any unused investment earnings.." should be removed. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

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Resolution No. 2005-19 – Staff recommended the Authority approve the Community Clinic Grant Program of 2005 (“Grant Program”) proposed emergency regulations to file with the Office of Administrative Law. As a result of the Anthem Inc.-WellPoint Inc. (“WellPoint”) merger, WellPoint agreed to provide \$35 million for the improvement of healthcare infrastructure to non-profit community based clinics serving low-income healthcare consumers. The Authority has received the \$35 million contribution provided by WellPoint. The California Insurance Commissioner has agreed to have the Authority administer the Community Clinic Grant Program of 2005, given its familiarity with a similar grant program, the Cedillo-Alarcón Community Investment Act of 2000. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Amended Resolution No. 2004-03 – Staff recommended the Authority rescind the provisions of Resolution Number 2004-03 that authorized staff to transfer the Cedillo-Alarcón Community Clinic Investment Act of 2000 (“Grant Program”) interest earnings to the HELP II Loan Program (“HELP II”). At the March 2004 meeting, staff also recommended the Authority expand the maximum loan limits, loan terms, eligibility requirements and refinancing opportunities for HELP II borrowers. Staff believed that these measures would attract additional borrowers who would otherwise have difficulty accessing capital markets. The Authority agreed and passed Resolution Number 2004-03, with the exception of expanding the maximum loan limits. At the same meeting, staff proposed to transfer the interest earnings from the Grant Program to the HELP II, since grants awarded exceeded the \$50 million earmarked (total grant awards totaled more than \$51 million) and every eligible applicant had received at least partial funding. Resolution 2004-03 also authorized the proposed interest transfer. The interest transfer authorized by Resolution Number 2004-03 did not occur due to legal concerns relating to the conversion of grant funds to loan funds. Staff recommended the Authority rescind the provisions of Resolution Number 2004-03 relating to the Grant Program interest transfer to the HELP II since the HELP II fund balance is not in danger of becoming exhausted in the near future and since the Authority has been authorized to expand the Grant Program with another \$35 million cash infusion as a result of the Anthem-Wellpoint settlement. Staff’s recommendation specified that all other provisions of Resolution Number 2004-03 remain intact. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

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

Other Business – Having no other business, the meeting was adjourned.