

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

**ADVENTIST HEALTH SYSTEM/WEST 1998
Staff Summary**

Resolution No. 2009-05

February 26, 2009

BACKGROUND:

In 1998 CHFFA issued the Insured Variable Rate Revenue Bonds (Adventist Health System/West), 1998 Series A, B, and C, at the request of Adventist Health System/West (“Adventist”). The 1998 Bonds were issued for the purpose of refinancing prior bonds - and for financing and refinancing certain capital improvements and equipment acquisitions at Adventist health facilities. Since issuance, the 1998A Bonds were converted to fixed rate maturity bonds in July 2008, the 1998B Bonds currently bear interest at daily rates and the 1998C Bonds were redeemed in November 2008.

Adventist now requests to amend the Original Indenture and the Original Loan Agreement in order to effect a substitution of an irrevocable direct-pay letter of credit (the “Letter of Credit”) to be issued by Bank of America, or another qualifying bank, (the “Bank”) in place of the MBIA insurance policy and the standby bond purchase agreement delivered by the California State Teacher’s Retirement System (“STRS”) with respect to the 1998 B Bonds. Such changes are permitted by the Original Indenture.

The 1998 A Bonds will remain secured by a separate MBIA insurance policy.

After the substitution, payment of the principal and purchase price of, and interest on the 1998 B Bonds will be secured by the Bank’s Letter of Credit.

Adventist has also indicated its desire to replace the current Remarketing Agent for the 1998 B Bonds from J.P. Morgan Securities Inc. to Banc America Securities.

The Bond Insurer has indicated its willingness to consent to the Amended Indenture and the Amended Loan Agreement and will deliver written consent prior to execution of the Amended Indenture and Amended Loan Agreement.

These proposed amendments have no material impact on Authority operations or security.

STAFF RECOMMENDATION:

Staff recommends the Authority approve the proposed amendments to the Adventist Indenture and Loan Agreement as articulated above.