

OFFICIAL MINUTES
California Health Facilities Financing Authority

915 Capitol Mall, Room 587
Sacramento, California
Thursday, January 30, 2003
1:45 PM

The Meeting was called to order by Cathy Calfo sitting for Chairman Philip Angelides. Members present were Steve Westly, Robert Miyashiro (sitting for Steve Peace), George Monardo and Judith Frank. Also present were staff members Terry Partington, Deputy Executive Director, Tom Noguerola, Counsel to the Authority and Bob Kittridge, Financial Advisor, PricewaterhouseCooper's LLP. Dr. Theodore Hariton arrived during the Executive Director's Report, Chairman Philip Angelides arrived prior to Planned Parenthood Golden Gate discussion. Both Chairman Philip Angelides and Steve Westly departed prior to the discussion of Crisis Support Services of Alameda County. Cindi Aronberg sat for Steve Westly after his departure.

The minutes of the December 5, 2002, meeting were approved with an amendment to include Mr. Monardo's request to distribute copies of the Authority application to board members for a future agenda item discussion. The amended minutes of the October 31, 2002, meeting were approved as submitted.

The Executive Director's Report was presented covering the months of November and December 2002. As of December 31, 2002, bonds outstanding totaled \$6,396,805,195 and the fund balance was \$7,202,159.89. The Deputy Executive Director also reported that there were 10 borrowers with over \$100 million in CHFFA debt with a combined balance outstanding of \$5,009,546,248, which represents 78% of all CHFFA debt outstanding, and 10 equipment financings with a total balance outstanding of \$54,649,751. The Deputy Executive Director also reported a HELP II loan fund balance of \$14,790,681, a HealthCAP balance of \$1,950,000 and a clinic grant fund balance of \$6,603,175, as of December 31, 2002. The Deputy Executive Director also included the total outstanding debt for borrowers on the Comprehensive Debt List Summary report.

Resolution No. HII-133 – Desert Haven Enterprises, Inc. ("DHE") requested the Authority to approve a HELP II resolution in an amount not to exceed \$400,000. DHE will use the loan proceeds to refinance an existing bank loan with an interest rate of 9%. DHE will save approximately \$15,500 per year due to the lower interest rate obtained from the HELP II loan program compared to its current mortgage payments. Staff recommended the Authority approve a resolution for a HELP II Loan in an amount not to exceed \$400,000 for a term of 15 years for Desert Haven Enterprises, Inc., subject to a final appraised value on the Lancaster property satisfactory to the Authority, final approval of the HealthCAP loan 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. HII-134 – Planned Parenthood Golden Gate ("PPGG") requested the Authority to approve a HELP II resolution in an amount not to exceed \$400,000. PPGG will use the loan proceeds to renovate the MacArthur Health Center in Oakland. Staff recommended the Authority approve a resolution for a HELP II Loan in an amount not to exceed \$400,000 for a term of 15 years for Planned Parenthood Golden Gate, subject to the standard HELP II loan provisions and approval of the pending \$1M HealthCAP loan. After

discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Resolution No. HII-134 – Substance Abuse Foundation of Long Beach, Inc. (“SAF”) requested the Authority to approve a HELP II resolution in an amount not to exceed \$400,000. SAF will use the loan proceeds to refinance three existing loans. This refinancing will save SAF approximately \$14,000 per year in comparison to the current loan payment. Staff recommended the Authority approve a resolution for a HELP II Loan in an amount not to exceed \$400,000 for a term of 15 years for Substance Abuse Foundation of Long Beach, Inc., subject to a final appraised value on the Long Beach properties satisfactory 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. HII-137 – Crisis Support Services of Alameda County (“CSS”) requested the Authority to approve a HELP II resolution in an amount not to exceed \$400,000. CSS will use the loan proceeds to finance the acquisition of an existing building. This is a joint purchase with the East Bay Agency for Children. Staff recommended the Authority approve a resolution for a HELP II Loan in an amount not to exceed \$400,000 for a term of 15 years for Crisis Support Services of Alameda County, 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. HII-138 – East Bay Agency for Children (“EBAC”) requested the Authority to approve a HELP II resolution in an amount not to exceed \$400,000. EBAC will use the loan proceeds to finance the acquisition of an existing building. This is a joint purchase with the Crisis Support Services of Alameda County. Staff recommended the Authority approve a resolution for a HELP II Loan in an amount not to exceed \$400,000 for a term of 15 years for East Bay Agency for Children, 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. HII-139 – La Maestra Family Clinic, Inc. (“La Maestra”) requested the Authority to approve a HELP II resolution in an amount not to exceed \$400,000. La Maestra will use the loan proceeds to refinance an existing loan on property owned in the City of San Diego and remodel a newly leased facility located in the City of El Cajon. Staff recommended the Authority approve a resolution for a HELP II Loan in an amount not to exceed \$400,000 for a term of 15 years for La Maestra Family Clinic, Inc., subject to submission of 2002 audited financial statements consistent with the unaudited 2002 financial statements presented in the summary, satisfactory completion of the entitlements required in the ground lease and the standard HELP II loan provisions. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

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During the discussion on the various HELP II Program applications, several questions and comments were raised. Ms. Frank asked if refinancing was a high priority for the Program. Staff responded that expansion of health care services was the priority but that many requests included refinancing components. The policy is to allow refinancing of high interest rate debt and balloon payments where it can significantly help the borrowers cash flow. State Controller Westly asked if the Program was doing enough for small borrower's since the zero default rate, while impressive, may mean the approval criteria is too restrictive. Staff reported that the original HELP Program did have a few defaults and that the Authority modified the expanded program to include a small interest fee and security on the loans. State Treasurer Angelides requested staff to provide some examples of HELP II applicants that were not approved or didn't make it on the Authority agendas so that a further discussion on criteria could be scheduled.

Bob Kittridge, Financial Advisor, PricewaterhouseCooper's LLP presented an overview of the annual audited financial statements of the Authority borrowers having bonds outstanding. There were several levels of data presented including general information on Authority bonds, highlights of financial data on the 10 largest borrowers and more detailed analysis on selected entities. PricewaterhouseCooper's LLP will have a follow up presentation in May or June following receipt of the remaining borrowers audited statements through December 31, 2002.

Having no other business, the meeting was adjourned.