

OFFICIAL MINUTES

California Health Facilities Financing Authority
915 Capitol Mall, Room 587
Sacramento, California

Alternate Locations for Teleconference Participation

Sablan Medical Clinic
927 "O" Street
Firebaugh, CA 93622

Thursday, December 7, 2006
1:45 PM

The meeting was called to order by Laurie Weir sitting for Chairman Philip Angelides. Members present were Stephen Kessler (sitting for Michael C. Genest), Windie Scott (sitting for Steve Westly), Harry Bistrin, Judith Frank, Sumi Sousa and Greg Campbell. Dr. Oscar Sablan participated via teleconference at the Sablan Medical Clinic located at 927 "O" Street in Firebaugh, CA. Also present were staff members Sandra Simpson-Fontaine, Executive Director, Ronald Washington, Deputy Executive Director, Kristen Smith, Counsel to the Authority, and Peggy Arrivas, Financial Advisor, PricewaterhouseCoopers LLP. Laurie Weir welcomed Greg Campbell as the new member of the Authority.

The minutes of the October 26, 2006 meeting were approved as submitted.

The Executive Director's Report was presented covering the month of October 2006. As of October 31, 2006, bonds outstanding totaled \$7,295,589,274 and the fund balance was \$9,155,279.81. There were 11 borrowers with over \$100 million in CHFFA debt with a combined balance outstanding of \$5,906,344,117, which represents 81% of all CHFFA debt outstanding, and 7 equipment financings with a total balance outstanding of \$15,714,294. The Executive Director also reported a HELP II Fund balance of \$21,800,629, a HealthCAP balance of \$0.00, a Cedillo-Alarcón Clinic Grant Fund balance of \$3,568,915, an Anthem-Wellpoint Grant Fund balance of \$30,942,832 and the Children's Hospital Bond Act of 2004 Fund balance of \$526,862,484, as of October 31, 2006.

Resolution No. 322 - Sutter Health requested the Authority approve a resolution in an amount not to exceed \$958,000,000. Sutter Health will use the Bond proceeds for construction, renovation, the purchase of equipment and the refunding of existing debt. Staff recommended the Authority approve a Resolution in an amount not to exceed \$958,000,000 for Sutter Health subject to a bond rating of at least an "A" category rating by a nationally recognized rating agency. The Chairperson opened the floor for public comments. Service Employees International Union (SEIU), The California Nurses Association (CNA) and Family Doctor Medical Group, California Health Care Coalition urged the Authority to ensure that proper guidelines or procedures are in place so that consumers will benefit from the issuance of tax-exempt debt and questioned whether the Sutter Health satisfied the savings pass through intent of the Authority's Act. After discussion by the Authority, Windie Scott of the State Controller's Office moved for a continuance of the Bond financing until members of the Authority have had an opportunity to digest the information that was presented by SEIU at the meeting, the motion was seconded by Greg Campbell. There was a roll call vote and the motion passed. (4 Ayes and 3 Nays) Greg Campbell, Sumi Sousa, Windie Scott and Laurie Weir – Aye. Judith Frank, Harry

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Bistrin and Steven Kessler-Nay. Dr Sablan was called away on an emergency during the presentation and did not vote.

The Authority members requested that staff come back with a proposal on how to address the SEIU's issues on savings pass through under Government Code 15438.5.

Resolution No. 2006-12 - In 1991, bonds were issued for the Adventist Health System/West Sutter Revolving Loan Pool, with Loan Funds Shares allocated to Sutter Health in the amount of \$31,382,518 (including \$382,518 for costs of issuance) and Adventist Health System/West (Adventist) in the amount of \$28,471,482 (including \$471,482 for costs of issuance) respectively. Sutter Health intends to prepay its loan upon the issuance of bonds in 2007. Upon prepayment in full of the Sutter Health loan, Adventist seeks to acquire Sutter Health's Loan Fund Share in the amount of \$31 million and use the funds to finance construction and improvement projects. Adventist is asking for the consent of the Authority to adjust the Loan Fund Shares under the Indenture so Adventist will have a Loan Fund Share equal to \$59,417,482, and Sutter Health will have a Loan Fund Share equal to \$0. Staff recommended the Authority consent to the adjustment of the Loan Fund Share as set forth in Resolution 2006-12, for Adventist Health System/West provided that all required conditions identified in the Indenture would be satisfied. After discussion by the Authority, a motion was made and the resolution was approved by a vote of 7 – 1 with Judith Frank voting Nay.

Resolutions No. 2006-13 – The Authority approved staff's recommendations to fund grant requests in an amount totaling \$40,103,364, including the appeals of Native American Health Center (East Bay Clinic) and West County Health Centers (Russian River Clinic) to be considered eligible for funding at the May 25, 2006 Authority meeting. Staff also recommended that no other appeals be approved. During the May 25, 2006 Authority meeting, a question arose regarding whether or not El Proyecto del Barrio should have received an additional 10 points for site designation as a Health Professional Shortage Area (HPSA). Several Board members requested that staff follow-up and verify what happened. After learning that El Proyecto's designation was not accurately noted on the federal website but should have been, staff recommended El Proyecto receive 10 additional points for being a HPSA. El Proyecto would receive a score 106.5 points and as a result, be moved to the top of the list of the ten applicants whose recommendations for approval were rescinded. Staff recommended that the Authority approve increasing El Proyecto's score by 10 points to reflect its designation as a HPSA and that the Authority approve the official Waiting List. Finally, staff recommended that the Authority approve the execution and delivery of grant funding to the grantees on the Waiting List as funding becomes available. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Having no other business, the meeting was adjourned.