

OFFICIAL MINUTES
California Health Facilities Financing Authority

915 Capitol Mall, Room 587
Sacramento, California
Wednesday, March 30, 2005
1:45 PM

The meeting was called to order by Mark Paul sitting for Chairman Philip Angelides. Members present were Anne Sheehan (sitting for Tom Campbell), and Harry Bistrin. Members on teleconference located at 304 S. Broadway Los Angeles, CA were Cindy Aronberg (sitting for Steve Westly) and Dr. Theodore Hariton. Also present were staff members Sandra Simpson-Fontaine, Executive Director, Greg Rogers, Deputy Executive Director, Jack Zorman, Counsel to the Authority, Molly Arnold, Attorney General's Office, and Peggy Arrivas, Financial Advisor, PricewaterhouseCoopers LLP.

The minutes of the February 24, 2005 meeting were approved as submitted.

The Executive Director's Report was presented covering the month of February 2005. As of February 28, 2005, bonds outstanding totaled \$5,972,923,077 and the fund balance was \$7,344,327.21. There were 10 borrowers with over \$100 million in CHFFA debt with a combined balance outstanding of \$4,469,815,000, which represents 75% of all CHFFA debt outstanding, and 8 equipment financings with a total balance outstanding of \$35,530,967. The Executive Director also reported a HELP II fund balance of \$12,451,634; a HealthCAP balance of \$0.00 and a clinic grant fund balance of \$3,325,143, as of February 28, 2005.

Resolution No. HII-159 – West County Health Centers, Inc. (West County) requested the Authority to approve an alternate use of loan proceeds from construction to acquisition. West County seeks to purchase a nearby office building, avoiding the need to pursue an expansion, which has been long-delayed in the permit review process. West County requests a three month time period to close this transaction. Staff recommended the Authority approve an amendment to HII-159, to permit acquisition of a facility, subject to a maximum loan to value of 95%, and to extend the Resolution expiration to June 30, 2005. All other conditions of HII-159 remain in place. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Resolution No. 2005-04 – Staff recommended that the Authority approve a resolution that any funds remaining on deposit with the Trustee in the accounts established for the SAVRS pooled bond financing, less any payments incurred by the Authority in connection with the bonds, be applied to the HELP II loan program following final mandatory redemption. Staff further recommended that any remaining rental lease payments to be paid to the Authority be added to the HELP II Loan Program, as received. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Resolution No. 2005-05 – Authority staff requested the Authority increase the maximum loan amount for the HELP II loan program to \$500,000, plus develop a marketing campaign to focus on District Hospitals and various health care associations. The purpose of increasing the HELP II Loan Program maximum to \$500,000 (25% increase) is to allow more applicants to purchase facilities, thus expanding services to more patients. In addition, staff will increase the loan program exposure by collaborating with various health associations. This marketing campaign will significantly increase visibility by 1) Linking CHFFA’s website to the associations’ websites and 2) Attending various health association conferences which will provide staff an opportunity to increase loan program visibility by providing loan program brochures, information booths, and complete loan program seminars to eligible borrowers, if possible. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Resolution No. 2005-06 – Authority staff requested the Authority to approve a resolution authorizing the initiation of the process to develop regulations for the Anthem-Wellpoint Grant Program. As a result of the Anthem-Wellpoint merger, Wellpoint agreed to provide \$35 million to be used for improvement of the healthcare infrastructure to non-profit community based clinics serving low-income healthcare consumers. The California Insurance Commissioner has agreed to have the Authority solely administer the new Grant Program. The draft regulations will be provided to the Commissioner prior to the final adoption by the Authority Board. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Resolution No. 2005-07 – Authority staff requested the Authority approve a Resolution for the Children’s Hospital Program (the “Program”) that will allow the Executive Director to perform certain administrative functions associated with implementing the Program. The upcoming tasks necessary include: determining the amount of funds necessary to meet the purposes of the Program (not to exceed \$750 million); requesting the Children’s Hospital Bond Act of 2004 Finance 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; and executing any applications, documents or certificates relating to the Program, as appropriate. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Other Business – The Office of Administrative Law (OAL) approved the emergency regulations implementing the Children’s Hospital Program on February 11, 2005. Staff filed the final regulations with the OAL on February 15, 2005. The regulations are currently under review in a 45-day public comment period, which ends on April 11, 2005. Staff has not received any formal public comment regarding the proposed final regulations but seeks to add clarifying text regarding two issues that have been discussed internally and in consultation with the Attorney General’s Office and bond counsel: 1) reimbursement for prior bond cost of issuance, and 2) grant funded projects involving leased property.

Having no other business, the meeting was adjourned.